

**AUDITED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2021**



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## **Management Commentary**

### **1. Introduction**

This publication contains the financial statements of both West Dunbartonshire Council and its group for the financial year ended 31 March 2021 and its main purpose is to demonstrate the stewardship of public funds entrusted to the Council. This Management Commentary aims to provide clear information about the council's performance during the financial year 2020/21 and the financial position as at the financial year end 31 March 2021. The Management Commentary is intended to give an easy to understand guide to the most significant matters of the Council's business during the year - including progress against key performance indicators, a description of the principal risks and uncertainties facing the council and the likely impact of the actions to mitigate these risks. In addition, it provides some detail on the council's future plans.

### **The Council**

Following local government reorganisation in Scotland, under the Local Government (Scotland) Act 1994, West Dunbartonshire Council was established in 1996. It is an average sized Council in Scotland at around 71 square miles and has many strengths; including significant sites of natural beauty and heritage, good transport links and close proximity to Glasgow and its airport. The area has a rich past, shaped by its world-famous shipyards along the Clyde, and boasts many attractions ranging from the iconic Dumbarton Rock and the Titan Crane, to the beauty of Loch Lomond.

The Council is responsible for providing a wide range of local authority services (including education, housing, environmental health, environmental services, planning, economic development, employment, highways and transport) to residents within the West Dunbartonshire area.

Excluding casual staff, the council employed (as at 1st April 2021) a headcount of 5,943 employees (or 4,997 full time equivalent employees). These figures comprise a combination of permanent and fixed-term employees as well as apprentices, serving a population of approximately 88,930 (1.7% of overall Scotland population) from the 2019 mid-year estimates – a reduction of 200 from 89,130 from the 2018 figures, being a year-on-year reduction of 0.2% compared to a Scottish average of an increase of 0.5%. The council is generally accepted to suffer from economic deprivation, for example, the percentage of economically active people at a working age in employment is 73.9% (Scotland 74.8%); and life expectancy at birth is 75 years (males) and 79.2 years (females) (Scotland 77.1 years (male) and 81.1 years (female)).

The Council is led by 22 councillors, elected every five years to represent the residents within the area. Following the Local Government elections in May 2017, the Council has a minority SNP administration with Councillor Jonathan McColl as its Leader.

The senior management structure consists of the Chief Executive (Joyce White), eight Chief Officers, with the Integration Joint Board (referred to as Health and Social Care Partnership or HSCP) being managed at a senior level by the Chief Officer (Beth Culshaw) and four Heads of Service. In addition the Council retains 20% of the time of the former Strategic Director of Regeneration, Environment and Growth who from October 2020 was seconded to the Glasgow City Region for a 2 year period.

The council has one Arms' Length Organisation – West Dunbartonshire Leisure Trust – which operates certain services on the council's behalf.

The council also owns a regeneration company: Clydebank Property Company. In April 2021 the West Dunbartonshire Energy Company was incorporated which is an energy generation company 99.9% owned by the Council.

## Management Commentary (Cont'd)

### **2. The Strategic Plan**

Nationally, the Scottish Government sets out its joint priorities and local authorities, together with their community planning partners agree a planned approach aligned to these through the Local Outcome Improvement Plan (LOIP). The council's LOIP, covering the period from 2017 to 2027, feeds through into its Strategic Plan. Within the council's 2017 to 2022 Strategic Plan, the council committed to improving outcomes in key areas in order to deliver on its vision that:

*West Dunbartonshire Council will deliver high quality services, led by priorities identified by the communities of West Dunbartonshire, in an open and transparent way*

Supporting the [Strategic Plan](#) each Chief Officer has developed service Delivery Plans, each highlighting priorities and objectives which are set out and designed to support the delivery of the council's Strategic objectives. These plans are refreshed annually and progress reported to relevant Committees every 6 months. On 1 July 2015 the HSCP was formed and generated its own Strategic Plan, linked to the council's and to the LOIP.

The Strategic Plan identified 5 priorities aligned to the council's vision, as follows:

- A strong local economy and improved job opportunities;
- Supporting individuals, families and carers living independently and with dignity;
- Meaningful engagement with active, empowered and informed citizens who feel safe and engaged;
- Open, accountable & accessible local government; and
- Efficient and effective frontline services that improve the everyday lives of residents.

### **Performance Reporting**

The council monitors and reports its performance against these priorities through the Strategic Plan Scorecard (SPS); where planned performance targets are monitored through a suite of key performance indicators. Performance is reported to Council and Committees for scrutiny and identification of any required remedial action. The council also publishes an annual Public Performance Report which provides residents with a summary of progress being made.

In conjunction with this internal SPS, the council (together with all Scottish local authorities) measures a common set of performance indicators called the Local Government Benchmarking Framework. Using the same indicators across all councils allows comparisons of performance, identification of best practice and enables councils to learn from each other. Full details of the most up to date performance information are available on the council's website at: [www.west-dunbarton.gov.uk/council/performance-and-spending/](http://www.west-dunbarton.gov.uk/council/performance-and-spending/)

### **The Council's Budgets in 2020/21**

The Council approved the 2020/21 budget on 4 March 2020 based on band D council tax at £1,293.55. The revenue budget was set at £229.157m (as detailed in the table below) to be funded by Scottish Government Grant (£190.157m); council tax (£36.890m), with a net contribution from reserves for the remainder (£2.110m).

<b>Service Area</b>	<b>Budget (£m)</b>
Corporate Services	19.179
Educational Services	101.304
Infrastructure, Regeneration and Economic Development	25.497
Housing and Communities	3.418
Health & Social Care Partnership, including Criminal Justice	72.392
Loan charges	7.072
Other	0.295
<b>Total</b>	<b>229.157</b>

## Management Commentary (Cont'd)

### 2. The Strategic Plan (Cont'd)

The budget was updated during the year for a number of variables, resulting in a final planned net expenditure to £242.696m. The year end revenue budgetary position is detailed on page 6 of this commentary.

Council on 4 March 2020 also approved the revised capital plan with a planned General Services spend in 2020/21 of £66.937m, re-phased capital from the previous year and in-year additional projects increasing the planned spend to £72.391m. This investment is funded from a range of sources including: government grants and council ongoing revenue. Major areas of investment are economic regeneration, schools modernisation, roads and infrastructure and a range of other council assets.

Council on 4 March 2020 approved the Housing Revenue Account budget and agreed an increase in council house rents of 1.9% and a capital investment for 2020/21 of £60.006m, re-phased capital from the previous year and further in-year changes updated the planned spend for 2020/21 to £60.478m. The year end revenue budgetary position is detailed on page 7 of this commentary, with the capital year end budgetary position shown on page 11.

### 3. Overview of Core Financial Statements

The Statement of Accounts contains the Financial Statements of the council and its group for the year ended 31 March 2021. The council operates two main Funds in running its services:

1. The General Fund - for all expenditure and income associated with running of all council services except the provision of council houses. This fund is funded mainly from Scottish Government grant and council tax; and
2. The Housing Revenue Account - all expenditure and income associated with the provision of council housing and is funded primarily through rental income from tenants.

The Financial Statements comply with the Code of Practice on Local Authority Accounting in United Kingdom. Two major categories of expenditure are included in the financial statements, as follows:

1. Revenue expenditure - represents the day to day running costs incurred to provide services; and
2. Capital expenditure - is the cost of buying, constructing and improving the assets which the council uses to provide services.

**Revenue expenditure** is recorded in a number of the main statements in these accounts with the purposes of these main statements being as follows:

- **the Comprehensive Income and Expenditure Statement** - shows the income and expenditure for all council services. It is shown on page 39;
- **the Movement in Reserves Statement** - shows how the Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the General Fund for the year. It also highlights movement on all other reserves held on the council's Balance Sheet (including the Housing Revenue Account). It is shown on page 40. Further information on each of the reserves held and how it may be used is also detailed within notes 30 and 31 on pages 98 to 102; and
- **the Housing Revenue Account** - shows the income and expenditure for council housing services for the year. It is shown on pages 104 to 106 which also includes the Statement of Movement on the Housing Revenue Account Balance.
- **Capital expenditure** is analysed in note 20 on page 85 which details the capital expenditure and the sources of finance used to fund the capital plan investment in 2020/21.
- **the Balance Sheet** on page 41 summarises the assets and liabilities of the council. It is a statement of the resources of the council and the means by which they have been financed. It is also a report on the council's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms.

## Management Commentary (Cont'd)

### 3. Overview of Core Financial Statements (Cont'd)

- **the Cash Flow Statement** on page 42 shows the inflows and outflows of cash arising from transactions with third parties on both day to day revenue transactions and on capital activities. Cash is defined for the purpose of the statement as cash-in-hand and deposits repayable on demand less overdrafts repayable on demand.
- **Notes to the Core Financial Statements** are provided on pages 43 to 103 and give further information and analysis of each statement, including the main accounting policies detailed on pages 43 to 56.

### Comprehensive Income and Expenditure Statement

#### General Fund

This account covers the day to day operational income and expenditure for each service of the council and is reported in line with the council's committee structure.

Income from council tax, non-domestic rates, capital and revenue support grants was £272.024m with a net expenditure on services for the year of £250.107m (shown on page 39 - Net Cost of Services).

Due to tight financial control over service spending, the council was able to return an in year surplus from services of £0.585m against budget (2019/20 £0.586m surplus). A number of favourable variances (particularly within Corporate Services and Infrastructure, Regeneration and Economic Development service areas) are due to specific management action in areas such as: control of vacancies and staff cover; general process and efficiency reviews; specific restructuring of service delivery; spending control; and implementation of agreed savings targets. Although, there is an element of demand led favourable variances, the level of favourable variance has been partially offset due to spend pressures, particularly within vacant building costs (such as former HSCP properties and the Playdrome) and within Educational Services (Additional Support Needs demands). During the Council's annual budget process, efficiencies are identified and agreed for action. These savings are monitored monthly as part of the budgetary control process. For 2020/21 the savings monitored were valued at £0.910m, with £0.887m being achieved with the shortfall being attributed to an impact of COVID-19.

The council's in-year collection of council tax decreased slightly from 95.15% in 2019/20 to 94.18% in 2020/21. Uncollected council tax is pursued for collection after the end of the financial year. It is anticipated that the majority of the reduction in in-year collection rates was due to the financial impact of COVID-19 on the ability of people to pay Council Tax on time. During the initial lockdown and throughout the period since the pandemic started the Council has eased payment terms and follow-up processes to assist residents impacted. It is anticipated that the delay in payment will be caught-up in future years.

After taking account of the increase in general earmarked balances since 31 March 2020 (£6.060m), the net commitment to future budgets (£1.012m, included within the overall earmarked balance) and the in-year budgetary position (£0.585m), the overall surplus for the year was £5.633m. During 2020/21 significant Scottish Government funding was received to support the Council in relation to COVID-19 costs, lost income and recovery. A significant proportion of this is able to be carried-forward to 2021/22 and indeed some was intended by the Scottish Government for use in 2021/22. As a result there is an increase in earmarked reserves from this source. This results in an accumulated surplus at 31 March 2021 of £15.028m (as shown on page 40), compared to the previous year value of £9.395m). This includes an earmarked amount of £11.691m leaving £3.337m available for future use. Of the earmarked reserves £7.072m is for COVID-19 purposes leaving £4.619m of general earmarked reserves, of which £1.553m is set aside for the Council's Change Fund and £0.252m remains of the Apprenticeship Fund.

## Management Commentary (Cont'd)

### 3. Overview of Core Financial Statements (Cont'd)

This un-earmarked balance compares with that of £2.752m as at 31 March 2020 and shows that the un-earmarked reserve position has increased by £0.585m during the year. The council's Prudential Reserves Policy is to retain a prudential reserve of 2% of net expenditure (excluding requisitions to HSCP, Valuation Joint Board, SPT, etc.) in order to safeguard assets and services against financial risk. The current target prudential reserves level for the General Fund is £3.000m and the position at financial year end is higher than this by £0.337m (the main reason for this position is due to financial performance in 2020/21). The General Fund's budgetary performance for the year is summarised in the following table. The table also highlights how the in-year surplus affects the overall reserves balance held for future use.

	Original Budget £000	Revised Budget £000	Spend Against Budget £000	Variance £000	£000
Total General Services Reserves Held as at 31/3/20					(9,395)
Corporate Services	19,179	19,654	19,227	(427)	
Educational Services	101,304	101,718	101,635	(83)	
Infrastructure, Regeneration and Economic Development	25,497	24,991	24,262	(729)	
Housing and Communities	3,418	4,976	5,571	595	
Health & Social Care Partnership, including Criminal Justice	72,392	72,616	72,616	0	
Loan charges	7,072	7,072	6,897	(175)	
Other (including one-off covid spend)	295	11,669	11,865	196	
Total Expenditure (1)	229,157	242,696	242,073	(623)	
Council Tax	(36,890)	(36,620)	(36,620)	0	
Revenue Support Grant/ NDR	(190,157)	(203,966)	(203,928)	38	
Use of Reserves	(2,110)	(2,110)	(2,110)	0	
Total Income (2)	(229,157)	(242,696)	(242,658)	38	
Net Budgetary Control Position (3) = (1) + (2)				(585)	
Earmarked during year*				1,012	
Net movement in Earmarked balances				(6,060)	
<b>Movement in Reserves from 1/04/20 to 31/03/21</b>					<b>(5,633)</b>
<b>Total General Services Reserves Held as at 31/3/21</b>					<b>(15,028)</b>
Net decrease in the Movement in Reserves before transfer to Statutory Reserves					(4,241)
Transfer from statutory reserves					(1,392)
					<b>(5,633)</b>

The movement of £5.633m noted above reflects the in-year movement in the General Fund balance (i.e. opening balance 1 April 2020 of £9.395m and the closing balance as at 31 March 2021 of £15.028m) and is further detailed within the Movement in Reserves Statement on page 40. The following table sets out a reconciliation of the surplus on the provision of services within the Comprehensive Income and Expenditure Statement (page 39) of £2.742m to the revenue budgetary outturn of £0.585m.

## Management Commentary (Cont'd)

### 3. Overview of Core Financial Statements (Cont'd)

	£000	£000
<b>Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement</b>		<b>2,742</b>
<u>Removal of statutory adjustments not included in budget outturn (note 6):</u>		
Reversal of entries included in the surplus/ deficit on the provision of services in relation to capital expenditure (including depreciation and impairment)	(12,910)	
CFCR	8,911	
Pension adjustment	(16,604)	
Statutory repayment of debt	10,819	
Transfer to other statutory reserves	(115)	
Net gain / (loss) on sale of non current assets	(883)	
Other adjustments	6	(10,776)
<b>Deficit on Provision of Services in Note 13 - Expenditure and Funding Analysis</b>		<b>(8,034)</b>
<u>Adjust for movements to/from other statutory reserves</u>		
HRA reserve	3,793	
Other reserves	(1,392)	2,401
<b>Movement in General Fund Balance</b>		<b>(5,633)</b>
<u>Adjustments for earmarked funds:</u>		
Net Commitment to in-year budget not spent at 31 March 2021	(1,012)	
Movement in earmarked sums	6,060	5,048
<b>Net General Fund budgetary control position 2020/21</b>		<b>(585)</b>

### **Housing Revenue Account (HRA)**

By law the council maintains a separate account for the running and management of its housing stock and had 10,153 housing units at 31 March 2021 (10,042 31 March 2020), movement as follows:

<b>Opening house numbers</b>	<b>10,042</b>
Disposals	0
Demolitions	0
Buy back	16
New builds	95
<b>Closing house numbers</b>	<b>10,153</b>

After the impact of earmarked balances, the account shows a surplus for the year of £3.440m. In line with the prudential reserves policy (2% of expenditure), the target reserves level for the HRA for 2020/21 is £0.923m. Taking account of the in-year surplus (£3.440m), the brought forward balance from the previous year £3.924m, the balance available to the HRA for future use is £7.364m, (earmarked reserves of £6.441m and free reserves of £0.923m). The HRA's budget performance for the year is summarised in the following table. The table also highlights how the in-year surplus affects the overall reserves balance held for future use. Further information is noted on pages 104 to 106.

	Budget £000	Spend Against Budget £000	Variance £000	£000
Total HRA Reserves Held as at 31/3/20				<b>(3,924)</b>
Total Expenditure	44,152	40,730	(3,422)	
Total Income	(44,152)	(44,170)	(18)	
Net Budgetary Control Position			(3,440)	
Net transfer from earmarked balances			0	
<b>Movement in Reserves from 1/04/20 to 31/03/21</b>				<b>(3,440)</b>
<b>Total HRA Reserves Held as at 31/3/21</b>				<b>(7,364)</b>

## Management Commentary (Cont'd)

### 3. Overview of Core Financial Statements (Cont'd)

The net budgetary position on the HRA Statement noted above of £3.440m compares to the surplus noted within the HRA Income and Expenditure Statement (page 105) as detailed below:

	£000	£000
<b>(Surplus)/Deficit for the year on HRA Services</b>		<b>(8,297)</b>
<u>HRA Movement in Reserves</u>		
Adjustments to the revenue resource	(9,152)	
Adjustments between Revenue and Capital Resources	13,656	
Transfers (to)/from Other Statutory Reserves	353	4,857
<b>Movement in the HRA Reserve</b>		<b>(3,440)</b>
<u>Adjustments for earmarked funds:</u>		
Use of earmarked sums		0
<b>Net HRA budgetary control position 2020/21</b>		<b>(3,440)</b>
<b>HRA reserve as at 1 April 2020</b>		<b>(3,924)</b>
Use of earmarked sums		0
Transfer of surplus to reserves		(3,440)
<b>HRA reserve as at 31 March 2021</b>		<b>(7,364)</b>

Spend relating to the net budget position of £3.440m surplus is included within note 15 (Expenditure and Funding Analysis) on pages 75 to 79.

#### **Reserves**

As at 31 March 2021, the usable reserves currently held by the council are noted below, with further information on the future use of such reserves detailed within notes 30 and 31 on pages 98 to 102.

	General Services £000	HRA £000	Total £000
Unearmarked Reserve	3,337	923	4,260
Earmarked Reserve	11,691	6,441	18,132
<b>Total Revenue Reserve</b>	<b>15,028</b>	<b>7,364</b>	<b>22,392</b>
Capital Receipts Reserve	0	0	0
Capital Grants Unapplied	42	0	42
Capital Reserve	1,469	0	1,469
Other Reserves	308	0	308
<b>Total Usable Reserves</b>	<b>16,847</b>	<b>7,364</b>	<b>24,211</b>
Prudential Target	3,000	923	

#### **Provisions**

The council currently has no provisions held on its Balance Sheet as at 31 March 2021.

#### **Cash Flow Statement**

The council's cash flow statement shows a decrease of cash and cash equivalents of £4.797m during 2020/21 (see page 42) mainly as a result of borrowing for capital spend on non-current assets.

## Management Commentary (Cont'd)

### 3. Overview of Core Financial Statements (Cont'd)

#### COVID-19

The financial analysis provided above takes into account the COVID-19 impact. The pandemic resulted in significant periods of lockdown and restrictions on normal daily life over the whole of 2020/21. This had a financial impact on the council, however there has been significant additional funding support received from the Scottish Government to assist the direct costs of COVID-19 on the council, such as: expenditure on cleaning, PPE; lost income due to closure of services; costs of Education recovery, etc. As a result, for 2020/21, there has therefore been no net financial impact.

Government imposed lockdowns and restrictions on daily life have resulted in closures for different periods of time of all educational provision and cultural and leisure provision, and has significantly reduced activity in relation to building works, roads works, outdoor services and changes to waste management. Offices and face-to-face service provision have been significantly reduced. A large number of staff have been able to work from home and educational hubs and crisis and support provision has been implemented to support residents most in need of support. Social care services have continued though, in some cases, in a different or reduced format as risk has been balanced with need and due to high numbers of staff being impacted either by infection or isolating. Through the lockdown period staff have been advised to stay at home except for those where it has been deemed that it was essential that they physically attend work. Sickness rates have varied across services with a short peak in COVID-related absence offset generally by a reduction in other absences. The Council has followed Scottish Government procurement guidance in relation to supporting businesses through the crisis. A number of capital projects have been delayed due to COVID-19 as can be seen from the budgetary summary on page 11.

With significant disruption on how services are being delivered throughout 2020/21 the CMT developed plans to capture the shift from business as usual activity and ensure the council continued to meet requirements and achieve the strategic priorities set out in the Strategic Plan. This planning activity took into consideration the reflective learning from the first phase of responding to the pandemic and engaging with key stakeholders in planning future service provision. Regular COVID-19 Update reports have been provided to Council and regular Elected Member briefings on COVID-19 issues have been provided throughout. Initial temporary governance arrangements put in place at the time of the initial lockdown from March 2020 were removed as Council and Committee meetings were enabled through remote access. Further information regarding this is noted within page 22 and page 23.

During the year the Scottish Government provided revenue funding to the council for general COVID-19 use plus further funding for specific COVID-related purposes in 2020/21. In addition funding was provided in 2020/21 that was able to be carried forward to 2021/22 or specifically provided with the intention of use in 2021/22. The total funding provided by the Scottish Government to the Council for COVID-19 costs in 2020/21 was £20.430m. This excludes funding provided to the HSCP for social care costs.

During 2020/21 the Council has applied £13.692m of the 2020/21 COVID-19 resources during 2020/21 and carried forward £6.738m into 2021/22, being £1.973m from general COVID-19 funding and £4.765m from targeted COVID-19 funding. In addition, the Council has also identified £0.334m budget to be carried into 2021/22 specifically for educational flexibilities, resulting in a total earmarked position for COVID-19 of £7.072m.

The funds for 2021/22 have been earmarked within reserves for use in 2021/22.

The Scottish Government also provided capital resources relating to specific COVID-19 related purposes of £0.701m which has all been spent/committed in line with Scottish Government expectations.

In addition the Scottish Government has enabled a number of fiscal flexibilities which were available to be accessed during 2020/21 if required, however this has not been required due to the funding provided being sufficient to cover the net additional costs of COVID-19.

## Management Commentary (Cont'd)

### 3. Overview of Core Financial Statements (Cont'd)

The Scottish Government, as part of its strategy to mitigate the effect of COVID-19 on employment, business and the economy, provided significant levels of funding to Councils to pay to businesses in the form of business support grants.

For 2020/21 the council processed and paid to businesses £24.305m and a total of £30.609m by the end of May 2021 for these purposes through a range of different approaches implemented by the Scottish Government at different times of the year and targeted at different business sectors. The administration of the grants was time consuming given the number of grant applications and the payment timelines were specified outwith Council control. However funding was provided by the Scottish Government to fund the additional workload.

#### **Balance Sheet**

The Balance Sheet on page 41 shows that during 2020/21, the net assets have increased by £33.717m (from £284.912m to £318.629m). The main movement is due to an increase in the value of non-current assets following a formal valuation the housing dwellings which was due as part of a 5-year rolling valuation programme. There has also been movement within borrowing, in line with spend and funding agreed within the capital plan; and movement within debtors and creditors.

#### **Pension Assets and Liabilities**

The Balance Sheet on page 41 shows an assessed pension fund liability of £163.165m, using a snapshot valuation at 31 March 2021. Further information on this is provided in note 13 on pages 70 to 75. The valuation states that assets held at the valuation date were sufficient to cover 85.6% of accrued liabilities (85.6% in 2019/20). The pension scheme liability has increased by £29.538m as advised by the appointed actuaries, and this is mainly as a result of the downwards movement in the assumptions of future pension, and salary increases and discount rate. The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers together with planned recent increases in employers' contributions provide sufficient security and future income to meet future pension liabilities.

#### **Non-Current Assets**

The council owns a number of different types of assets, as listed in the Balance Sheet. These assets are used for ongoing and future service delivery provided by the council to its citizens. The remit for the council's Strategic Asset Management Group is to ensure the most efficient use of these assets in pursuit of the council's strategic priorities. The Group manages this through ongoing review of the overarching Strategic Asset Management Plan, which is then supported by a number of individual Asset Management Plans (including properties, infrastructure, vehicles and equipment, etc.).

The council requires to assess the value of assets held based on current market conditions, while in the current year particular assets have increased in value by £62.825m. At the same time, impairment and downward revaluations have reduced the value of other assets held by the council by £21.405m, resulting in a net increase in value of £41.420m. These movements adjust either the revaluation reserve in the Balance Sheet or are included within the Net Cost of Service within the Income and Expenditure Statement, depending on the history of the asset.

#### **Borrowing**

The council's Treasury Strategy for 2020/21 was agreed by the Council on 4 March 2020. The council raised new long term loans of £10.000m (2019/20 £50.868m) and short term loans of £260.250m (2019/20 £218.744m) and repaid naturally maturing debt of £235.115m (2019/20 £201.304m). The total outstanding long term debt (excluding PPP debt) as at 31 March 2021 was £274.237m (2019/20 £276.905m) including £109.778m (2019/20 £115.241m) for the council's housing stock. The total outstanding short term debt was £274.466m (2019/20 £237.011m), including £93.994m (2019/20 £98.671m) for the housing stock. The interest and expenses rate charged by the council's loans fund was 2.29% (2.58% in 2019/20). Due to the current interest rates, the Council has followed a strategy to maximise the benefit in short term borrowing to fund capital expenditure.

## Management Commentary (Cont'd)

### 3. Overview of Core Financial Statements (Cont'd)

#### Capital Finance

The council is able to regulate its own capital spending limits within the framework recommended by the Chartered Institute of Public Finance and Accountancy and endorsed by the Scottish Government. The necessary treasury indicators and safeguards have been approved by Council and have resulted in increases to both the General Services and Housing capital programmes for 2020/21 and beyond. The Council's [Treasury Management Strategy](#) and [Capital Strategy](#) are approved at Council as part of the budget setting package. Details of the capital expenditure and financing are shown in note 20 on page 85. Total gross capital expenditure amounted to £92.184m the split between General Services and HRA is noted in the table below. The main capital projects progressed during 2020/21 were:

<b>General Services</b>	<b>HRA</b>
Replacement of Elderly Care Homes	Void Housing Strategy Programme
District Heating Network	Building external component renewals
Queens Quay Regeneration	Statutory compliance works
A811 Lomond Bridge	Targeted EESSH compliance works
Community Capital Fund	Heating Improvement works
Local Economic Development	Affordable Housing Supply Programme

During 2020/21, the council had budgeted capital expenditure of £132.869m with an actual in year spend of £92.184m. The unspent amount (£40.685m) includes overspends, underspends and slippage, as noted within the table below. The total slippage on planned spend was £44.808m – 33.72% of the overall capital programme which is summarised in the following table:

	<b>Original Budget £000</b>	<b>Actual Spend £000</b>	<b>Variance £000</b>	<b>Overspend £000</b>	<b>Underspend £000</b>	<b>Slippage £000</b>
<b>Service</b>						
Corporate Services	3,391	1,155	(2,236)	0	(280)	(1,956)
Education	15,573	9,686	(5,887)	118	0	(6,005)
Infrastructure, Regeneration and Development	46,446	24,327	(22,119)	757	0	(22,876)
Housing and Communities	139	186	47	0	0	47
Miscellaneous Services	3,502	4,200	698	698	0	0
Health and Social Care Partnership	3,340	3,058	(282)	0	0	(282)
<b>General Services</b>	<b>72,391</b>	<b>42,612</b>	<b>(29,779)</b>	<b>1,573</b>	<b>(280)</b>	<b>(31,072)</b>
HRA	60,478	49,572	(10,906)	2,912	(82)	(13,736)
<b>Total</b>	<b>132,869</b>	<b>92,184</b>	<b>(40,685)</b>	<b>4,485</b>	<b>(362)</b>	<b>(44,808)</b>

## Management Commentary (Cont'd)

### 3. Overview of Core Financial Statements (Cont'd)

The majority of the slippage has occurred within a small number of larger capital projects and is mainly due to the timing of starting individual projects, for various reasons, not all within council control, and the delayed spend on these projects moved into capital budgets for 2020/21 onwards. The most significant slippage was experienced against the following projects:

<b>General Services</b>	
District Heating Expansion	Network expansion to GJNH (Golden Jubilee National Hospital) will commence pending positive commercial discussions with GJNH. Progress expected in 2021/22.
Gruggies Burn Flood Prevention	Delay due to alternative design solutions requiring to be considered. Options and recommendations to be presented for consideration in summer 2021 in advance of the approval and planning permissions
Vehicle Replacement	Delay due to the vehicle build time associated with the specialist vehicles and the delivery lead time from the date of supply order placement.
Schools Estate Improvement Plan	COVID-19 restrictions delayed project progress in 2020/21, with the Renton Campus site closed for 13 weeks
Posties Park	Work in 2020/21 were delayed due to COVID-19 restrictions.
<b>HRA</b>	
New house build	Due to a number of different complexities there were delays to getting on site across each of the new build sites.
Projects to deliver housing strategies (Buy Backs)	These are subject to stringent criteria to ensure accountability and value for money for tenants and involves several key stakeholders which resulted in time delays
Doors/Windows	Completions have been affected by windows supply delay and extended lockdown restrictions
Targeted EESSH compliance work	Tier 4+ restrictions impacted upon progress toward the year end
Building external components	Tier 4+ restrictions impacted upon progress toward the year end

#### **Public Private Partnership (PPP) and other Long Term Liabilities**

The council entered into a PPP for the provision of three new community learning centres and a primary school providing the council with replacement buildings for three secondary schools which were handed over in 2009/10 with the primary school handed over during 2011/12. In accordance with statutory accounting guidance, full detail is provided within note 22 on pages 86 to 87.

On 31 March 2016, the council entered into a 25 year 'Design, Build, Finance and Maintain' (DBFM) arrangement with the Scottish Government via the Scottish Futures Trust, for the provision of a further new secondary school. The school was handed over for use by the council during 2017/18.

## Management Commentary (Cont'd)

### 3. Overview of Core Financial Statements (Cont'd)

#### **Group Accounts**

Local authorities are required to prepare group accounts in addition to their own Financial Statements where they have material interest in other organisations. The group accounts on pages 109 to 119 consolidate the council's Financial Statements, the Common Good and Trust Funds and six other entities (including two further subsidiaries – West Dunbartonshire Leisure Trust and Clydebank Property Company). The effect of combining these entities on the Group Balances Sheet is to increase reserves and net assets by £36.611m creating an overall net asset of £355.240m. This includes the combined pension liability of these organisations similar to that of the council. As there is no reason to suggest the future funding to these organisations will not continue, the accounts have been prepared on a going concern basis.

#### **4. The Financial Outlook, Key Risks and the Future**

In setting the budget for 2021/22, the council faced a number of significant financial pressures resulting from reducing government funding, inflationary pressures and service demand increases and the ongoing impact of the economic position and welfare reform.

The council's Long Term Financial Strategy (LTFS) published in November 2020 highlighted that the pressure on public finances is expected to continue for the next 5 years. Local Government is not one of the "protected" spend areas within the Scottish Government's budget, which means it is likely that ongoing real terms funding reductions will be experienced.

At the same time demand for services is expected to continue to increase, driven by demographic change and policy pressures. The Scottish Government settlement for 2021/22 was a further one year settlement though the settlement was better than had been anticipated. It is not clear, due to ongoing potential impacts to the economy arising from EU Exit and the ongoing impact of COVID-19 as to what funding settlements will look like into the future and whether longer terms settlements will be possible.

The LTFS is reviewed annually providing analysis of issues for the next three financial years and some higher level analysis and risks over the next 10 years. The strategy aims to allow the council to plan ahead and take appropriate action to maintain budgets within expected levels of funding.

Following the setting of the budget in March 2021, budgeting projections identified expected gaps of £4.891m in 2022/23 and a further £5.644m for 2023/24. The strategy will be reviewed by council later in 2021 and in setting the budget for 2022/23. At the Council meeting on 22 March 2021 the updated General Fund capital plan was approved. At a Council meeting on 3 March 2021 the HRA revenue budget for 2020/21 and the updated 5 year HRA capital plan were approved. The capital plans include funding for a number of projects over the next three years and the revenue impact of these investments will be built into future revenue plans.

#### **COVID-19**

The pandemic continues into financial year 2021/22 with restrictions remaining as at the beginning of the financial year. Due to extensive vaccination implementation it is hoped that the ongoing restrictions on daily life will be able to be lifted gradually during 2021/22. At this stage it is impossible to predict the future impact of the pandemic in 2021/22, the financial impact to the council and the economic impact on the UK, Scottish and local economies.

The ongoing financial impact will be reported to Members and it may be necessary for the Council to make decisions on future service delivery depending on the totality of the financial impact and Government funding availability. As is detailed above the Scottish Government has provided significant (mainly) revenue financial support for 2020/21 and also for 2021/22 and it is anticipated that any financial impact on the Council in 2021/22 will be fully funded by such financial support. In addition the Scottish Government has enabled a number of fiscal flexibilities which can be accessed during 2021/22 if required.

## Management Commentary (Cont'd)

### **4. The Financial Outlook, Key Risks and the Future (cont'd)**

The “new normal” may have an impact on service demand and the consequences of this will have to be clearly laid out within the current performance management and reporting framework and in future service and budget planning. It will be important for the Council, at the appropriate time, to carry out a post-incident review and highlight any lessons learned.

Currently the Scottish Government has provided significant additional resource and flexibilities to assist the Council to date, though the availability of further funding is unclear and uncertain – should the pandemic generate further significant waves of infection and further government impositions. In such circumstances, there is a risk that Council will require to consider service reductions and potential use of reserves to manage the financial impact. Currently it is not clear as to the ongoing future financial impact of COVID-19 on the Council and its reserves.

#### **Management of Risk**

The main financial risks identified by the council over the medium and long term are highlighted within the council's Long Term Financial Strategy and includes:

- the unknown position from government on future funding levels particularly given the ongoing decline in council population;
- the unknown financial implications of COVID-19 and funding support from Scottish Government;
- the impact of the ongoing implementation of Universal Credit and the potential impact of previously implemented austerity measures on the economic strength of the West Dunbartonshire population and business base;
- changing demands and needs for council services (particularly in relation to older people); and
- council also plans major investment in a number of significant capital projects which will change the way in which some services are delivered and are partially funded through projected revenue savings – there is a risk that expected savings are not as planned.

The Annual Governance Statement, shown on pages 20 to 29, details the arrangements the council has put in place for the proper governance of the council's affairs and for the management of risk. This Statement explains the system of internal control in place and sets out improvement actions to the governance framework identified from the council's ongoing review of these arrangements.

Risks are identified with actions to minimise and/or mitigate those risks (where possible) through the council's performance monitoring system (pentana), which is reported to Members on a regular basis. The Scottish Government changed council tax rules 2017/18 and there is potential for further reform of local government funding and organisation over the next few years.

#### **The Future**

In recognition of the projected ongoing financial position, the council continues to identify service redesign and business transformation options and these will be reported to appropriate committees during 2021/22. Significant cost reductions have been generated through planned actions to generate savings and more efficient ways of working. As stated above the financial impact of COVID-19 places a further layer of uncertainty and financial risk to the ongoing Council funding and the ability to continue to provide services on an ongoing basis.

A number of major projects have been underway during 2020/21 as follows:

## Management Commentary (Cont'd)

### The Financial Outlook, Key Risks and the Future (cont'd)

- **Glasgow City Region City Deal** – the council, together with a number of other Scottish local authorities, is participating in the Glasgow Region City Deal which will see over £1.1 billion invested in the area. The City Deal consists of a number of significant capital projects across the area together with employability projects – in order to generate economic regeneration and additional jobs. The project within the City Deal specific to the council is an infrastructure project at the Exxon site at Bowling to regenerate that site and to create a relief road along the A82 at Milton. The project development is progressing with the outline business case approved during 2016/17 and the next stage being the approval of the final business case;
- **Development of Queens Quay and District Heating** – the council, in partnership with the private sector, are funding the redevelopment of Queens Quay in Clydebank – bringing a significant former industrial site back into use. This project will be home to a new council-run care home for older people; a new medical centre run by the Greater Glasgow Health Board; around 1,000 new homes; and new commercial provision. This longer term project should support the economic development of Clydebank and is expected to generate net in-migration to West Dunbartonshire. In 2016/17 council and the Scottish Government approved the development of an innovative district heating system on this site to provide heat to all of the existing and new provision within Queens Quay and beyond. Significant physical progress was achieved on these various elements of the wider regeneration project during 2020/21 with the energy centre becoming operational, the care home opening for residents and the commencement of the building of the first tranche on new housing on site;
- **UK withdrawal from the European Union** - in line with recommendations from Audit Scotland, an ongoing assessment of the risk to the council arising from the UK's withdrawal from the European Union continues. This allows the Corporate Management Team to conclude that the risks to the council are generally low, but not fully defined. The council continues a watching brief on developments and reviews the identified risks on an ongoing basis;
- **Strategic Programmes** – in the most recent Long Term Finance Strategy to November 2020 Council a number of potential change areas were identified. These are under consideration for development and implementation to assist close future funding gaps. Many of the previous projects are complete or near completion and senior management monitors progress on agreed efficiency projects through the Recovery and Renewal Board and budgetary control reports provide updates on progress to Members. Where appropriate, business cases will be developed, and where required, reports will come to future Council and Committees for consideration; and
- **Council's More Homes Strategy** – plans have been approved for the council to deliver over 1,000 new affordable homes within the area over the period to 2021 and though delayed somewhat by COVID-19 during 2020/21 new homes were beginning to be handed over to the Council by builders and thereafter to new tenants. This strategy is expected to produce net in-migration and regeneration, as well as provide modern affordable housing.

### 5. Other Information

#### **Asset Management**

The council has a significant investment embedded in assets, comprising offices, schools, vehicles, houses, ICT infrastructure and equipment, etc. and it is important that these are managed in an efficient and effective manner. The council has an overarching Asset Management Strategy which was refreshed in December 2016 along with the Property Asset Management Plan at the same time. Service specific Asset Plans covering Open Spaces, Roads Structures, Housing and Vehicle, Fleet and Plant were all approved at the relevant service committees during 2017. The next update required is for the Asset Management Strategy and Property Asset Plan at the end of 2021 therefore no updates are required to any existing plans during financial year 2020/21. In addition an asset disposal strategy is in place to maximize the benefit from assets that the council no longer requires and this strategy is important in generating capital receipts to support elements of the capital plan.

## Management Commentary (Cont'd)

### 5. Other Information (cont'd)

#### **Best Value Assurance Report**

During 2017/18 the council was audited under the revised Best Value audit approach, where the auditors reviewed the council's approach to strategic planning, financial planning, workforce planning, partnership working, performance reporting and continuous improvement. The report by the Accounts Commission was published on 28 June 2018 and was positive and showed that the council had made significant progress since the previous Best Value report in 2006 and follow-up reports to 2010. Five areas for improvement were identified and improvement actions now implemented in full on these areas – more detail is provided within the Annual Governance Statement within these accounts.

#### **Carbon Emissions and Energy Consumption**

The council is on track to meet the targets set out in the Carbon Management Plan, emitting a total of 24,394 tonnes of carbon dioxide from our operations in 2019/20. This equates to a 7% reduction against the previous financial year, or a 26% total reduction overall against the 2012-13 baseline year. The council approved a new Climate change Strategy in November 2020 which will set a target to reduce WDC carbon emissions to 'net zero' by 2045 which will align with Scottish Government targets.

#### **Equality and Diversity**

The council is firmly committed to the principle of equality of opportunity. The council recognises its responsibility as a community leader, service provider and employer to encourage the fair treatment of all individuals and to tackle social exclusion. The council is also committed to eradicate all forms of discrimination, direct or indirect and aims to eliminate discriminatory practices and promote measures to combat its effects. An equal pay audit has recently been produced and a Members Briefing provided in June 2020 on the outcome.

Information on the council's Equality Outcomes and Mainstreaming Report 2021-2025 can be found on the council website at:

<https://www.west-dunbarton.gov.uk/council/strategies-plans-and-policies/council-wide-plans-and-strategies/equality-diversity-and-fairness/mainstreaming-report-and-equality-outcomes/>

#### **Consultation and Communication with Workforce**

The council has in place employee governance arrangements to ensure its employees are well informed, involved in decisions, appropriately trained, treated fairly and consistently and provided with a safe environment. The council carries out regular employee engagement, and seeks the views of the workforce through regular consultations with staff and trade unions.

#### **Remuneration Report**

This report presents information on the remuneration of senior elected members and senior officers within the council (pages 30 to 38).

## Management Commentary (Cont'd)

### 5. Other Information (cont'd)

#### Financial Performance Indicators

This commentary includes information on a set of financial performance indicators. These are aimed at providing the reader with a summary of key information and are summarised in the following table:

2019/20 Outturn			2020/21 Target	2020/21 Outturn
	<b>Housing Performance</b>			
8.38%	Percentage of current tenants owing more than 13 weeks rent, excluding those owing less than £250	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	18.11%
791	number of current tenants owing more than 13 weeks rent, excluding those owing less than £250	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	1,718
9.64%	Current / former / total tenant arrears as a percentage of net rent due in year	Demonstrates the Council's effectiveness in collecting local housing rents	10.50%	8.53%
£3.922m	Amount of current/ former/ total tenant rent arrears	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	£3.621m
100%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the HRA has, in comparison to the agreed minimum	100%	100%
2.00%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by free reserves (2% minimum target)	2.00%	2.00%
(£0.033m)	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	n/a	(£0.040m)
97.22%	Revenue budget compared to actual outturn at year end	Demonstrates actual spend as a percentage of the planned budget (less than 100% indicates an underspend)	n/a	92.21%
	<b>General Services Performance</b>			
£5.40	Cost of collecting council tax (per dwelling)	Demonstrates the Council's effectiveness in collecting local taxation	£5.00	£6.84
15.59%	Council tax as a percentage of overall funding	Demonstrates the amount of budget raised through council tax	n/a	15.98%
95.15%	In-year council tax collection rate	Demonstrates the Council's effectiveness in collecting local taxation	93.50%	94.18%
£34.230m	Amount of income from council tax for the year that was received	Demonstrates the Council's effectiveness in collecting local taxation	n/a	£35.624m
64%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the GS has, in comparison to the agreed minimum	100%	111%
1.28%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by free reserves (2% minimum target)	2.00%	2.19%
(£2.076m)	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	n/a	£0.585m
99.74%	Revenue budget compared to actual outturn at year end - including top up of provisions	Demonstrates actual spend as a percentage of the planned budget (less than 100% indicates an underspend)	n/a	99.74%
	<b>Prudence And Affordability – Capital</b>			
4.59%	Ratio of financing costs to net revenue stream (excluding PPP) – General Services	Demonstrates how much of the General Fund revenue budget is used to support previous capital investment	4.65%	4.07%
25.55%	Ratio of financing costs to net revenue stream – HRA	Demonstrates how much of the HRA revenue budget is used to support previous capital investment	22.56%	23.59%
£600.739m	Capital Financing Requirement	The amount of planned capital expenditure not yet funded	£650.789m	£646.190m
£613.938m	External Debt Levels (including PPP)	The amount of external debt held by the Council. Increases due to funding of the capital programme	£647.920m	£644.951m

### 6. Where to find more information

**In This Publication** - An explanation of the Financial Statements which follow and their purpose are shown at the top of each page. The accounting policies and a glossary of terms can be found at the end of this publication and these provide an explanation of the main guidelines and terms used.

**On Our Website** - Further information about the council can be obtained on the council's website ([West Dunbartonshire Council](http://www.westdunbartonshirecouncil.gov.uk)) or from Finance Services, 16 Church Street, Dumbarton, G82 1QL.

## Management Commentary (Cont'd)

### 7. Conclusion

The financial results show the council's finances in a fairly healthy position and, considering the ongoing significant financial pressures being faced by the council, we have successfully managed our affairs within the budget set and the financial objectives prescribed. This is a satisfactory outcome and reflects well on both the efforts and professionalism of management, budget holders and on the council's financial management and monitoring procedures. However the impact of covid-19 moving into financial year 2021/22 will certainly bring challenges in terms of cost and uncertainty around availability of Scottish Government funding to support such cost implications. The council's Financial Statements continue to be reported on a going concern basis.

### **Acknowledgement**

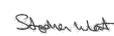
The production of the Annual Financial Statements is very much a team effort and we wish to record our thanks to both Finance staff and to colleagues in all services whose efforts have contributed to the completion of these Statements of Accounts.



**Councillor Jonathan McColl**  
**Leader of the Council**  
**Date: 17 November 2021**



**Joyce White**  
**Chief Executive**  
**Date: 17 November 2021**



**Stephen West**  
**Chief Officer - Resources**  
**Date: 17 November 2021**

## Statement of Responsibilities

### The Authority's Responsibilities:

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Officer – Resources;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014 and the Coronavirus (Scotland) Act 2020) and so far as is compatible with legislation, in accordance with proper accounting practices (Section 12 of the Local Government in Scotland Act 2003); and
- to approve the Annual Accounts for signature.

I confirm that these Annual Accounts were authorised for issue on 17 November 2021.

Signed on behalf of West Dunbartonshire Council



**Councillor Jonathan McColl**  
**Leader of the Council**  
**Date: 17 November 2021**

### The Chief Officer - Resources Responsibilities:

The Chief Officer - Resources is responsible for the preparation of the Authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

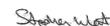
In preparing this Statement of Accounts, the Chief Officer - Resources has:

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

The Chief Officer - Resources has also:

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

I certify that the Financial Statements give a true and fair view of the financial position of the local authority (and its group) at the reporting date and the transactions of the local authority (and its group) for the year ended 31 March 2021.



**Stephen West**  
**Chief Officer - Resources**  
**Date: 17 November 2021**

## Annual Governance Statement

The Annual Governance Statement explains the Council's governance arrangements as it meets the requirements of the "Code of Practice for Local Authority Accounting in the UK" (the Code) and reports on the effectiveness of its system of internal control, including the reliance placed on the governance frameworks of our partners. It is included within the Council's Financial Statements to assure stakeholders on how the council directs and controls its functions and how it relates to communities in order to enhance transparency and scrutiny of the Council's activities.

### Scope of Responsibility

West Dunbartonshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the council's Elected Members and Corporate Management Team (CMT) are responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The council has established an arms-length external organisation: West Dunbartonshire Leisure Trust – to deliver leisure services more effectively on the council's behalf, which reports regularly to Elected Members. From 1 July 2015 the West Dunbartonshire Health and Social Care Partnership was established to continue the development of the integration of social care and health services between the council and NHS Greater Glasgow and Clyde.

The Council has approved and adopted a Local Code of Corporate Governance ("the Local Code"), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: "*Delivering Good Governance in Local Government*". The Local Code evidences the council's commitment to achieving good governance and demonstrates how it complies with the governance standards recommended by CIPFA. A copy of this Code is available from the council website at:

<http://www.west-dunbarton.gov.uk/media/4312582/wdc-local-code.pdf>

This statement explains how the council expects to comply with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for the Annual Governance Statement.

### The Purpose of the Governance Framework

The governance framework comprises: the systems and processes; and culture and values - by which the council is directed and controlled and through which it accounts to and engages with communities. It enables the council to monitor the achievement of the strategic objectives set out in the Strategic Plan. It enables the council to consider whether those objectives have led to the delivery of appropriate and value for money services.

The council has put in place a system of internal financial control designed to manage risk to a reasonable level. Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal financial control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2021 and up to the date of the approval of the Statement of Accounts.

## **Annual Governance Statement (Cont'd)**

### **The Governance Framework**

The main features of our governance arrangements are described in the Local Code but are summarised below:

- the overarching strategic vision and objectives of the council are detailed in the Strategic Plan 2017/22, which sets out the key priorities of the council and key outcomes the council is committed to delivering with its partners, as set out in the Local Outcome Improvement Plan;
- Services are able to demonstrate how their own activities link to the council's vision and priorities through their Delivery Plans. Performance management and monitoring of service delivery is reported through service committees regularly. The CMT monitors performance information regularly. The council regularly publishes information about its performance;
- The West Dunbartonshire Community Alliance, which supports Community Planning West Dunbartonshire, represents the views of community organisations, communities of interest and geographical communities. In addition the council has an Engaging Communities Framework in place which sets out our approach to engaging with citizens, community organisations and stakeholders. Consultation on the future vision and activities of the partnership is undertaken in a range of ways, including seeking the views of the Alliance and through specific service consultations and the council actively engages with its partners through community planning arrangements;
- The council has adopted a Code of Conduct and associated employment policies for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members in a localised format. In addition, the council has in place a protocol on member/ officer relations and an inter-party protocol;
- The council operates within an established procedural framework which incorporates a Scheme of Delegation, Standing Orders and Financial Regulations. These describe the roles and responsibilities of Elected Members and officers and are subject to regular review. The council facilitates policy and decision making through the agreed committee structure;
- Responsibility for maintaining and operating an effective system of internal financial control rests with the council's Chief Financial Officer as Section 95 Officer. The system of internal financial control is based on a framework of regular management information, the Financial Regulations, administrative procedures (including separation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the council;
- The council's approach to risk management is set out in the Risk Management Framework. A strategic risk register is in place and an update report on this is regularly submitted to the Corporate Services Committee and Audit Committee. The approach is embedded within the council's strategic planning and performance management framework with regular reporting of risk management reported to service committees; and
- Comprehensive arrangements are in place to ensure Elected Members and officers are supported by appropriate training and development.

### **Review of Effectiveness**

The council has a responsibility to review, at least annually, the effectiveness of its governance framework including the system of internal financial control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team which has responsibility for the development, implementation and maintenance of the governance environment, the Chief Internal Auditor's annual report; and reports from the external auditors and other review agencies and inspectorates.

The council's current Code of Good Governance was approved at the Audit & Performance Review Committee on 8 March 2017. An assessment of the council's compliance with the Code of Good Governance is supported by a process of self-assessment and assurance certification by Chief Officers and the outcome of this assessment was reported to the Audit Committee on 16 June 2021.

Each Chief Officer was presented with a self-assessment checklist to complete and return as evidence of review of seven key areas of the council's governance framework and provided a certificate of assurance for their service areas.

## **Annual Governance Statement (Cont'd)**

### **Review of Effectiveness (cont'd)**

The Audit Committee performs a scrutiny role in relation to the application of the Code of Good Governance and regularly monitors the performance of the council's Internal Audit service.

In relation to the effectiveness of governance arrangements and systems of internal control for the council's group entities, the council places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) 2017 and reports to the Audit Committee. An annual programme of work is determined and undertaken by Internal Audit, approved by the Audit Committee, based upon an established risk based methodology. The Shared Service Manager – Audit & Fraud provides an independent opinion on the adequacy and effectiveness of the council's System of Internal Financial Control.

The Audit Committee performs a scrutiny role in relation to the application of PSIAS and regularly monitors the performance of the Internal Audit service. The council's Shared Service Manager – Audit & Fraud (the council's Chief Internal Auditor) has responsibility for reviewing independently and reporting to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of the code and the extent of compliance with it.

It is our view that the council has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify areas of weakness. This is corroborated by an annual assurance statement prepared by the Shared Service Manager – Audit & Fraud stating that reasonable assurance can be placed upon the adequacy and effectiveness of the council's internal control systems. Due to the COVID-19 pandemic, some audits from 2020-21 could not be carried out and have been rescheduled to take place in early 2021-22. However the overall audit plan is set within the context of a multi-year approach to audit planning such that key risk areas are reviewed over a 5 year cycle.

The system of governance (including the system of internal control) can provide only reasonable and not absolute assurance that the assets are safeguarded, the transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of the council's objectives have been mitigated.

### **COVID-19**

The significant incident which began in late March 2020 and the council's responses as a Category 1 responder during the COVID-19 pandemic tested how well the Council's risk management, governance and internal controls framework is operating. There were examples of innovations, new business processes and solutions, and new technology being embraced in order to deliver services to the community in its role as a Category 1 responder to carry out the following three essential functions: Caring for the Vulnerable; Liaising with Resilience Partners; and Supporting Economic Recovery. This was achieved using amended governance arrangements for a period of time during 2020/21, new ways of decision-making, leadership and implementation including virtual meetings, conference calls and systems remote access. Meetings of the Audit Committee and Council have been held remotely since June 2020 to allow Members to undertake their scrutiny role and service Committees also re-started in August 2020. Regulatory Committees, Planning and Licensing, were briefly interrupted but recommenced from May 2020.

There were regular Elected Member briefings and cross party meetings in order to further share updates on the developments as a result of the COVID-19 pandemic. It was agreed at the Cross Party Group that committee business would be kept to a minimum with only necessary and urgent papers being considered by committee. A small number of temporary delegations were agreed to enable services within Regulatory to continue, assist with the preparation of the annual accounts and deal with taxation matters. The Council's existing Scheme of Governance was also used to enable decisions to be taken which would normally be taken by committee. A report was presented to Council in June 2020 which provided an update in relation to actions and decisions taken under the

## **Annual Governance Statement (Cont'd)**

### **COVID-19 (Cont'd)**

revised governance arrangements put in place following the Government lockdown on 24 March 2020. A link to this report can be found [here](#).

Subsequently COVID-19 Update reports were regularly provided to Council meetings throughout 2020/21 identifying the key issues for the Council, its residents and businesses, what the Council was doing to assist, how services were impacted, and what the financial impact was anticipated to be.

All members of the council's Senior Leadership Team and key stakeholders are participants in a variety of Local Authority specific COVID-19/Business Continuity response groups supported by the Civil Contingencies Service. A comprehensive COVID-19 Impact Risk Register has been developed covering all aspects of service delivery affected by the pandemic which is maintained on a weekly basis.

During 2020-21 the Audit Committee formed a sub-group to consider the COVID-19 Guidance for Audit and Risk Committees which was produced by Audit Scotland. The outcome of this exercise was reported to the 16 June 2021 Audit Committee meeting and confirmed that the council has maintained consistent essential services for its communities whilst adapting to provide alternative on-line/virtual services wherever possible. The council's strong collaborative approach has continued to be effective at achieving a unified response, working with key partners including the NHS, Police Scotland, the voluntary sector and other community groups and the response to the crisis has added assurance to the council's business continuity plans, communications strategy and governance arrangements.

With significant disruption to how services were delivered over the year which has the potential to continue in the short and medium term as the pandemic develops, the CMT developed plans to capture the shift from business as usual activity and ensure the council continued to meet requirements and achieve the strategic priorities set out in the Strategic Plan.

This planning activity took into consideration reflective learning from the first phase of responding to the pandemic and engaging with key stakeholders in planning future service provision.

The financial impact of implementing the required changes to services and service delivery models (e.g. to support social distancing requirements, support staff with the appropriate PPE and manage the new and changing levels of need and demand) was significant and likely to be ongoing and evolving as the pandemic continues into 2021/22.

A detailed approval log is being maintained and scrutinised by senior management, including approval requirements of any decisions with financial implications for the council. The "new normal" may have an impact on service demand and means of delivery and the consequences of this will have to be clearly laid out within the current performance planning, management and reporting frameworks.

### **Governance Issues and Planned Actions**

The following main issues and areas for improvement during 2020/21 have been identified through the self-assessment exercise carried out by Chief Officers against key aspects of the Code of Good Governance:

## Annual Governance Statement (Cont'd)

### Governance Issues and Planned Actions (Cont'd)

<b>Improvement Area identified by 2020/21 Exercise</b>	<b>Responsible Officer</b>
Embedding Be the Best Conversations within all service teams.	Chief Officer, Resources Chief Officer, Citizen, Culture and Facilities Chief Officer, Supplies, Distribution and Property
Following COVID-19 work is required in some services to review and update business continuity planning documentation.	Chief Officer, Housing and Employability
Business Classification Scheme will be rolled out to relevant service areas.	Chief Officer, People and Technology
Due to COVID-19 restrictions during 2020-21, some services have been unable to access offices and therefore physical access to hard copy files for destruction has not been possible. This will be resumed in line with easing of restrictions.	Chief Officer, Regulatory and Regeneration Chief Officer, People and Technology
Improvement activity is ongoing within teams in order to develop and maintain strong supervision practices.	Chief Officer, HSCP
Although the Health and Safety team undertake the co-ordination role of Health and Safety Executive inspection reports to ensure that action plans are put in place, there is a need to ensure that there is regular review of action plan progress which will be included on agendas for 121 meetings between Chief Executive and Chief Officers going forward.	Chief Executive/Chief Officers
Work is ongoing to implement the Council's information classification policy and procedure as part of the Microsoft Office 365 project.	Data Protection/Information Governance Officer
Within HSCP, work is ongoing with Healthcare Improvement Scotland in respect of self-evaluation activity.	Chief Officer, HSCP
Within HSCP, continue to undertake targeted interventions for areas with higher absence levels to support line managers and ensure individual absences are being managed in an appropriate manner to support return to work.	Chief Officer, HSCP
Within HSCP, governance processes developed for tracking of audit action plans and ensuring action deadlines are met will continue to be embedded.	Chief Officer, HSCP
Continue to develop plans in response to the ageing population. We continue to develop and review services in response to the changing demographic.	Head of Health and Community Care
Review of Learning Disability Service to improve on ways of working to ensure the service is fit for the future demands. Service Improvement lead aligned to service. Full review to be picked up as part of renewal and recovery work.	Head of Mental Health, Addictions & Learning Disabilities
Improved case recording and assessment for children and families who receive statutory social work services.	Head of Children's Health Care and Criminal Justice
A Project Overview document has been developed and approved by the Integrated Housing Project Board in relation to the IHMS. This document is being utilised to manage all remaining Phase 2 implementation items.	Chief Officer, Housing and Employability
At the appropriate time a post-incident review will be carried out in relation to the COVID-19 Pandemic highlighting any lessons learned which will inform future emergency response and recovery arrangements.	Chief Executive

## Annual Governance Statement (Cont'd)

### Governance Issues and Planned Actions (Cont'd)

In the 2019/20 Annual Governance Statement officers identified a range of areas for improvement during 2020/21. The following table provides an update on progress with these with a number having been completed or are areas which continue to have ongoing focus:

<b>Improvement Area identified by 2019/20 Exercise</b>	<b>Status</b>
Within HSCP, there are occasions when complaints timescales are being missed due to the complexity of response or NHS Policy where the Chief Officer approves all responses. HSCP-wide improvements are currently being reviewed to ensure full compliance.	Complete  A review of the complaints process and timescales for responses took place in early 2021.
Within HSCP, improvement is required in relation to streamlining community engagement and service user feedback across services. Self-evaluation and benchmarking activity takes place but a review of services is planned to ensure that the service is meeting user needs. This will be embedded within service delivery plans which are currently being developed.	Ongoing  Self evaluation and benchmarking activity takes place as standard across Adult Protection Committee activity as well as peer audit of casefiles across all Adult services. Work is ongoing with Healthcare Improvement Scotland in respect of self-evaluation activity.  Quality Assurance practices include an element of self- evaluation for example complaints audits.
Within HSCP, stronger governance is required in relation to tracking of action plans and ensuring action deadlines are met.	Ongoing  Action plans are in place for external and internal audit reports which are monitored and reported to WDC Audit Committee.  Audit Actions are now reviewed at Chief Officer and Heads of Service 1 to 1 meetings.  Chief Internal Auditor now attends HSCP SMT meetings to discuss outstanding actions and progress which is providing a focus in this area.
Continue to lead the implementation of and embed the Contract and Supplier Management Policy across services.	Complete  The target for compliance for 2020-21 was set at 75% and this has been achieved.
Further develop the Workforce Management System	Ongoing  Good progress has been made in the ongoing development of enhanced functionality of this system.
Maintenance of HRA housing rental income stream following full rollout of Universal Credit (UC) and other welfare reforms. This requires to be monitored as this income stream will be impacted issues arising from COVID-19.	Complete  All income and arrears levels are monitored on a weekly basis with processes in place to ensure early engagement with any tenant that fails to pay the rent due in order to provide support, assistance and avoid escalation of arrears.

## Annual Governance Statement (Cont'd)

### Governance Issues and Planned Actions (Cont'd)

Improvement Area identified by 2019/20 Exercise	Status
	<p>We have streamlined the processing of payments received from Department for Work and Pensions (DWP), with them now received electronically with automation of payments into rent accounts therefore reducing technical arrears and removing need for contact with these tenants.</p> <p>We have a very good relationship with the local DWP/UC team to ensure any issues identified are resolved and have quarterly meetings with them to ensure continual improvement of the processes.</p> <p>We have fully utilised the discretionary housing payment fund to assist tenants impacted by COVID-19 and other welfare reforms and also provided financial support to those impacted by COVID-19 via hardship payments and funding provided by Scottish Government.</p>
<p>Consolidation of Procurement and Commissioning arrangements ensuring compliance and efficiencies. There are still a number of risk areas contained within the HSCP procurement pipeline priorities.</p> <p>The HSCP SMT has agreed that Commissioning resource requires to be strengthened and a commissioning manager post will be advertised in 20/21.</p>	<p>Complete</p> <p>Procurement request form is completed for all exercises above £50k (new contracts, renewals and call off contracts).</p> <p>Compliance has improved in the current financial year to between 96% and 100% across the Heads of Service.</p> <p>Strong links have been developed between the Corporate Procurement Unit, HSCP Finance and HSCP Services.</p> <p>The HSCP Procurement Pipeline continues to be progressed and a number of Contract Strategies have been approved by the Tendering Committee in 2020/21 and a number of contracts have now been awarded.</p>
<p>Continue to develop plans in response to the ageing population. We continue to develop and review services in response to the changing demographic.</p>	<p>Ongoing</p> <p>We are working across Greater Glasgow and Clyde, through the Falls and Frailty Steering Group to ensure we are developing services in a collegiate way, that gets the most optimum performance of the whole system.</p> <p>Additionally, as a result of the pandemic, we are mindful of the isolation and physical deconditioning that many older people will have experienced. We are developing plans to respond to these new needs.</p>

## Annual Governance Statement (Cont'd)

### Governance Issues and Planned Actions (Cont'd)

Improvement Area identified by 2019/20 Exercise	Status
<p>Review of Learning Disability Service to improve on ways of working to ensure the service is fit for the future demands. Service Improvement lead aligned to service. Full review to be picked up as part of renewal and recovery work.</p>	<p>Ongoing</p> <p>Full review has been delayed due to the pandemic. As we move out of this into recovery planning, the Learning Disability review is back on the agenda and work has already begun to scope out current services and possible vision for the future, to ensure that it meets strategic priorities. A new manager has been appointed to the learning disability service who will link with the Service Improvement Lead and new Organisational Development manager and drive forward the review.</p>
<p>Improved case recording and assessment for children and families who receive statutory social work services.</p>	<p>Ongoing</p> <p>Review of Care First case recording system by Information Team to be scheduled following lockdown. A HSCP-wide review will be taken forward as part of redesign activity.</p> <p>Case sampling for children on the child protection register will report to the Child Protection Committee after June 2020. Lead Officer in post January 2021 and initial review has been undertaken. Further programme of quality assurance being developed for 2021/22.</p>
<p>Further efforts to reduce absence, supporting both staff wellbeing and containing costs</p>	<p>Ongoing</p> <p>Targeted interventions for areas with higher absence levels to support line managers and ensure individual absences are being managed in an appropriate manner to support return to work.</p>
<p>Continue the implementation of the strategic improvement framework activity on benchmarking, including customer feedback and proof of "best value"</p>	<p>Complete</p> <p>This is embedded within delivery plans.</p>
<p>The new integrated housing management system went live in November 2019. There were and continue to be challenges with the system and a monitoring and development action plan will be in place for 2020/21 to ensure that remaining issues are fully addressed.</p>	<p>Ongoing</p> <p>A Project Overview document has been developed and approved by the Integrated Housing Project Board. This document is being utilised to manage all remaining Phase 2 implementation items. Ad hoc issues experienced in the live system follow a process of being logged on the IHMS Team's issue log, resolved internally where possible, and escalated utilising the suppliers support portal where required.</p>

## Annual Governance Statement (Cont'd)

### Governance Issues and Planned Actions (Cont'd)

Improvement Area identified by 2019/20 Exercise	Status
<p>At the appropriate time, a post-incident review will be carried out in relation to the COVID-19 Pandemic highlighting any lessons learned which will inform future emergency response and recovery arrangements.</p>	<p>Ongoing, as the pandemic remains.</p> <p>The CMT have developed plans to ensure the council can continue to meet requirements and achieve the strategic priorities set out in the Strategic Plan. This planning activity considered the reflective learning from the first phase of responding to the pandemic and ongoing engagement with key stakeholders in planning future service provision.</p> <p>The Audit Committee considered the Audit Scotland COVID-19 Guide for Audit and Risk Committees and concluded that the Council's response to the crisis has added assurance to the council's business continuity plans, communications strategy and governance arrangements.</p>

### Best Value Assurance Report

Audit Scotland reported a Best Value Assurance Report on West Dunbartonshire Council to the Accounts Commission on 28 June 2018 which contained five recommendations, all of which are now complete.

### Health and Social Care Integration

The council, as the funder of the Social Care services within the West Dunbartonshire Health and Social Care Partnership (HSCP) has an interest in the governance arrangements within the HSCP. Internal Audit arrangements for the HSCP is provided jointly by the council's Internal Audit service and the Health Board's Internal Audit Service, with the council's Internal Audit service providing audit arrangements for social care services and the general oversight of the HSCP's governance arrangements.

The HSCP has arrangements in place to review its own ongoing compliance with the revised Code of Governance. Due to the council's role as social care service provider Internal Audit's process outcomes on such services are reported to the council's Audit Committee as well as that of the HSCP. The Chief Social Worker provides council with an annual report on the performance of the HSCP.

The financial arrangements for the council's funding to the HSCP are aligned and budget processes run parallel to ensure that appropriate budgets for the HSCP are aligned with council policy and budgeting approaches, particularly in relation to ensuring any efficiency targets for the HSCP funding from the council are planned for and appropriate efficiencies are approved by the HSCP. On an ongoing basis council continues to receive budgetary control information in relation to HSCP services funded by the council.

### Compliance with Best Practice

#### Statement on the role of the Chief Financial Officer in local government

The council complies with the requirements of the CIPFA Statement on "*The Role of the Chief Financial Officer in Local Government 2010*". The council's Chief Financial Officer (Section 95 Officer) has overall responsibility for the council's financial arrangements, and is professionally qualified and suitably experienced to lead the council's finance function and to direct finance staff.

## Annual Governance Statement (Cont'd)

### Compliance with best practice (Cont'd)

#### Statement on the role of the Head of Internal Audit in Public Service Organisations

The council complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Service Organisations 2019". The council's Chief Internal Auditor has responsibility for the council's Internal Audit function and is professionally qualified and suitably experienced to lead and direct the council's Internal Audit staff. The Internal Audit service generally operates in accordance with the CIPFA "Public Sector Internal Audit Standards 2017".

#### **Assurance**

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2020/21 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principle objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment with plans in place to address improvement areas.



**Councillor Jonathan McColl**  
**Leader of the Council**  
**Date: 17 November 2021**



**Joyce White**  
**Chief Executive**  
**Date: 17 November 2021**



**Stephen West**  
**Chief Officer – Resources**  
**Date: 17 November 2021**

## Remuneration Report

### Introduction

The council is required under statute to provide information on the remuneration of each senior elected member and senior officer and any other officer not otherwise included whose remuneration is over £0.150m per annum. All information disclosed in the tables 1-6 and section (b) of the Remuneration Report is due to be audited by Audit Scotland. The other Sections are reviewed by Audit Scotland to ensure that they are consistent with the Financial Statements.

#### a) Remuneration - Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2020 (SSI No. 2020/26). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Civic Head (Provost), Senior Councillors and Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the council's political management structure. The regulations stipulate that in addition to the Leader of the Council and the Provost, West Dunbartonshire can appoint a maximum of ten Senior Councillors. The level of remuneration paid to the Leader of the Council, Provost and Senior Councillors is detailed in Table 1.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2020/21 the salary for the Leader of West Dunbartonshire Council was £35,713. The Regulations also state that the maximum yearly amount that may be paid to the Provost (£26,785) is 75% of the total yearly amount payable to the Leader of the Council.

The Regulations also state the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the council may have. The maximum yearly amount that may be paid to a Senior Councillor (£26,785) is 75% of the total yearly amount payable to the Leader of the Council. For 2020/21 the total yearly amount payable by the council for remuneration of all of its Senior Councillors shall not exceed £223,200. The council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. Council policy is to pay Senior Councillors a salary of £22,320, per the decision at Council on 17 May 2017 for 2017/18 onwards.

During 2020/21, the Council agreed the appointment of a Council Leader, Provost, Bailie and 8 Senior Councillors and the remuneration due paid to the 8 Senior Councillors totalled £178,587 (£175,105 in 2019/20 for those Senior Councillors). The Regulations also permit the council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme. The pension entitlements for the year to 31 March 2021 are shown in Table 5 on page 36.

The Scheme of Members Allowances which encompasses the salaries of all elected members including the Leader, Provost, Bailie and Senior Councillors was agreed at a meeting of the full Council on 17 May 2017. The [report to Council](#) and the [Register of Members' Expenses](#) is available online.

## Remuneration Report (Cont'd)

### a) Remuneration – Councillors (Cont'd)

**Table 1: Remuneration of Senior Councillors**

Name	Position	Salary, Fees & Allowances	Taxable Expenses	Non-cash Expenses, Benefits-in-kind	Total Remuneration	Total Remuneration
		£	£	£	£	£
Jonathan McColl	Leader of Council Convener of Community Planning West Dunbartonshire Management Board Convener of Recruitment & Individual Performance Management Committee Convener of Sub Committee on Scheme of Delegation	35,713	0	0	35,713	34,944
William Hendrie	Provost	26,785	0	0	26,785	26,208
Karen Conaghan	Depute Provost Convener of Appeals Committee Convener of Educational Services Committee	22,338	0	0	22,338	21,917
Caroline McAllister	Depute Leader (to 29/3/2021)	22,275	0	0	22,275	21,917
Denis Agnew	Bailie Convener of Cultural Committee	22,320	0	0	22,320	21,840
Ian Dickson	Convener of Corporate Services Committee Convener of Licensing Board	22,338	0	0	22,338	21,917
Diane Docherty	Convener of Housing & Communities Committee	22,338	0	0	22,338	21,917
Jim Finn	Convener of Licensing Committee Convener of Planning Committee Convener of Tendering Committee	22,320	0	0	22,320	21,840
Iain McLaren	Convener of Infrastructure Regeneration & Economic Development Committee	22,338	0	0	22,338	21,917
Marie McNair	Convener of Integration Joint Board (HSCP)	22,320	0	0	22,320	21,840
John Mooney	Convener of Audit Committee	22,320	0	0	22,320	21,840

**Note:** The term *Senior Councillor* means a Leader of the Council, the Civic Head or a Senior Councillor, all as defined by regulation 2 of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007(3).

Salaries, allowances and expenses in 2020/21 have only been included for Senior Councillors.

#### **Remuneration paid to all Councillors**

The council paid the following salaries, allowances and expenses to all Councillors (including the Senior Councillors above) during the year:

2019/20	2020/21
£	£
454,811 Salaries	459,853
19,096 Expenses	2,083
<b><u>473,907 Total</u></b>	<b><u>461,936</u></b>

## Remuneration Report (Cont'd)

### b) Remuneration - Senior Employees and Senior Employees of Subsidiaries

**Note:** The annual return of Councillors' salaries and expenses for 2020/21 is available for any member of the public to view at all council libraries and public offices during normal working hours and is also available on the council website at <https://www.west-dunbarton.gov.uk/council/councillors-and-committees/councillors-allowances/>

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. Circular CO/150 sets the amount of salary for the Chief Officials of West Dunbartonshire Council for the period 2018 to 2021. The post of Chief Officer Health and Social Care Partnership is a joint post between West Dunbartonshire Council and NHS Greater Glasgow and Clyde. The post of Chief Officer Roads & Neighbourhood is a joint post between West Dunbartonshire Council and Inverclyde Council.

The only benefits received by employees are: salary; employer contributions to the pension fund; and where applicable, payment for election duties. There were no bonuses, compensation for loss of office or other benefits paid to senior employees during the year. The remuneration details for senior employees are noted in Table 2:

Name	Position at 31/03/21	Salary, Fees & Allowances 2020/21	Election Duties 2020/21	Total Remuneration 2020/21	Total Remuneration 2019/20
		£	£	£	£
<b>Remuneration of Senior Employees</b>					
Joyce White	Chief Executive	132,585	813	133,398	134,795
Richard Cairns	Strategic Director of Regeneration, Environment & Growth (seconded role from 1/10/2020)	115,158	0	115,158	112,086
Jonathan Hinds	Head of Children's Healthcare & Criminal Justice - Chief Social Work Officer	88,190	0	88,190	84,963
Laura Mason	Chief Officer - Education, Learning & Attainment	89,645	0	89,645	85,597
Stephen West	Chief Officer - Resources - S95 Officer	93,588	0	93,588	91,326
Peter Hessett	Chief Officer - Regulatory & Regeneration	91,062	0	91,062	90,836
Victoria Rogers	Chief Officer - People & Technology	91,062	0	91,062	86,028
Angela Wilson	Chief Officer - Supply, Distribution & Property	115,158	0	115,158	114,036
Peter Barry	Chief Officer - Housing & Employability	91,062	0	91,062	85,838
Malcolm Bennie	Chief Officer - Citizen, Culture & Facilities	89,534	0	89,534	85,304
<b>Remuneration of Senior Employees of Subsidiaries</b>					
John Anderson	General Manager of West Dunbartonshire Leisure	76,912	0	76,912	74,503

There were no elections during 2020/21. The election amount recorded in 2020/21 is a payment made during 2020/21 for the General Election held in 2019. Total remuneration 2019/20 includes election payments for senior employees.

Details of the post of Chief Officer-Health & Social Care Partnership are included in the remuneration report of the Integration Joint Board. West Dunbartonshire Council funds 50% of this post and NHS Greater Glasgow fund the remaining 50%.

Details of the post of Chief Officer - Roads & Neighbourhood (shared post with Inverclyde Council) are included in the remuneration report of Inverclyde Council. West Dunbartonshire Council funds 50% of this post which was £56,670 (including employer on costs).

The amounts for post of Strategic Director of Regeneration, Environment & Growth relate to the salary, fees and allowances and employer pension contributions paid by WDC. Glasgow City Council fund 75% of the salary and pension contributions for the seconded role.

## Remuneration Report (Cont'd)

### b) Remuneration - Senior Employees and Senior Employees of Subsidiaries (cont'd)

#### Notes

1. The term *senior employee* means any local authority employee:
  - who has responsibility for the management of the local authority to the extent that the person has the power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
  - who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
  - whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.
2. The figure for gross salary, fees and allowances shown for senior employees for the year ended 31 March 2021 includes any amounts received for the roles performed for West Dunbartonshire in the elections. There were no elections during 2020/21. There were two elections during 2019/20 (namely: European Election (23/5/2019) and General Election 12/12/2019);
3. 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. There were no discretionary payments made to senior employees during the year.

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

Council employees receiving more than £50,000 remuneration for the year were paid the following amounts. In accordance with the disclosure requirement of the Regulations, the information in the table shows the number of employees in bands of £5,000. This information includes the senior employees who are subject to the fuller disclosure requirements in the tables above.

**Table 3: Remuneration of Employees**

	<b>Number of Employees</b>	
	<b>2020/21</b>	<b>2019/20</b>
£50,000 - £54,999	140	98
£55,000 - £59,999	43	30
£60,000 - £64,999	22	47
£65,000 - £69,999	52	22
£70,000 - £74,999	3	1
£75,000 - £79,999	0	1
£80,000 - £84,999	2	4
£85,000 - £89,999	6	5
£90,000 - £94,999	7	4
£110,000 - £114,999	0	3
£115,000 - £119,999	3	0
£130,000 - £134,999	1	1
<b>Total</b>	<b>279</b>	<b>216</b>

## Remuneration Report (Cont'd)

### d) Pension Benefits

Pension benefits for Councillors and most local government employees are provided through the Local Government Pension Scheme (LGPS). Councillors' pension benefits are based on career average pay. The Councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits. The pension entitlements for the year to 31 March 2021 are shown in Table 5 on pages 36. The table details the pension entitlement and contributions made by West Dunbartonshire Council in respect of all senior Councillors and senior officers of the council who have opted to join the LGPS.

For local government employees, the LGPS 2015 is a career average pension scheme. This means that pension benefits from 01/04/2015 are based on pensionable pay with inflation added. Pension is accrued at a rate of 1/49 of pensionable pay for each scheme year. Pension benefits can be accessed from age 55 but are reduced prior to 60<sup>th</sup> birthday. Pension benefits accrued before 1 April 2015 are protected and are based on final pay on retiring.

Pension benefits for teachers are provided through Scottish Teachers Superannuation Scheme (STSS). The STSS is a contributory scheme administered by the Scottish Public Pension Agency (SPPA). From 1 April 2015 the scheme is a career average pension scheme. Pension benefits are increased in line with inflation. Pension is accrued at 1/57 of pensionable earnings each year. Pension benefits can be accessed earlier than the normal state pension age but will be reduced if taken earlier than the normal pension age (state pension age).

From 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 is designed to give more equality between the cost and benefits of scheme membership. Table 4 provides information on these tiered contribution rates.

**Table 4: Contribution Rate**

	<b>Contribution rate 2020/21</b>	<b>Contribution rate 2019/20</b>
<b>The tiers and members contribution rates for 2020/21 whole time pay:</b>		
<b><u>Local Government employees</u></b>		
On earnings up to and including £22,200 (£21,800)	5.50%	5.50%
On earnings above £22,200 (£21,800) and up to £27,100 (£26,700)	7.25%	7.25%
On earnings above £27,100 (£26,700) and up to £37,200 (£36,600)	8.50%	8.50%
On earnings above £37,200 (£36,600) and up to £49,600 (£48,800)	9.50%	9.50%
On earnings above £49,600 (£48,800)	12.00%	12.00%
<b>The tiers and members contribution rates for 2020/21 actual pay:</b>		
<b><u>Teachers</u></b>		
On earnings up to and including £28,168 (£27,697)	7.20%	7.20%
On earnings above £28,168 (£27,697) and up to £37,918 (£37,284)	8.70%	8.70%
On earnings above £37,918 (£37,284) and up to £44,961 (£44,209)	9.70%	9.70%
On earnings above £44,961 (£44,209) and up to £59,586 (£58,590)	10.40%	10.40%
On earnings above £59,586 (£58,590) and up to £81,253 (£79,895)	11.50%	11.50%
On earnings above £81,253 (£79,895)	11.90%	11.90%

## **Remuneration Report (Cont'd)**

### **d) Pension Benefits (Cont'd)**

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. The accrual rate guarantees a pension based on 1/49<sup>th</sup> of pay from 1 April 2015. Prior to this the accrual rate guarantees a pension based on 1/60<sup>th</sup> of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> of final pensionable salary and years of pensionable service.

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. You can retire and receive your benefits in full from your normal pension age. The normal pension age is 65 for any benefits built up before 1 April 2015. For pension build up from 1 April 2015, the Normal Pension Age is not fixed at age 65 but, instead, is the same as the State Pension Age (but with a minimum of age 65).

## Remuneration Report (Cont'd)

### d) Pension Benefits (Cont'd)

**Table 5: Pension Benefits of Senior Councillors; Senior Employees and Senior Employees of Subsidiaries**

Name		In-year pension contributions		Accrued pension benefits	
		For year to 31 March 2021	For year to 31 March 2020	As at 31 March 2021	As at 31 March 2020
		£	£	£	£
<b>Senior Councillors</b>					
Jonathan McColl	Leader of Council Convener of Community Planning West Dunbartonshire Management Board Convener of Sub Committee on Scheme of Delegation Convener of Recruitment & Individual Performance Management Committee	6,893	6,744	8,643	7,701
Denis Agnew	Baillie Convener of Cultural Committee	4,308	4,215	7,324	6,808
John Mooney	Convener of Audit Committee	4,308	4,215	3,867	3,364
Karen Conaghan	Depute Provost Convener of Appeals Committee Convener of Educational Services Committee	4,298	4,206	1,785	1,309
Ian Dickson	Convener of Corporate Services Committee Convener of Licensing Board	4,298	4,206	1,785	1,309
Diane Docherty	Convener of Housing & Communities Committee	4,298	4,206	1,785	1,309
Jim Finn	Convener of Licensing Committee Convener of Planning Committee Convener of Tendering Committee	4,308	4,215	4,357	3,839
Caroline McAllister	Depute Leader (to 29/3/2021)	4,298	4,206	1,785	1,309
Iain McLaren	Convener of Infrastructure Regeneration & Economic Development Committee	4,298	4,206	1,785	1,309
<b>Senior Employees</b>					
Joyce White	Chief Executive	25,667	25,882	38,005	34,669
Richard Cairns	Strategic Director of Regeneration, Environment & Growth (seconded role from 1/10/2020)	22,157	21,518	70,397	66,414
Jonathan Hinds	Head of Children's Healthcare & Criminal Justice - Chief Social Work Officer	16,970	16,324	60,163	56,502
Laura Mason	Chief Officer - Education, Learning & Attainment	17,302	16,520	135,105	122,157
Stephen West	Chief Officer - Resources - S95 Officer	18,009	17,443	127,902	121,856
Peter Hissett	Chief Officer - Regulatory & Regeneration	17,535	16,480	94,312	84,998
Victoria Rogers	Chief Officer - People & Technology	17,535	16,480	69,349	62,250
Angela Wilson	Chief Officer-Supply, Distribution & Property	22,157	21,518	159,556	152,976
Peter Barry	Chief Officer - Housing & Employability	17,535	16,480	57,241	51,216
Malcolm Bennie	Chief Officer - Citizen, Culture & Facilities	17,263	16,354	17,502	14,968
<b>Senior Employees of Subsidiaries</b>					
John Anderson	General Manager of West Dunbartonshire Leisure	14,799	14,370	57,718	54,740

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total public sector service, and not just their current appointment. The pension entitlements for the year to 31 March 2021 for Senior Councillors are shown in Table 5, together with the contribution made by West Dunbartonshire Council to each Senior Councillor's pension during the year. Senior councillors omitted from the table above are not members of the Local Government Pension Scheme.

## Remuneration Report (Cont'd)

### e) Exit Packages

A number of exit packages were agreed, at a total cost of £0.060m for 2020/21, as shown in the following Table 6.

**Table 6**

Banding	Number of departures		Total cost	
	2020/21	2019/20	2020/21	2019/20
			£	£
£0 - £20,000	4	10	8,033	51,385
£20,001 - £40,000	2	0	57,403	0
£60,001 - £150,000	0	3	0	331,996
<b>Total</b>	<b>6</b>	<b>13</b>	<b>65,436</b>	<b>383,381</b>

Note: there were no compulsory packages in this or the previous financial year.

### f) Trade Union Facility Time

Facility time generates benefits for employees, managers and the wider community from effective joint working between union representatives and employers.

Details of the facility time within West Dunbartonshire Council during the year to 31 March 2021 is shown in Table 7 below. Further detail can be found at:

<https://www.west-dunbarton.gov.uk/council/performance-and-spending/trade-union-facility-time-reports/>

**Table 7**

Education Function Employee		All Other Function Employee	
Number of Employees	FTE employee Number	Number of Employees	FTE employee Number
34	32	70	68
Percentage of Time Spent on Facility		Percentage of Time Spent on Facility	
Percentage	Number of Employees	Percentage	Number of Employees
Less < 1%	30	Less < 1%	46
1-50%	2	1-50%	22
51%-99%	2	51%-99%	0
100%	0	100%	2
Total cost of facility time		Total cost of facility time	
£51,376		£93,051	
Total pay bill		Total pay bill	
£6,077,392		£158,635,179	
Percentage of Pay Bill Spent on Facility		Percentage of Pay Bill Spent on facility	
0.85%		0.06%	
Paid TU Activities		Paid TU Activities	
4.32%		20.97%	

**Remuneration Report (Cont'd)**



**Councillor Jonathan McColl**  
**Leader of the Council**  
**Date: 17 November 2021**



**Joyce White**  
**Chief Executive**  
**Date: 17 November 2021**

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in year, of providing services in accordance with relevant International Financial Reporting Standards, rather than the amount to be funded from taxation. The council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Further detail on the expenditure and income within the Net Cost of Services below is available in Note 15 on page 75.

Restated 2019/20 Gross Expenditure £000	Restated 2019/20 Gross Income £000	Restated 2019/20 Net Expenditure £000	Note	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000
<b>Service</b>						
75,579	(48,907)	26,672		67,986	(42,105)	25,881
111,239	(13,250)	97,989		116,612	(17,593)	99,019
62,458	(20,310)	42,148		67,809	(17,814)	49,995
36,454	(32,701)	3,753		37,083	(32,922)	4,161
32,714	(42,640)	(9,926)		34,003	(43,354)	(9,351)
22	(6,127)	(6,105)		8,597	(6,117)	2,480
170,336	(95,582)	74,754		177,261	(101,678)	75,583
2,336	0	2,336		2,339	0	2,339
<b>491,138</b>	<b>(259,517)</b>	<b>231,621</b>		<b>511,690</b>	<b>(261,583)</b>	<b>250,107</b>
		1,463				883
		<b>1,463</b>				<b>883</b>
		(35,296)				(36,765)
		(84,847)	10			(55,963)
		(103,571)	10			(153,086)
		<u>(27,876)</u>	10			<u>(26,210)</u>
		<b>(251,590)</b>				<b>(272,024)</b>
		(255)	27			(165)
		19,372	27			19,180
		1,380				1,382
		0	27			0
		<u>5,172</u>	13			<u>3,379</u>
		<b>25,669</b>				<b>23,776</b>
		<b>7,163</b>				<b>2,742</b>
		(9,838)				(49,393)
		(96)				0
		<u>(91,163)</u>	13			<u>12,934</u>
		<b>(101,097)</b>				<b>(36,459)</b>
		<u><b>(93,934)</b></u>				<u><b>(33,717)</b></u>

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes. The net increase/decrease before transfer to earmarked reserves line shows the statutory general fund balance and housing revenue account balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Note	General Fund balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Receipts Unapplied Account £000	Usable Reserves					Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
					Capital Reserve £000	Capital Fund £000	Other Reserves £000	Capital Fund Reserves £000	Other Reserves £000			
	<b>(9,395)</b>	<b>(3,924)</b>	<b>0</b>	<b>(132)</b>	<b>(2,169)</b>	<b>0</b>	<b>(214)</b>	<b>(15,834)</b>	<b>(269,078)</b>	<b>(284,912)</b>		
	11,039	(8,297)	0	0	0	0	0	2,742	(36,459)	(33,717)		
6	(15,280)	4,504	0	(279)	0	(916)	0	(11,971)	11,971	0		
	<b>(4,241)</b>	<b>(3,793)</b>	<b>0</b>	<b>(279)</b>	<b>0</b>	<b>(916)</b>	<b>0</b>	<b>(9,229)</b>	<b>(24,488)</b>	<b>(33,717)</b>		
	(1,392)	353	0	369	700	916	(94)	852	(852)	0		
	<b>(15,028)</b>	<b>(7,364)</b>	<b>0</b>	<b>(42)</b>	<b>(1,469)</b>	<b>0</b>	<b>(308)</b>	<b>(24,211)</b>	<b>(294,418)</b>	<b>(318,629)</b>		
	<b>(10,998)</b>	<b>(1,606)</b>	<b>0</b>	<b>(278)</b>	<b>(2,847)</b>	<b>0</b>	<b>(362)</b>	<b>(16,091)</b>	<b>(174,887)</b>	<b>(190,978)</b>		
	25,351	(18,188)	0	0	0	0	0	7,163	(101,097)	(93,934)		
6	(22,616)	15,516	0	(159)	0	(498)	0	(7,757)	7,757	0		
	<b>2,735</b>	<b>(2,672)</b>	<b>0</b>	<b>(159)</b>	<b>0</b>	<b>(498)</b>	<b>0</b>	<b>(594)</b>	<b>(93,340)</b>	<b>(93,934)</b>		
	(1,132)	354	0	305	678	498	148	851	(851)	0		
	<b>(9,395)</b>	<b>(3,924)</b>	<b>0</b>	<b>(132)</b>	<b>(2,169)</b>	<b>0</b>	<b>(214)</b>	<b>(15,834)</b>	<b>(269,078)</b>	<b>(284,912)</b>		

## Balance Sheet

The balance sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories:

1. Usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to 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); and
2. Unusable reserves, i.e. those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line 'adjustments between accounting basis and funding basis under regulations'.

2019/20			2020/21
£000	Note		£000
1,011,526	16	Property, Plant and Equipment	1,111,227
175	17	Intangible Assets	271
23		Long Term Debtors	22
1,406	19	Heritage Assets	1,406
495		Long Term Investments	489
<b>1,013,625</b>		<b>Long Term Assets</b>	<b>1,113,415</b>
8,053	18	Asset Held for Sale	7,755
1,231		Inventories	1,338
43,051	23	Short Term Debtors	66,620
17,038	26	Cash and Cash Equivalents (net)	12,241
<b>69,373</b>		<b>Current Assets</b>	<b>87,954</b>
(232)	29	Provisions	0
0		Donated Inventories	(53)
(42,167)	28	Short Term Creditors	(72,858)
(237,091)	27	Short Term Borrowing	(263,861)
(3,605)	22	PPP	(3,677)
<b>(283,095)</b>		<b>Current Liabilities</b>	<b>(340,449)</b>
<b>799,903</b>			<b>860,920</b>
(276,905)	27	Long Term Borrowing	(284,798)
(96,337)	22	PPP and Finance Lease Liabilities	(92,615)
(134,077)	13	Net Pensions Liability	(163,615)
(7,672)	10	Capital Grants Receipts in Advance	(1,263)
<b>(514,991)</b>		<b>Long Term Liabilities</b>	<b>(542,291)</b>
<b>284,912</b>		<b>Net Assets</b>	<b>318,629</b>
		<b>Represented by:</b>	
15,834	MIR/30	Usable Reserves	24,211
269,078	MIR/31	Unusable Reserves	294,418
<b>284,912</b>		<b>Total Reserves</b>	<b>318,629</b>

The unaudited Financial Statements were authorised for issue on 23 June 2021 and the audited Financial Statements were authorised for issue on 17 November 2021.

*Stephen West*

Stephen West  
Chief Officer - Resources  
West Dunbartonshire Council  
Date: 17 November 2021

## Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council'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 council.

2019/20 £000		2020/21 £000	2020/21 £000
	<b>Operating Activities</b>		
<b>7,163</b>	<b>Net deficit on the provision of services</b>		<b>2,742</b>
(28,538)	Depreciation, amortisation and impairment	(39,121)	
(1,463)	Net gain/loss on fixed assets	(884)	
(20,024)	Movement in pension liabilities	(16,604)	
171	Movement in inventories	54	
(2,151)	Movement in debtors	21,536	
2,664	Movement in creditors and provisions	(25,795)	
(1,106)	Other non-cash movements	351	
<b>(50,447)</b>	<b>Adjustments to net deficit on the provision of services for non-cash movements</b>		<b>(60,463)</b>
22	Financing movements	6	
<b>27,876</b>	<b>Investing movements</b>	<b>26,210</b>	
<b>27,898</b>	<b>Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities</b>		<b>26,216</b>
<b>(15,386)</b>	<b>Net cash inflow from Operating Activities</b>		<b>(31,505)</b>
109,681	Purchase of property, plant and equipment and intangible assets	88,866	
(803)	Proceeds from sale of property, plant and equipment and intangible assets	(1,284)	
(4,005)	Movement on long term investments	(6)	
(28,632)	Other receipts from investing activities	(17,810)	
<b>76,241</b>	<b>Net cash outflows from investing activities</b>		<b>69,766</b>
(269,612)	Cash receipts of short-term and long-term borrowing	(270,250)	
3,160	Repayment of PPP liabilities	3,652	
201,304	Repayment of short-term and long-term borrowing	235,115	
0	Debtors held for agency payments	42	
0	Creditors held for agency payments	(2,023)	
<b>(65,148)</b>	<b>Financing Activities</b>		<b>(33,464)</b>
<b>(4,293)</b>			<b>4,797</b>
12,745	Cash and cash equivalents at the beginning of the reporting period		17,038
17,038	Cash and cash equivalents at the end of the reporting period		12,241
<b>(4,293)</b>	<b>Movement – (Increase)/ Decrease in Cash</b>		<b>4,797</b>

## **Notes to the Financial Statements**

### **Note 1 - Accounting Policies**

#### **1. General Principles**

The Financial Statements summarises the council's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. The council is required to prepare an Annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the code") and the Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Financial Statements is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The convention also adopts the assumption that the council will continue as a going concern for the foreseeable future.

#### **2. Accruals of Income and Expenditure**

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

- revenue from sale of goods is recognised when the council transfers the significant risks and rewards of ownership to the purchaser and when it is probable that the economic benefits associated with the transaction will flow to the council;
- revenue from the provision of services is recognised when the council can measure reliably the percentage of completion of the transaction and when it is probable that the economic benefits associated with the transaction will flow to the council;
- expenses in relation to services received are recorded as expenditure when the services are received, rather than when payment is made;
- supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption their value is carried as inventories on the Balance Sheet;
- interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than on 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 there is evidence that debts are unlikely to be settled, the balance of debtors is written down and charged to revenue for the income that might not be collected; and
- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

#### **3. Changes in Accounting policies, Estimates and Errors**

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, events or conditions on the council's financial position or performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative figures, as if the new policy has always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years only.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative figures.

## Notes to the Financial Statements (Cont'd)

### Note 1 - Accounting Policies (Cont'd)

#### 4. Charges to Revenue for Property, Plant and Equipment

Council Services and Trading Accounts are debited/ credited with the following amounts to record the cost of using or holding fixed assets during the year:

- depreciation, attributable to the assets used by the relevant service or trading account;
- revaluation and impairment losses, where there is no accumulated gain in the Revaluation Reserve;
- revaluation gains, where these reverse an impairment loss previously charged to the service or trading account; and
- amortisation of intangible fixed assets.

The council is not required to raise council tax to cover depreciation, revaluation gains or losses or impairment losses. However, it is required to make annual provision from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are replaced by the revenue provision in the General Fund by an adjustment within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### 5. Intangible assets

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council's goods or services.

Assets are measured originally at cost and only revalued where the fair value of the asset can be determined by reference to an active market.

Where an intangible asset has a finite useful life, the depreciable amount of the asset is charged over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is recognised in the Surplus or Deficit on the Provision of Services when the asset is derecognised.

#### 6. Property, Plant and Equipment

Assets that have physical substance and are held for the supply of goods and services, either directly or indirectly, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

##### 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 council and the cost of the asset can be measured reliably. Expenditure that maintains, but does not add to the asset's potential to deliver future economic benefits or service potential, is charged as an expense when it is incurred.

## Notes to the Financial Statements (Cont'd)

### Note 1 - Accounting Policies (Cont'd)

#### 6. Property, Plant and Equipment (Cont'd)

##### Measurement

Initially measured at cost, comprising of:

- purchase price (the council has no de minimum level set);
- any costs associated with bringing the asset to the location or condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of costs for dismantling and removing the item and restoring the site on which it is located to its original state.

The council does not capitalise borrowing costs incurred during construction of an asset.

Where property, plant or equipment are acquired in exchange for a non monetary asset or assets, or a combination of monetary and non monetary assets, the cost of the acquired item shall be measured at fair value unless there is no economic substance to the exchange transaction, or the fair value of neither the asset received nor the asset given up can be reliably measured. The acquired item is measured at fair value even if the council cannot immediately derecognise the asset given up. The acquired item is measured at the carrying amount of the asset given up if it is not measured at fair value.

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

<b>Asset Type</b>	<b>Valuation Method</b>
Infrastructure, community and assets under construction assets	Historic Cost
Council dwellings	Fair value - determined in accordance with existing use value of social housing (EUV-SH)
Other buildings	Fair value. Where there is no market based evidence of fair value because of the specialised nature of the asset and the asset is rarely sold, depreciated replacement cost is used as an estimate of fair value
Plant and equipment and other non property assets	Fair value. Where assets in this class have either short useful lives or low values (or both), depreciated historical cost is considered to be a proxy for fair value where the useful life is a realistic reflection of the life of the asset and the depreciation method provides a realistic reflection of the consumption of the asset class

##### Revaluation

Assets included in the Balance Sheet at fair value are re-valued regularly to ensure their carrying amount is not materially different from the fair value at the year end, as a minimum every 5 years. The programme of revaluation for 2020/21 and planned each of the following four years is as follows:

## Notes to the Financial Statements (Cont'd)

### Note 1 - Accounting Policies (Cont'd)

#### 6. Property, Plant and Equipment (Cont'd)

2020/21	Any properties not previously re-valued / general re-appraisal / HRA housing stock;
2021/22	Offices / depots/ cemeteries/ crematorium lodges;
2022/23	All council non-operational properties/ HRA housing stock;
2023/24	Schools/school houses/ social work homes/adult training centres/ community education centres/early education centres; and
2024/25	Halls/ Public conveniences/ libraries/ outdoor centres/ golf course/ pavilions/ sports centres/ swimming pools/ travellers site/ car parks/ HRA housing stock.

In addition to assets being revalued within the programme of revaluation assets will be revalued in any given year if any of following 3 criteria is met:

- When the historic cost of the building is less than £2m but the combined value of the building historic cost and any enhancement expenditure incurred since the last revaluation date exceeds £2m then the asset will be revalued and (if new valuations exceeds £2m) componentised if necessary;
- Where the historic cost of the building exceeds £2m (and is therefore already componentised) and where any enhancement expenditure incurred since the last revaluation date exceeds 25% of the historic cost of the building then the asset will be revalued; and
- Where the combined value of building historic cost and any enhancement expenditure incurred since the last revaluation date spend is less than £2m but the value of the enhancement expenditure exceeds 50% of building historic cost and in value is more than £0.500m then the asset will be revalued.

Valuations in 2020/21 have been carried out by an external valuer. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, the revaluation loss is accounted by:

- where a balance of revaluation gains for the asset is held in the Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the total gain); or
- where no balance of revaluation gains for the asset is held in the Revaluation Reserve – the carrying amount is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### Impairment

Where impairment losses are identified, they are accounted for in the same way as revaluation decreases.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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.

## Notes to the Financial Statements (Cont'd)

### Note 1 - Accounting Policies (Cont'd)

#### 6. Property, Plant and Equipment (Cont'd)

##### Disposals

When it becomes apparent that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is re-classed as either a surplus asset or an Asset Held for Sale. The asset is re-valued immediately before re-classification and then carried at the lower of this amount and the fair value less sale costs.

Assets to be scrapped are not re-classified as Assets Held for Sale.

When an asset is disposed of or decommissioned, both the carrying amount in the Balance Sheet and receipts from disposal are transferred to the Surplus and Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Statement as part of a gain or loss on sale. Any revaluation gains accumulated for the asset in the Revaluation reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. The balance of receipts is credited to either the Capital Receipts Reserve or the Capital Fund and can only be used for new capital investment, set aside to reduce the council's underlying borrowing requirement, to fund the principal element of loan charges or to fund premium charges. Receipts are appropriated to these reserves from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax. It is appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

##### Depreciation

Depreciation is provided on all property, plant and equipment over their useful economic lives, with an exception made for assets without a determinable finite useful life (i.e. non depreciating land and certain community assets) and assets that are not yet available for use (i.e. assets under construction). The useful lives of assets are as follows:

Council dwellings	10 to 80 years	straight line
Other buildings	15 to 80 years	straight line
Regeneration activity	10 to 120 years	straight line
Open spaces	10 to 120 years	straight line
Infrastructure	15 to 120 years	straight line
Vehicles, plant, equipment	5 to 20 years	straight line
Intangibles	5 to 10 years	straight line
Other	10 to 120 years	straight line

\* Including components such as structure, mechanical and electrical, etc.

Where an item of property, plant and equipment assets has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current depreciation charged on assets and the depreciation that would be chargeable based upon historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## Notes to the Financial Statements (Cont'd)

### Note 1 - Accounting Policies (Cont'd)

#### 6. Property, Plant and Equipment (Cont'd)

##### Tangible fixed assets and depreciation – Common Good Assets

All assets valued over £6,000 are capitalised and valued at market value. Depreciation is charged on assets other than Investment assets on a straight line basis over their estimates life. The Fund only holds investment assets.

#### 7. Assets Held for Sale

These assets are measured at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length, less costs to sell at the initial classification and at the end of each reporting date. Revaluation gains shall be recognised for any initial or subsequent increase in fair value less costs to sell but not in excess of the cumulative impairment loss or revaluation loss that have been recognised in the Surplus of Deficit on the Provision of Services. Impairment losses (or revaluation losses) will be recognised for any subsequent decrease to fair value less costs to sell following reclassification in the Surplus or Deficit on the Provision of Service even where there is a balance on the assets Revaluation Reserve.

#### 8. Heritage assets

Heritage assets are presented separately in the balance sheet from other property, plant and equipment. The assets are measured at historic cost or fair value. Where the council considers that it is not practical to obtain a reliable valuation, the asset is not recognised on the Balance Sheet. Where assets are measured at fair value, valuations are made by any method that is appropriate:

<b>Type of asset</b>	<b>Valuation method for Balance Sheet purposes</b>
Ship models/ Silver and Commemorative wear	The last formal valuations were by Bonhams, Sotheby's and Phillips. Further formal valuations will be commissioned where it is considered that there could potentially be a material change in value and where the value of the asset is estimated to be in excess of £10,000
Works of art	The last formal valuations by Bonhams, Sotheby's and Phillips. Where a lower and upper valuation has been provided the mid valuation has been used Further formal valuations will be commissioned where it is considered that there could potentially be a material change in the value of the assets held
Civic Regalia	The robes are not recognised on the balance sheet as they are considered to have no significant value. However the chains are reported in the balance sheet at insurance value.
Sewing Machine Collection	These collections are not recognised on the balance sheet as cost information is not readily available. Nearly all the items are believed to have an immaterial value.
Listed Buildings and Scheduled Ancient Monuments	These assets are not recognised on the balance sheet as it is considered that there is a lack of available, comparable market values to establish a 'fair value'. It is unlikely that the council would procure such assets but is more likely to refurbish or enhance existing structures. In this respect, the cost of those works will be capitalised at cost.

## Notes to the Financial Statements (Cont'd)

### Note 1 - Accounting Policies (Cont'd)

#### 9. Construction Contract (Work in Progress)

Purchased assets are initially recognised at cost and donations are recognised at valuation where that value is estimated to be greater than the threshold of £10,000 as specified above. The carrying amounts are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment.

No depreciation shall be chargeable on any heritage asset, in view of the indeterminate life and residual value.

The proceeds from any disposal of heritage assets are accounted for in accordance with the council's general provisions relating to the disposal of property, plant and equipment.

Work in progress is valued at cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

#### 10. Employee Benefits

##### Benefits payable during employment

Short term employee benefits (i.e. fall due within 12 months of the year-end), such as wages and salaries, paid leave, paid sick leave, bonuses and non monetary benefits for current employees are recognised as an expense in the year in which the employees render service to the council. An accrual is made against the services in the Surplus or Deficit on the Provision of Service for the costs of holiday entitlement and other forms of leave earned by the employee but not taken before the year end and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out of the General Fund balance by a credit to the Statutory Mitigation Account in the Movement in Reserves Statement.

##### Termination Benefits

Termination benefits are amounts payable as a result of a decision made by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept a voluntary termination package in exchange for those benefits. Termination benefits do not provide the council with future economic benefits and consequently they are recognised on an accruals basis immediately in the Surplus or Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Account when the authority is demonstrably committed to provision of the termination benefits.

Where termination benefits involve the enhancement of pensions, they are treated as pension costs for the purpose of the statutory transfer between the Pension Reserve and the General Fund of the amount by which the pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations. In the Movement in Reserves Statement appropriations are required to and from the Pension Reserve to remove notional debits and credits for termination benefits related to pensions enhancements and replace them with the cost of the cash paid, including any amounts due and not paid at the year end.

##### Post Employment Benefits

Employees of the council are members of two separate defined pension schemes:

- the Teachers' Pension Scheme, administered by the Scottish Pensions Agency; and
- the Local Government Pensions Scheme, administered by Glasgow City Council.

## **Notes to the Financial Statements (Cont'd)**

### **Note 1 - Accounting Policies (Cont'd)**

#### **10. Employee Benefits (cont'd)**

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

#### **Discretionary Benefits**

The council 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 (including teachers) arising from the use of these discretionary powers 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.

#### **11. Events after the reporting period**

Events after the reporting period are those events (both favourable and unfavourable) that occur between the end of the reporting period and the date when the Financial Statements are authorised for issue. Two types have been identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect this; and
- those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect this. However, if the event is material, a disclosure is made within the notes of the nature and financial effect.

#### **12. Exceptional items**

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

#### **13. Financial liabilities**

Financial liabilities are recognised on the Balance Sheet when the council becomes party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based upon the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowing that the council has this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

## Notes to the Financial Statements (Cont'd)

### Note 1 - Accounting Policies (Cont'd)

#### 13. Financial liabilities (Cont'd)

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement regulations allow the impact on the General Fund balance to be spread over future years. Premiums and discounts that were on the balance sheet as at 31 March 2007 are written off in accordance with the schedules in place at that time, however premiums and discounts that are incurred as a result of transactions that have taken place since 1 April 2007 are written off in accordance with regulations as follows:

##### Modified Loans

- both old and new premiums and discounts are amortised over the life of the new loan using the effective interest rate as noted above.

##### Unmodified Loans

- new premiums and discounts are written off over the life of the new loan (if fixed) or over a maximum of 20 years (if variable or with an option to vary);
- old premiums are written off over a maximum of 20 years; and
- old discounts are written off over a maximum of 5 years.

##### Straight Repayment

- both old and new premiums and discounts are written off over a maximum of 5 years.

#### 14. Financial Assets

Financial assets are classified using a principles based approach with the accounting treatment being determined by both the particular characteristics of the individual instrument and the overarching investment strategy under which the instrument has been acquired or originated. Three classes of financial asset have been identified:

- amortised cost;
- fair value through other comprehensive income; and
- fair value through profit or loss

##### Amortised Cost

For assets carried at amortised cost interest is credited (using the effective interest rate) and movements in impairment loss allowances are debited or credited to surplus or deficit on the provision of services with no recognition of gains or losses in fair value until reclassification or derecognition of the asset.

##### Fair Value Through Other Comprehensive Income

For assets carried at fair value through other comprehensive income movements in amortised cost are debited or credited to the surplus or deficit on the provision of services with movements in fair value debited or credited to other comprehensive income and expenditure.

##### Fair Value Through Profit or Loss

For assets carried at fair value through profit or loss all gains or losses are posted to surplus or deficit on the provision of services as they arise.

## **Notes to the Financial Statements (Cont'd)**

### **Note 1 - Accounting Policies (Cont'd)**

#### **14. Financial Assets (Cont'd)**

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

#### **Loans and receivables**

Loans and receivables are recognised on the Balance Sheet when the council becomes party to the contractual provisions of a financial instrument and initially measured at fair value.

They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Where considered material movements in impairment loss allowances are also debited or credited as appropriate. For most other the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where soft loans are made and are material, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service line) for the present value of the interest that will be foregone over the life of the loan, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the community groups, with the difference increasing the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable for the financial year – the reconciliation of amounts debited or credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### **Instruments entered into since 1 April 2006**

Any financial guarantees the council has committed to since 1 April 2006 have been recognised at fair value and assessed for probability of the guarantee being called and the likely amount payable under the guarantee. Any material provision for this has been recognised in the Financial Statements to the extent that provisions might be required or a contingent liability note is needed.

#### **15. Fair Value Measurement**

The council measures some of its non-financial assets and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset

The council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

## **Notes to the Financial Statements (Cont'd)**

### **Note 1 - Accounting Policies (Cont'd)**

#### **15. Fair Value Measurement (Cont'd)**

When measuring fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the council's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

#### **16. Government grants and contributions**

Government grants and other contributions are recognised as due by the council when there is reasonable assurance that:

- the council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified for future economic benefit or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non Specific Grant Income (non ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has not yet been used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

#### **17. Inventories**

Inventories are held by a number of council services, such as asset maintenance services, roads, services, school technician services, hospitality services, etc., and include consumable stock and work in progress, where appropriate.

Consumable stock is included in the Balance Sheet on a cost price basis, with inventory quantities based on physical stock at the end of the year.

## Notes to the Financial Statements (Cont'd)

### Note 1 - Accounting Policies (Cont'd)

#### 18. Leases

Leases are classified as finance leases where the terms transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee. All other leases are classified as operational. Where the lease covers both land and buildings, the elements are considered separately for classification.

#### Council as Lessee

##### Finance Leases

Assets held under finance lease are recognised in the Balance Sheet at the start of the lease at its fair value at the lease's inception, or, if lower the present value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay. Initial direct costs are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged to revenue in the years they incur. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment income and Expenditure line in Comprehensive Income and Expenditure Statement).

Assets recognised under the finance lease are accounted for using the policies applied generally to council owned assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

##### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense. Charges are made on a straight line basis over the life of the lease, even if it does not match the pattern of payment.

#### Council as Lessor

##### Finance Leases

When the council grants a finance lease over an asset, the asset is written out of the Balance Sheet as a disposal. At the start of the lease the carrying amount of the asset is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal. A gain, representing the council's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement, matched by a lease asset in the Balance Sheet. Lease rentals receivable are apportioned between:

- a receipt for the acquisition of the interest in the asset – applied to write down the lease asset (together with any premiums received); and
- finance income (credited to the Financing and Investment income and Expenditure line in Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amounts due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element of the charge for the acquisition

## **Notes to the Financial Statements (Cont'd)**

### **Note 1 - Accounting Policies (Cont'd)**

#### **18. Leases (Cont'd)**

of the interest in the asset is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

#### Operating Leases

Where the council grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if it doesn't match the pattern of payment.

#### **19. Overhead and support services**

The costs of overheads and support services are charged to non General Fund services that benefit from the supply in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2020/21. The total absorption costing principle is used – the full cost of overheads and support services are shared between those users in proportion to the benefits received. General Fund Services have not been charged for these support service costs, in line with the council's budgetary reporting structure.

#### **20. Public private partnership (PPP) and similar contracts**

PPP and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the private contractor. As the council is deemed to control the services that are provided under the PPP scheme and as ownership of the property, plant and equipment will pass to the council at the end of the contract for no additional charge, the council carries the asset on its Balance Sheet.

#### **21. Provisions**

Provisions are made where an event has taken place that gives the council a legal obligation 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 that obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the council becomes aware of the obligation and measured at the best estimate at the Balance Sheet date, taking account of relevant risks and uncertainties.

When payments are 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 probable that a transfer of economic benefits is required; the provision is reversed and credited back to the relevant service.

#### **22. Impairment of Debt**

Any changes to the impairment value of debt is charged to the appropriate line in the Comprehensive Income and Expenditure Statement. This includes impairment of outstanding Council Tax, Non Domestic Rates, Rent and other sundry debt. To calculate the level of impairment required consideration is given to the type of debt, the age of debt, arrangements for repayment by the debtor, historic movement of the debt.

## Notes to the Financial Statements (Cont'd)

### Note 1 - Accounting Policies (Cont'd)

#### 23. Interest in Companies and Other Entities

The council has material interests in companies and other entities that have the nature of associates/ subsidiaries and require it to prepare group accounts. In the council's own single entity accounts, the interests of two companies are recorded as an investment in the Balance Sheet, as the council has shares and full ownership of the Clydebank Property Company (purchased during 2014/15) and has an investment with Hub West Scotland (invested 2015/16). No other interests are recorded in the council's single entity accounts of any of other organisation.

#### 24. VAT

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

#### 25. Loans Advances Repayment

In accordance with The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016, the council has recalculated the repayments of the loans fund advances to reflect the life of the specific assets associated with the debt, using an annuity of 9%.

### Note 2 – Critical Judgement in Applying Accounting Policies

The preparation of the consolidated financial statements requires management to make some judgements and assumptions when applying the accounting policies that have the most significant effect on carrying amounts in the financial statements. These judgements are usually about complex transaction or involve uncertainty about future events. Where a critical judgement has been made, this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect are detailed below:

**Public Private Partnership (PPP) and Design-Build-Finance-Maintain (DBFM)** - The council has entered into a PPP contract for the provision of three secondary schools and one primary school. The Council has also entered into a DBFM contract for one secondary school. The contracts include the build of the schools as well as their maintenance and provision of related facilities over the period of each contract. After consideration of International Financial reporting Interpretations Committee IFRIC12 (Service Concession Arrangements), it has been concluded that these are service concession arrangements and the council controls the services provided under the scheme and ownership of the schools will pass to the council at the end of the contracts for no additional charge. The assets used to provide services at the schools are recognised on the council's Balance Sheet as operational assets and as a finance lease liability. The value of these assets (£107m) is included within the Property, Plant and Equipment (note 16) and the liability within note 22 - Private Finance Initiatives and similar Contracts (£96m).

**Public Sector Funding** – There is a high degree of uncertainty about future levels of funding for local government. The Council has a Longer Term Financial Strategy, updated and reported to Council annually, which provides a list of current assumptions over a 10 year period regarding funding. However, the council has determined that this uncertainty is not yet sufficient to provide an indication that the assets held might require to be impaired as a result of a need to close facilities and reduce levels of service provision.

**Council Acting as Principal or Agent** - When the Council receives funding it requires to consider the degree of control it has over how this funding is to be utilised. If the Council has no discretion over the utilisation of the funds it deems that it acting as an agent this funding is reported in the Agency Services note and is not reflected in the Council's income and expenditure, but with any amounts owed to/ from the Council held within its Balance Sheet. This has increased in 2020/21 given the large amount of funding provided by the Scottish Government through the Council to businesses and individuals affected by the Covid 19 pandemic. Any agency funding is noted within Note 9 (Agency

## Notes to the Financial Statements (Cont'd)

### Note 2 – Critical Judgement in Applying Accounting Policies (Cont'd)

Services), with further detail of covid-related grants shown and cross referred in Note 10 (Grant Income).

**Provision or Contingent Liability** - Where the Council faces a future liability and this can be quantified with a reasonable degree of certainty, a provision for that liability is made and reported in (Note 29). The Council has made provision for pay elements and claims where it has had previous claims to base the provision on. If the liability can not be quantified, it will be disclosed as a Contingent Liability (Note 32). As can be seen, most of these involve ongoing or prospective legal action so the outcome and potential amounts involved can not be determined with any level of accuracy.

### Note 3 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the authority's balance sheet as at 31 March 2021, for which there is a significant risk of material adjustment in the forthcoming financial year are noted below. Examples are provided of each potential uncertainty and the effect it would have within the Financial Statement are also noted. These examples provide an understanding of the significance of a small change in the estimation assumption:

Estimation assumptions which impact within the next 12 months:

Item	Uncertainty	Potential effect
Property Plant and Equipment – valuation	The council's assets are valued on a rolling programme over a maximum of 5 years. The valuation assumptions are ascertained by the professional valuers used by the council. The council's valuers considered uncertainty regarding the valuation of assets following covid and have concluded that the valuations are not subject to 'material valuation uncertainty' due to in the current economic climate as at the valuation date.	If the actual results differ from the assumptions, the value of the assets could be affected. The value of the assets subject to revaluation over the rolling programme is £918.586m. During 2020/21 the assets that were revalued are now held in the Balance Sheet to a total value of £29.326m for General Services and £425m for HRA The impact for each 1% change in these valuations would be £0.293m General Services and £4.250m HRA within the Balance Sheet, resulting in an increase or a decrease to the Revaluation Reserve, or an impairment charge, but with no effect on the General Fund or the HRA reserves. Any change would also impact on annual depreciation charges.
Property Plant and Equipment – depreciation / useful lives	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will incur in relation to those assets. The current economic climate makes it uncertain that the council will be able to sustain its current level of spending on maintenance, bringing into doubt the useful lives assigned to assets.	If the useful lives of assets were too high, it is estimated that the annual depreciation charge for buildings would increase by £1.585m for every year that useful lives had to be reduced, resulting in a further charge to that value through the Comprehensive Income and Expenditure Statement and the value of the assets held in the council's Balance Sheet would also be reduced by the same value. Any change would not affect the reserves position of the council.

## Notes to the Financial Statements (Cont'd)

### Note 3 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (cont'd)

Item	Uncertainty	Potential effect
Arrears and bad debts	As at 31 March 2021, the council had a balance of various debtors of £66.620m with a sliding scale of bad debt provision written against each type, depending on the age of the debt. For example of the council tax debt of £40.279m, the council holds £24.292m as a provision for doubtful debts; of the debt held for HRA rents of £3.621m, £2.229m is held as a provision for doubtful debts.	If collection rates were to deteriorate, the provision for bad debts would require to be reviewed to consider the appropriate level of provision. If a 10% increase was considered appropriate, this would result in a further £2.429m being required to be provided for for council tax provision and £0.223 for an HRA rent provision. Any change in the provision would affect the reserves position of the Council. However, based upon prior experience, in year movements and with each type of debt considered individually, the bad debt provision is considered adequate.
Fair Value Measurements	When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. Changes in the assumptions used could affect the fair value of the council's assets and liabilities. Where Level 1 inputs are not available, the council utilises relevant experts to identify the most appropriate valuation techniques (for example for surplus assets and non-current assets held for sale, the council's estates valuer and for financial instruments the council's treasury advisors). Information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in notes 16, 18 and 27.	The authority uses the discounted cash flow (DCF) model to measure the fair value of financial instruments. Surplus assets and non-current assets held for sale have been based on the market value approach. Market conditions are such that similar properties are marketed, purchased and sold actively. The significant observable inputs used include current market conditions and recent sales prices and other relevant information for similar assets in the West Dunbartonshire area together with evidence across the wider West of Scotland for surplus assets and non-current assets held for sale and discount rates for financial instruments. Significant changes in any of these would result in significantly lower or higher fair value measurement for financial instruments as detailed in note 25. Significant changes to the key inputs for non-financial assets would have a significant impact on the value of the properties. However as the properties are valued annually and form a small proportion in relation to the value of the council's overall portfolio the impact of any changes would be limited.

## Notes to the Financial Statements (Cont'd)

### Note 3 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (cont'd)

Estimation assumptions which impact longer term:

Item	Uncertainty	Potential effect
Pension liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase by, changes to retirement ages, mortality rates and expected returns on pension assets held. This is further detailed within Note 11 to the Financial Statements. A firm of consulting actuaries is engaged to provide the council with expert advice about the assumptions applied.	The effect on the net liability can be measured. For example, a decrease in the discount rate of 0.5% would increase the pension liability held on the Balance sheet by 10% or £111.989m; and increase in the pension rate by 0.5% would increase the pension liability held on the Balance sheet by 8% or £93.954m However, the assumptions interact in complex ways. During 2020/21 the appointed actuaries advised that the net liability had increased year on year by £29.538m as a result of estimates being updated and an update to the assumptions. The current liability held in the council's balance sheet is £163.615m.

### Note 4 – Accounting Standards that have been issued but have not yet been adopted

For 2020/21, the Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards:

- Amendments to IFRS3 Business Combinations;
- Amendments to IFRS9, IAS39 and IFRS7: Interest Rate Benchmark Reform; and
- Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16: Interest Rate Benchmark Reform (phase 2).

Overall, these new or amended standards are not expected to have a significant impact on the Annual Accounts in future years.

IFRS16 Leases will require local authorities that are lessees to recognise these leases on their Balance sheet as right-of-use assets along with the corresponding liabilities, except for low value and short term leases. As a result of COVID-19 response, CIPFA/LASACC have deferred implementation of this until 1 April 2022.

## Notes to the Financial Statements (Cont'd)

### Note 5 - Material Items of Income and Expense

Where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the Code requires a disclosure of the nature and amount of material items. Material items of expenditure charged to services in the year are shown in the table below:

Item	Nature	£000
Unitary Charge Payment	Public Private Partnership agreement for the provision of 3 secondary schools and one primary school	12,023
Insurances	Insurance premiums for all policies	2,647
Landfill Tax	A tax paid on the disposal of waste. It is payable to Her Majesty's Revenue and Customs (HMRC)	2,794
Housing Benefit received	Benefit received to support customers on low incomes with housing rent costs	35,217
Housing Benefit paid	Benefit paid to support customers on low incomes with housing rent costs	(34,262)
Care Homes	Cost of providing care home services by external providers	9,369
Supplementation	Residential Accommodation for adults and children with disabilities	23,447
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Day Support	2,432
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Payments to Clients	5,178
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Payments to external fostering agencies	2,746
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Payments to Voluntary Organisations	1,436
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Payments to other bodies	3,283

## Notes to the Financial Statements (Cont'd)

### Note 6 – Adjustments between funding accounting basis and funding basis under regulations

This note provides further breakdown of the adjustments summarised in the Movement in Reserves Statement on page 40. It is identified under the headings Usable and Unusable Reserves. Further detail of the reserves identified under the classification of usable and unusable is given in notes 30 and 31 on pages 98 to 102.

#### 2020/21

	General Fund Balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000
<b>Usable Reserves</b>								
<b>Adjustments to the Revenue Resources</b>								
Pension Costs (transferred to (or from) the Pensions Reserve)	(15,967)	(637)	0	0	0	0	0	(16,604)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	3	3	0	0	0	0	0	6
Holiday Pay (transferred to the Accumulated Absences Reserve)	(117)	2	0	0	0	0	0	(115)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	(4,390)	(8,520)	0	0	0	0	0	(12,910)
	<b>(20,471)</b>	<b>(9,152)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(29,623)</b>
<b>Adjustments between Capital and Revenue Resources</b>								
Transfer of non-current asset sale gain/loss from revenue to the Capital Receipts Reserve	(883)	0	883	0	0	0	0	0
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	5,800	5,019	0	0	0	0	0	10,819
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	274	8,637	0	0	0	0	0	8,911
	<b>5,191</b>	<b>13,656</b>	<b>883</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,730</b>
<b>Adjustments to the Capital Resources</b>								
Disposal of non-current asset sale proceeds	0	0	(2,167)	0	0	0	0	(2,167)
Transfer from the Capital Receipts Reserve to the Capital Fund/ Capital Grants and Receipts Unapplied Account	0	0	1,284	(368)	0	(916)	0	0
Application of capital grants to finance capital expenditure	0	0	0	89	0	0	0	89
	<b>0</b>	<b>0</b>	<b>(883)</b>	<b>(279)</b>	<b>0</b>	<b>(916)</b>	<b>0</b>	<b>(2,078)</b>
<b>Total Adjustments</b>	<b>(15,280)</b>	<b>4,504</b>	<b>0</b>	<b>(279)</b>	<b>0</b>	<b>(916)</b>	<b>0</b>	<b>(11,971)</b>

## Notes to the Financial Statements (Cont'd)

### Note 6 – Adjustments between funding accounting basis and funding basis under regulations (cont'd)

2020/21

	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
<b>Unusable Reserves</b>						
<b>Adjustments to the Revenue Resources</b>						
Pension Costs (transferred to (or from) the Pensions Reserve)	0	0	16,604	0	0	16,604
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	0	0	0	0	(6)	(6)
Holiday Pay (transferred to the Accumulated Absences Reserve)	0	0	0	115	0	115
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	12,910	0	0	0	0	12,910
	<b>12,910</b>	<b>0</b>	<b>16,604</b>	<b>115</b>	<b>(6)</b>	<b>29,623</b>
<b>Adjustments between Capital and Revenue Resources</b>						
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(10,819)	0	0	0	0	(10,819)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(8,911)	0	0	0	0	(8,911)
	<b>(19,730)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(19,730)</b>
<b>Adjustments to the Capital Resources</b>						
Disposal of non-current asset sale proceeds	2,167	0	0	0	0	2,167
Depreciation adjustment between Capital Adjustment Account and Revaluation Reserve	(9,012)	9,012	0	0	0	0
Write out Revaluation Reserve of Disposals	(426)	426	0	0	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	0	0
Application of capital grants to finance capital expenditure	(89)	0	0	0	0	(89)
	<b>(7,360)</b>	<b>9,438</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,078</b>
<b>Total Adjustments</b>	<b>(14,180)</b>	<b>9,438</b>	<b>16,604</b>	<b>115</b>	<b>(6)</b>	<b>11,971</b>

## Notes to the Financial Statements (Cont'd)

### Note 6 – Adjustments between funding accounting basis and funding basis under regulations (cont'd)

2019/20

	General Fund Balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Capital Reserve Capital Fund £000	Other Reserves £000	Total Usable Reserves £000
<b>Usable Reserves</b>							
<b>Adjustments to the Revenue Resources</b>							
Pension Costs (transferred to (or from) the Pensions Reserve)	(19,157)	(868)	0	0	0	0	(20,025)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	12	10	0	0	0	0	22
Holiday Pay (transferred to the Accumulated Absences Reserve)	(953)	(40)	0	0	0	0	(993)
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	(5,478)	4,816	0	0	0	0	(662)
	<b>(25,576)</b>	<b>3,918</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(21,658)</b>
<b>Adjustments between Capital and Revenue Resources</b>							
Transfer of non-current asset sale gain/loss from revenue to the Capital Receipts Reserve	(201)	(1,262)	1,463	0	0	0	0
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,161	4,463	0	0	0	0	7,624
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	8,397	0	0	0	0	8,397
	<b>2,960</b>	<b>11,598</b>	<b>1,463</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,021</b>
<b>Adjustments to the Capital Resources</b>							
Disposal of non-current asset sale proceeds	0	0	(2,266)	0	0	0	(2,266)
Transfer from the Capital Receipts Reserve to the Capital Fund/ Capital Grants and Receipts Unapplied Account	0	0	803	(305)	(498)	0	0
Application of capital grants to finance capital expenditure	0	0	0	146	0	0	146
	<b>0</b>	<b>0</b>	<b>(1,463)</b>	<b>(159)</b>	<b>(498)</b>	<b>0</b>	<b>(2,120)</b>
<b>Total Adjustments</b>	<b>(22,616)</b>	<b>15,516</b>	<b>0</b>	<b>(159)</b>	<b>(498)</b>	<b>0</b>	<b>(7,757)</b>

## Notes to the Financial Statements (Cont'd)

### Note 6 – Adjustments between funding accounting basis and funding basis under regulations (cont'd)

2019/20

	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
<b>Unusable Reserves</b>						
<b>Adjustments to the Revenue Resources</b>						
Pension Costs (transferred to (or from) the Pensions Reserve)	0	0	20,025	0	0	20,025
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	0	0	0	0	(22)	(22)
Holiday Pay (transferred to the Accumulated Absences Reserve)	0	0	0	993	0	993
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	662	0	0	0	0	662
	<b>662</b>	<b>0</b>	<b>20,025</b>	<b>993</b>	<b>(22)</b>	<b>21,658</b>
<b>Adjustments between Capital and Revenue Resources</b>						
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(7,624)	0	0	0	0	(7,624)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(8,397)	0	0	0	0	(8,397)
	<b>(16,021)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,021)</b>
<b>Adjustments to the Capital Resources</b>						
Disposal of non-current asset sale proceeds	2,266	0	0	0	0	2,266
Depreciation adjustment between Capital Adjustment Account and Revaluation Reserve	(8,373)	8,373	0	0	0	0
Write out Revaluation Reserve of Disposals	(2,890)	2,890	0	0	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	0	0
Application of capital grants to finance capital expenditure	(146)	0	0	0	0	(146)
	<b>(9,143)</b>	<b>11,263</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,120</b>
<b>Total Adjustments</b>	<b>(24,502)</b>	<b>11,263</b>	<b>20,025</b>	<b>993</b>	<b>(22)</b>	<b>7,757</b>

## **Notes to the Financial Statements (Cont'd)**

### **Note 7 – Events After the Balance Sheet Date**

The draft Financial Statements were authorised for issue by the Chief Officer - Resources on 23 June 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place after this date provide information about conditions existing as at 31 March 2021, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

### **Note 8 – Related Parties**

The council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

#### **Central and Scottish Government**

The council received £209.049m (2019/20 £188.418m) of revenue government grants and £25.839m (2019/20 £27.338m) of capital grants from the Scottish Government (with £2.489m due to the council at the year end); and other grants of £54.895m (2019/20 £53.675m) as shown in Note 10 Grant Income (with £0.751m due to the council at the year end).

#### **Strathclyde Pension Fund**

The council is an admitted body to the local government pension scheme and has made payments as shown in Note 13 Defined Benefit Pension Schemes. The balance owed to the pension fund at the year end was £1.966m.

#### **Joint Boards**

The council is a member of the Joint Boards for Valuation and Strathclyde Partnership for Transport and the council's contributions are disclosed within the Group Accounts. The council is also a partner in the West Dunbartonshire Health and Social Care Partnership and provided funding in year of £70.873m (2019/20 £67.584m).

#### **West Dunbartonshire Leisure Trust**

The council has representation on the Board of Trustees, with three of the nine Trustees being Council elected members, with the council contributing £5.128m to the Trust in 2020/21 (including a transfer of Scottish Government grant funding due to loss of income caused by COVID-19) and received from the Trust £0.081m.

#### **Clydebank Property Company**

The company is owned by the council which holds 100% of the issued share capital. The council holds an investment of £0.273m within its Balance Sheet and has full representation on the Board of Directors, with each of the three Directors of the company being senior officers within the council. The company paid a dividend to the council in 2020/21 of £0.050m.

#### **Clydebank Municipal Bank**

The council has full representation on the Board with the Chair and the Directors being Elected Members of the council, and both the Bank Manager and the Secretary to the Board being council officers.

## Notes to the Financial Statements (Cont'd)

### Note 8 – Related Parties (Cont'd)

#### Voluntary Sector

The following voluntary organisations received over £0.050m in grant funding from West Dunbartonshire Council during 2020/21:

	<b>£000</b>
West Dunbartonshire Citizens Advice Bureau	380
Independent Resource Centre	135
Y-Sort It Youth Information Project	181
The Environment Trust	177
Dumbarton Women's Aid	157
Clydebank Women's Aid	167

The council has no shareholdings or investments in any of these organisations. There were no outstanding balances at the year end.

#### Key Management Personnel

Within the council's Management Team, the Chief Officer of the HSCP is employed by West Dunbartonshire Council. Details of remuneration are included within the Council's Remuneration Statement.

#### Elected Members

Members of the Council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in the remuneration statement on pages 30 to 38. The council maintains a register of interests for Members and reviews this for transactions carried out in the year with entities which Members have an interest. In the year ended 31 March 2021, the council has not had any material transactions for any body in which Members have an interest. The elected members register of interest can be found on the council website page:

<https://www.west-dunbarton.gov.uk/council/councillors-and-committees/councillors-allowances/>

#### Senior Officers

Senior Officers require to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Should this situation arise, the senior officer does not take part in any discussion or decision in relation to that interest. There are no significant related party transactions with senior officers of the council.

### Note 9 – Agency Services

Transactions whereby the council provides a service on behalf of external organisations are noted below.

2019/20 Net Payment/ (receipt) Organisation	Description	2020/21 Receipts £000	2020/21 Payment £000	(Debtor)/ Creditor at 31.03.21 £000
14,101 Scottish Water	Water and sewerage charges collected by Council and paid over	0	14,058	354
(83,302) Scottish Government	Non Domestic Rates	(72,684)	0	(3,614)

## Notes to the Financial Statements (Cont'd)

### Note 9 – Agency Services (Cont'd)

The Council also received a number of grants from the Scottish Government in 2020/21 related to COVID-19, whereby the Council acted as an agent on behalf of the Government. These grant are listed below and the effect of these have been removed from the Comprehensive Income and Expenditure Statement. Where expenditure was less than income a creditor has been raised within the Council's Balance Sheet.

	<b>£000</b>
Self Isolation Grant Payments	113
COVID-19 Support for Businesses	14,634
Newly Self-Employed Hardship fund	174
Break Restrictions Fund	243
Contingency Fund	145
Furlough support	66
Strategic Framework	8,055
Taxi Support	788
Self-Catering Accommodation	28
Contingency Fund Plus	90
B&B and Guesthouse Support	3
ELC Transitional Support Fund	119
Temporary Restrictions Fund for Childcare Providers	90
	<b>24,548</b>

### Note 10 – Grant Income

The council credited the following grants and other contributions to Taxation and Non-specific Grant Income within the Comprehensive Income and Expenditure Statement in 2020/21, including general grant funding in relation to COVID-19 received through redeterminations:

<b>31 March 2020</b>	<b>31 March 2021</b>
<b>£000</b>	<b>£000</b>
188,418 Revenue Support Grant/ Non-Domestic Rates	209,049
9,153 General Services Capital Grant	16,384
15,294 New House Build	4,439
2,612 Early Year Funding	2,083
0 Sustrans - Connecting Clydebank	1,190
153 Exxon City Deal	629
0 Town Centre Fund	552
0 Transport Scotland - Electrical Charging Points	170
0 Cycling, Walking, Safer Streets	169
372 Strathclyde Passenger Transport	137
122 Levensgrove	123
170 Grants under £0.100m	334
<b>216,294</b>	<b>235,259</b>

The council credited the following grants to Services within the Comprehensive Income and Expenditure Statement in 2020/21, including service specific general grant funding in relation to COVID-19:

## Notes to the Financial Statements (Cont'd)

### Note 10 – Grant Income (Cont'd)

<b>31 March 2020</b>	<b>31 March 2021</b>
<b>£000</b>	<b>£000</b>
40,060 Housing Benefit Subsidy	34,262
8,799 NHS Resource Transfer	9,932
3,545 Pupil Equity Fund	8,597
6,671 Social Care Funding	6,671
146 Social Care Funding (COVID)	5,880
2,022 Criminal Justice	2,550
1,454 Scottish Attainment	2,057
4,227 Early Learning	1,566
955 Scottish Attainment Challenge Scotland Fund	848
0 Education additional staff support ( COVID)	770
0 Free School Meals and Community Food (COVID)	632
0 Winter Plan for Social Protection	594
0 Business Gateway	580
400 Integrated Care Funding	400
416 Private Sector Housing	364
252 Education Maintenance Allowance	382
199 Asylum Seekers	324
0 Funding to Administer Temp Restrictions	237
0 Discretionary Housing payment additional (COVID)	168
0 Worthy Causes - Free School Meals (COVID)	132
0 Scottish Government - ERO	128
0 Young Person's Guarantee (COVID)	111
115 No-one Left Behind	100
0 Grants under £0.100m (COVID)	76
430 Grants under £0.100m (Other)	417
<b>69,691</b>	<b>77,778</b>

The council has received a number of grants that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

<b>31 March 2020</b>	<b>31 March 2021</b>
<b>£000</b>	<b>£000</b>
5,920 Gruggies Burn	0
841 Early Years Funding	159
838 Town Centre	593
0 Digital Inclusion	331
73 Grants under £0.100m	180
<b>7,672</b>	<b>1,263</b>

In addition, some covid-19 grants received from the Scottish Government during 2020/21 which were identified as agency transactions are detailed within Note 9.

### Note 11 – Operating Leases

#### Council as Lessee

The council occupies a number of properties by way of an operating lease. The future minimum lease payment due under non-cancellable leases in future years are:

## Notes to the Financial Statements (Cont'd)

### Note 11 – Operating Leases (Cont'd)

31 March 2020	31 March 2021
£000	£000
735 Not later than one year	765
2,620 Later than one year and not later than five years	2,363
2,617 Later than five years	2,036
<u>5,972</u>	<u>5,164</u>

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.775m (2019/20 £0.753m).

The council has acquired vehicles and equipment by entering into operating leases. The future minimum lease payment due under non-cancellable leases in future years are:

31 March 2020	31 March 2021
£000	£000
311 Not later than one year	273
411 Later than one year and not later than five years	410
67 Later than five years	0
<u>789</u>	<u>683</u>

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.380m (2019/20 £0.263m).

### Council as Lessor

The council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres; and
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payment due under non-cancellable leases in future years are:

31 March 2020	31 March 2021
£000	£000
3,840 Not later than one year	3,627
10,665 Later than one year and not later than five years	11,442
137,705 Later than five years	134,633
<u>152,210</u>	<u>149,702</u>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In year, £2.812m contingent rents were receivable by the council (2019/20 £2.686m).

**Finance Leases** - The council does not have any assets or liabilities under a finance lease, either as Lessee or Lessor.

### Note 12 – Termination Benefits

The council terminated the contracts of a number of employees in 2020/21, incurring liabilities of £0.065m (2019/20 £0.383m). These terminations were made as part of the redesign of services within the council under voluntary severance and early retirement. There will be ongoing annual costs incurred by the council for those staff leaving under early retirement due to ongoing pension costs.

## Notes to the Financial Statements (Cont'd)

### Note 13 – Defined Benefit Pension Schemes

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

The council participates in the following pension schemes:

**The Local Government Pension Scheme**, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The employer's contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2020/21 was 19.3%, and 2021/22 is set at 19.3%. In 2020/21, the council paid an employer's contribution of £19.558m (2019/20 £18.887m).

**The Teachers' Pension Scheme (Scottish Teachers' Superannuation Scheme (STSS))** which is a defined benefit scheme administered by the Scottish Public Pension Agency. The scheme is technically a multi-employer defined benefit scheme but is unfunded and the Scottish Government used a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Due to the type of scheme, the council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of accounts, it is accounted for on the same basis as a defined contribution scheme.

The employer pays a set contribution rate of 23% which is effective from 1 September 2019, prior to this it was 17.2%. This is charged directly to the revenue account for the Education service. The amount paid over in respect of employer's contribution was £10.216m (2019/20 £8.837m) in respect of expenditure for teachers added years, £0.040m payments were made (2019/20 £0.044m).

The scheme is unfunded and all contributions (payable by members or employers) are paid to the Scottish Government, and the Scottish Government then meets the costs of all the benefits. A specific amount is held by the Scottish Government for this purpose. As a proportion of the total contributions into the Scottish Teachers Superannuation Scheme 2020/21, the council's own contribution equates to 1.83%.

The council is not liable to the scheme for any other entities obligations under the plan.

#### 1) Local Government Pension Scheme

Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Council. In 2020/21 the capitalised costs that would have arisen from the early retiral of West Dunbartonshire Council employees and from predecessor authorities were as follows:

	£000
2020/2021	4,125
In earlier years	<u>54,157</u>
<b>Total</b>	<b><u>58,282</u></b>

The council fully complies with the International Accounting Standard (IAS 19) concerning the disclosure of information on the pension. IAS 19 states that although the pension benefits will not be paid until the employee retires, the council has a commitment to make these payments and must disclose the cost of this in its accounts at the time employees earn their full entitlement.

## Notes to the Financial Statements (Cont'd)

### Note 13 – Defined Benefit Pension Schemes (Cont'd)

#### 1) Local Government Pension Scheme (Cont'd)

The council therefore recognises the cost of the pension commitment within the Comprehensive Income and Expenditure Account when the employees earn their pension entitlement rather than when the benefits are paid as pensions. However, the cost to the taxpayer is calculated on the basis of pension contributions paid in the year, the cost of retirement benefits under IAS19 is reversed out, to ensure there is no impact on the overall cost to be funded by council tax and government grants.

The following transactions have been made in the Comprehensive Income and Expenditure Account and Movement in Reserves Statement during the year:

Revised 2019/20 £000	2020/21 £000
<b>Net cost of services</b>	
42,281 Current service cost	35,717
<u>(5,579) Past service cost</u>	<u>74</u>
<b>36,702</b>	<b>35,791</b>
<b>Financing and investment Income and Expenditure</b>	
<u>5,172 Net interest expense</u>	<u>3,379</u>
<b>41,874 Total post employment benefit charged to the Surplus or Deficit on the provision of Services</b>	<b>39,170</b>
55,170 Expected return on assets	(181,163)
(34,598) Actuarial gains and losses arising from changes in demographic assumptions	(30,778)
(106,589) Actuarial gains and losses arising from changes in financial assumptions	232,640
<u>(5,146) Actuarial gains and losses arising from experience assumptions</u>	<u>(7,765)</u>
<b>(49,289) Total post employment benefit charged to the comprehensive income and expenditure statement</b>	<b>52,104</b>
<b>Movement in Reserves Statement</b>	
(41,874) Reversal of gross charges made to surplus or deficit for post employment benefits	(39,170)
21,849 Actual amount charged against the General Fund balance in the year - employer contributions payable to Scheme	22,566
<b>(20,025) Reversal of gross charges made to surplus or deficit for post employment benefits</b>	<b>(16,604)</b>

The underlying assets and liabilities for retirement benefits attributable to the council as at 31 March are as follows:

2019/20 £000	2020/21 £000
794,654 Fair value of plan assets	974,343
<u>(874,574) Present value of defined benefit obligations</u>	<u>(1,079,676)</u>
<b>(79,920) Net assets in the Strathclyde Pension Fund</b>	<b>(105,333)</b>
<u>Present Value of Unfunded Liabilities</u>	
(25,437) LGPS Unfunded	(27,955)
(22,476) Teachers' pensions	(24,265)
<u>(6,244) Pre Local Government Reorganisation</u>	<u>(6,062)</u>
<b>(134,077) Net pension asset/(liability)</b>	<b>(163,615)</b>

## Notes to the Financial Statements (Cont'd)

### Note 13 – Defined Benefit Pension Schemes (Cont'd)

#### 1) Local Government Pension Scheme

The liabilities show the underlying commitments that the council has in the long run to pay post-employment (retirement) benefits. The total liability of £163.615m has a substantial negative impact on the net worth of the council as recorded in the Balance Sheet, resulting in an overall balance of £318.629m. However, the statutory arrangements for funding the deficit, means the financial position of the council remains healthy.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due) as assessed by the scheme actuary. Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The fair value of plan assets have increased by £179.689m. This is due to asset returns being more favourable than anticipated.

The estimated liabilities have increased by £209.227m, due to financial assumptions as at 31 March 2021 being less favourable than they were at 31 March 2020.

#### 2) Pension Assets and Liabilities

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, contracted by Glasgow City Council to provide all IAS19 calculations on behalf of the councils within the Strathclyde Pension Fund. The funded obligation is noted below:

	%
Active Members	56.3%
Deferred Members	9.9%
Pensioner Members	29.6%
Pre-Local Government Re-organisation Members	4.2%
	<b>100%</b>

The movement during the year on the defined obligation is noted as:

<b>2019/20</b>	<b>2020/21</b>
<b>£000</b>	<b>£000</b>
1,031,018 Opening balance	928,731
42,281 Current service cost	35,717
25,041 Interest cost	21,675
5,775 Contributions by Members	6,075
(34,598) Actuarial gains/losses – change in demographic assumptions	(30,778)
(106,589) Actuarial gains/losses – change in financial assumptions	232,640
(5,146) Actuarial gains/losses – other experience	(29,214)
(5,579) Past service costs/(gains)	74
(2,962) Estimated unfunded benefits paid	(3,008)
(20,510) Estimated benefits paid	(23,954)
<b>928,731 Closing Balance as at 31 March</b>	<b>1,137,958</b>

## Notes to the Financial Statements (Cont'd)

### Note 13 – Defined Benefit Pension Schemes (Cont'd)

#### 2) Pension Assets and Liabilities (Cont'd)

The movement during the year on the fair value of the employer's assets is:

2019/20 £000	2020/21 £000
825,803 Opening balance	794,654
(55,170) Expected return on assets	181,163
0 Actuarial gains/ losses - othe experience	(21,449)
19,869 Interest Income	18,296
5,775 Contributions by Members	6,075
18,887 Contributions by employer	19,558
2,962 Contributions in respect of unfunded benefits	3,008
(2,962) Estimated unfunded benefits paid	(3,008)
<u>(20,510) Estimated benefit paid</u>	<u>(23,954)</u>
<b><u>794,654 Closing Balance as at 31 March</u></b>	<b><u>974,343</u></b>

WDC Share of the pension fund asset at 31 March 2021 comprised:

2019/20			Asset Category	2020/21		
Quoted prices in Active Markets £000	Prices not quoted in Active Market £000	Total £000		Quoted prices in Active Markets £000	Prices not quoted in Active Market £000	Total £000
183,309	481	183,790	Equity Securities	227,564	1,048	228,612
24,933	1	24,934	Debt Securities	0	0	0
0	94,958	94,958	Private Equity	0	174,272	174,272
0	71,948	71,948	Real Estate	0	78,943	78,943
260,842	77,833	338,675	Investment funds and unit trusts	9,170	466,813	475,983
16	0	16	Derivatives	176	0	176
40,908	39,425	80,333	Cash and Cash Equivalent	15,697	660	16,357
<b><u>510,008</u></b>	<b><u>284,646</u></b>	<b><u>794,654</u></b>	<b>Totals</b>	<b><u>252,607</u></b>	<b><u>721,736</u></b>	<b><u>974,343</u></b>

Assets are now held at bid value.

#### Asset and Liability Matching Strategy (ALM)

The main fund of Strathclyde Pension Fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into narrow a range. The Fund invests in equities, bonds, properties and in cash.

The Fund has now taken account of the national change to the Local Government Pension Scheme in Scotland such as the new career average revalued earning scheme (CARE) for future accruals.

The actuarial valuation states that assets held on the valuation date were sufficient to cover 85.6% (2019/20 85.6%) of accrued liabilities at that date.

## Notes to the Financial Statements (Cont'd)

### Note 13 – Defined Benefit Pension Schemes (Cont'd)

#### 2) Pension Assets and Liabilities (Cont'd)

##### Asset and Liability Matching Strategy (ALM) (Cont'd)

The principal actuarial assumptions used at the Balance Sheet date are as follows:

31/03/2020		31/03/2021
	<b>Long term expected return on assets</b>	
	1.9% Pension increase rate	2.85%
	3.0% Salary Increase rate	3.55%
	2.3% Discount rate	2.00%
	<u>Mortality</u>	
	Based on these assumptions, the average future life expectancies at the age of 65 are:	
	20.7 Current pensioners – Men	19.8
	22.9 Current pensioners - Women	22.6
	22.2 Future pensioners – Men	21.2
	24.6 Future pensioners - Women	24.7

The above excludes any net pension liability that the council may have to contribute to in respect of the Joint Boards of Partnership for Transport and Valuation. These costs are shown within each Joint Board's Balance Sheet and the council may be required to make an increased constituent contribution in the years when the liability fails to be met.

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

#### Sensitivity Analysis

In order to quantify the impact of a change in the financial assumptions used, the actuaries have calculated and compared the value of the scheme liabilities as at 31 March 2021 on varying bases. The approach taken is consistent with that adopted to derive at the IAS19 figures provided. To quantify the uncertainty around life expectancy, the actuaries have calculated the difference in cost to the employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of around 3% to 5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

The figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation.

The estimation of defined benefit obligation is sensitive to the actuarial assumptions. The sensitivity regarding the principal assumptions used to measure the schemes liabilities are set out below:

## Notes to the Financial Statements (Cont'd)

### Note 13 – Defined Benefit Pension Schemes (Cont'd)

#### 2) Pension Assets and Liabilities (Cont'd)

	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary Amount £000</b>
Real Discount Rate (0.5% decrease )	10%	111,989
Salary Increase Rate (0.5% increase)	1%	15,320
Pension Increase Rate (0.5% increase)	8%	93,954

The total contribution expected to be made to the Local Government pension scheme for 2021/22 is £19.528m.

#### Note 14 – External Audit Costs

In 2020/21 the council incurred £0.277m (2019/20 £0.270m) in respect of its external audit services on behalf of the Council and £0.002m (2019/20 £0.002m) on behalf of the Trust Funds, undertaken in accordance with the Code of Audit Practice.

The appointed auditors, Audit Scotland, provided no other services to the Council in the year.

#### Note 15 – Expenditure and Funding Analysis

The analysis of income and expenditure on the face of the comprehensive income and expenditure statement is that specified by the Service Reporting Code of Practice. However decisions about resource allocation are taken by the council on the basis of reports that are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation reserve and amortisations are charged to services in the comprehensive income and expenditure statement); and
- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions) rather than current service cost of benefits accrued in the year.

The service expenditure noted as 'net rechargeable to the General Fund and the HRA' can also be compared to the service spend noted in the council's revenue budget monitoring table in the Management Commentary, except where there are items in the Comprehensive Income and Expenditure Statement that are reported below the net cost of service line.

The council's income and expenditure as noted on the comprehensive income and expenditure statement analysis can also be given by nature of spend and is analysed as follows:

## Notes to the Financial Statements (Cont'd)

### Note 15 – Expenditure and Funding Analysis (Cont'd)

2019/20 £000		2020/21 £000
	<b>Expenditure</b>	
208,598	Employee benefits expenses	214,249
249,084	Other service expenses	253,323
3,809	Support service recharges	3,894
28,691	Depreciation, amortisation, impairment	39,268
24,544	Interest payments	22,558
2,336	Precepts and levies	2,339
1,463	Loss on the disposal of assets	883
<u>518,525</u>	<b>Total Expenditure</b>	<u>536,514</u>
	<b>Income</b>	
(259,517)	Fees, charges and other service income	(261,583)
(255)	Interest and investment income	(165)
(120,143)	Income from council tax and non-domestic rates	(92,728)
(131,447)	Government grants and contributions	(179,296)
<u>(511,362)</u>	<b>Total Income</b>	<u>(533,772)</u>
<u>7,163</u>	<b>(Surplus) / Deficit on the Provision of Services</b>	<u>2,742</u>

A further breakdown of fees, charges and other service income by segmental analysis is noted below:

2019/20 £000		2020/21 £000
(48,907)	Corporate Services	(42,105)
(13,250)	Education	(17,593)
(20,310)	Infrastructure, Regeneration and Economic Development	(17,814)
(32,701)	Housing and Communities	(32,922)
(42,640)	Housing Revenue Account	(43,354)
(6,127)	Miscellaneous Services	(6,117)
(95,582)	Health and Social Care Partnership	(101,678)
<u>(259,517)</u>	<b>Total Fees, Charges and other service income</b>	<u>(261,583)</u>

## Notes to the Financial Statements (Cont'd)

### Note 15 – Expenditure and Funding Analysis (Cont'd)

The income and expenditure of the council's principal committee reporting structure recorded in the budget reports for the year is as follows:

	<u>2019/20</u>	<u>2020/21</u>	
	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	
Net Chargeable to the General Fund and HRA Balance £000	Adjustments between Funding and Accounting Basis £000	Adjustments between Funding and Accounting Basis £000	Net Chargeable to the General Fund and HRA Balance £000
	19,847	6,825	20,549
	88,167	9,822	90,513
	28,915	13,233	29,934
	677	3,076	2,062
	(21,312)	11,386	(22,944)
	1,677	(7,782)	5,179
	66,778	7,976	69,865
	2,336	0	2,339
	<b>187,085</b>	<b>44,536</b>	<b>197,497</b>
	0	1,463	0
	(223,714)	(27,876)	(245,814)
	36,692	(11,023)	40,283
	<b>63</b>	<b>7,100</b>	<b>(8,034)</b>
	(12,604)		(13,319)
	2,735		(4,241)
	(2,672)		(3,793)
	(778)		(1,039)
	<b>(13,319)</b>		<b>(22,392)</b>
	26,672	Corporate Services	5,332
	97,989	Education	8,506
	42,148	Infrastructure, Regeneration and Economic Development	20,061
	3,753	Housing and Communities	2,099
	(9,926)	Housing Revenue Account	13,593
	(6,105)	Miscellaneous Services	(2,699)
	74,754	Health and Social Care Partnership	5,718
	2,336	Requisitions	0
	<b>231,621</b>	<b>Net Cost of Services</b>	<b>52,610</b>
	1,463	(Gain)/Loss on disposal of Fixed Assets	883
	(251,590)	Taxation and Non-specific Grant Income	(26,210)
	25,669	Finance / Investment Income and Expenditure	(16,507)
	<b>7,163</b>	<b>(Surplus) or Deficit on Provision of Service</b>	<b>10,776</b>
		MIR Opening General Fund and HRA Balance as at 1 April 2020	(13,319)
		MIR (Surplus) or Deficit on Provision of Service (General Fund)	(4,241)
		MIR (Surplus) or Deficit on Provision of Service (HRA)	(3,793)
		MIR Transfer to/from other statutory reserves	(1,039)
		<b>Closing General Fund and HRA Balance as at 31 March</b>	<b>2,742</b>
		MIR 2021	23,776
		<b>(22,392)</b>	<b>(8,034)</b>

## Notes to the Financial Statements (Cont'd)

### Note 15 – Expenditure and Funding Analysis (Cont'd)

	2019/20		2020/21		Total £000
	Adjustments for Capital Purposes £000	Net Change for the Pension Adjustment £000	Other differences £000	Net Change for the Pension Adjustment differences £000	
	3,052	3,773	0	2,853	6,825
	5,441	3,817	564	5,553	9,822
	8,903	4,330	0	17,088	13,233
	13	3,063	0	14	3,076
	10,478	868	40	12,959	11,386
	1	(8,172)	389	2	(7,782)
	803	7,173	0	800	7,976
	0	0	0	0	0
	<b>28,691</b>	<b>14,852</b>	<b>993</b>	<b>39,269</b>	<b>44,536</b>
	1,463	0	0	883	1,463
	(27,876)	0	0	(26,210)	(27,876)
	(16,174)	5,173	(22)	(19,879)	(11,023)
	<b>(13,896)</b>	<b>20,025</b>	<b>971</b>	<b>(5,937)</b>	<b>7,100</b>
				<b>13,226</b>	<b>115</b>
				0	0
				(28)	(28)
				4,918	0
				0	0
				<b>115</b>	<b>2,099</b>
				0	<b>13,593</b>
				0	<b>(2,699)</b>
				0	<b>5,718</b>
				0	<b>0</b>
				<b>13,226</b>	<b>52,610</b>
				0	<b>883</b>
				0	<b>(26,210)</b>
				3,378	<b>(16,507)</b>
				<b>16,604</b>	<b>10,776</b>

Both the Movement in Reserves (page 40) and note 6 (page 61) total the adjustments between funding accounting basis and funding basis under regulations relating to the General Fund balance (£15.280m net deductions) and HRA balance (£4.504m net additions) and this matches the total adjustments above of £10.776m.

## Notes to the Financial Statements (Cont'd)

### Note 15 – Expenditure and Funding Analysis (Cont'd)

#### Adjustment for Capital Purposes

This column adds in depreciation, impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets;
- Financing and investment income and expenditure – the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices; and
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is created with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

#### Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For *services*, this represents the removal of the employers contributions made by the council as allowed by statute and the replacement with current service costs and past service costs; and
- For *financing and investment income and expenditure*, the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

#### Other Differences

Other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute:

- For *services* an adjustment is made for the accrual of holiday pay and other similar entitlements, this is required under generally accepted accounting principles but the impact on the General Fund and the HRA is mitigated by statute which allows the impact to be reversed out through the Movement in Reserves; and
- For *Financing and investment income and expenditure*, the 'other differences' column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

## Notes to the Financial Statements (Cont'd)

### Note 16 – Property, Plant and Equipment

#### 1) Movements in 2020/21

	Council dwellings £000	Other Land & buildings £000	Industrial Units £000	Vehicles & Plant £000	Infrastructure £000	Community £000	Surplus Assets £000	Assets Under Construction £000	Property Plant & Equipment £000
<b>Cost/Valuation at 1 April 2020</b>	<b>505,069</b>	<b>380,219</b>	<b>45,034</b>	<b>26,712</b>	<b>123,206</b>	<b>5,475</b>	<b>9,594</b>	<b>104,814</b>	<b>1,200,123</b>
Additions	19,466	7,218	15	4,658	11,239	1,646	135	46,886	91,263
Revaluations:									
- To Revaluation Reserve	48,706	126	0	0	0	0	0	0	48,832
- To Net cost of Service	0	(5,243)	0	0	0	0	(1,510)	0	(6,753)
Disposals	0	0	(90)	0	0	0	(1,476)	0	(1,566)
Assets reclassified to/from Held for Sale	0	0	0	0	0	0	(357)	0	(357)
Adjustments - assets at nil NBV	0	(884)	(7)	(9,337)	(16,374)	0	0	0	(26,602)
Adjustments - change in asset type	17,875	23,523	50	8,870	268	1,342	(50)	(51,878)	0
<b>As at 31 March 2021</b>	<b>591,116</b>	<b>404,959</b>	<b>45,002</b>	<b>30,903</b>	<b>118,339</b>	<b>8,463</b>	<b>6,336</b>	<b>99,822</b>	<b>1,304,940</b>
<b>Depreciation/Impairment at 1 April 2020</b>	<b>(73,974)</b>	<b>(39,364)</b>	<b>(1,269)</b>	<b>(17,626)</b>	<b>(54,658)</b>	<b>(1,566)</b>	<b>(140)</b>	<b>0</b>	<b>(188,597)</b>
Depreciation charge	(12,106)	(9,613)	(411)	(3,174)	(5,352)	(466)	0	0	(31,122)
Depreciation:									
- To Revaluation Reserve	(568)	(28)	0	0	0	0	0	0	(596)
- To Net Cost of Service	0	0	0	0	0	0	0	0	0
Impairments:									
- To Revaluation Reserve	0	0	0	0	0	0	0	0	0
- To Net Cost of Service	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Adjustments - assets at nil NBV	0	884	7	9,337	16,374	0	0	0	26,602
Adjustments - change in asset type	0	0	0	0	0	0	0	0	0
<b>As At 31 March 2021</b>	<b>(86,648)</b>	<b>(48,121)</b>	<b>(1,673)</b>	<b>(11,463)</b>	<b>(43,636)</b>	<b>(2,032)</b>	<b>(140)</b>	<b>0</b>	<b>(193,713)</b>
<b>Net Book Value at 31 March 2020</b>	<b>431,095</b>	<b>340,855</b>	<b>43,765</b>	<b>9,086</b>	<b>68,548</b>	<b>3,909</b>	<b>9,454</b>	<b>104,814</b>	<b>1,011,526</b>
<b>Net Book Value at 31 March 2021</b>	<b>504,468</b>	<b>356,838</b>	<b>43,329</b>	<b>19,440</b>	<b>74,703</b>	<b>6,431</b>	<b>6,196</b>	<b>99,822</b>	<b>1,111,227</b>

## Notes to the Financial Statements (Cont'd)

### Note 16 – Property, Plant and Equipment (Cont'd)

#### 2) Movements in 2019/20

	Council dwellings £000	Other Land & buildings £000	Industrial Units £000	Vehicles & Plant £000	Infrastructure £000	Community £000	Surplus Assets £000	Assets Under Construction £000	Property Plant & Equipment £000
<b>Cost/Valuation at 1 April 2019</b>	<b>466,445</b>	<b>373,047</b>	<b>44,726</b>	<b>25,527</b>	<b>113,939</b>	<b>3,546</b>	<b>11,237</b>	<b>44,984</b>	<b>1,083,451</b>
Additions	24,937	5,607	110	2,858	9,251	1,728	356	61,801	106,648
Revaluations:									
- To Revaluation Reserve	13,687	11,534	0	0	0	0	0	0	25,221
- To Net cost of Service	0	(400)	0	0	0	0	0	0	(400)
Disposals	0	0	(8)	0	0	0	(1,262)	0	(1,270)
Assets reclassified to/from Held for Sale	0	(2,449)	0	0	0	0	(835)	0	(3,284)
Adjustments - assets at nil NBV	0	(8,237)	0	(1,694)	0	0	(312)	0	(10,243)
Adjustments - change in asset type	0	1,117	206	21	16	201	410	(1,971)	0
<b>As at 31 March 2020</b>	<b>505,069</b>	<b>380,219</b>	<b>45,034</b>	<b>26,712</b>	<b>123,206</b>	<b>5,475</b>	<b>9,594</b>	<b>104,814</b>	<b>1,200,123</b>
<b>Depreciation/Impairment at 1 April 2019</b>	<b>(56,007)</b>	<b>(31,732)</b>	<b>(860)</b>	<b>(15,776)</b>	<b>(48,963)</b>	<b>(1,566)</b>	<b>(452)</b>	<b>0</b>	<b>(155,356)</b>
Depreciation charge	(10,414)	(9,329)	(409)	(3,544)	(5,695)	0	0	0	(29,391)
Depreciation:									
- To Revaluation Reserve	0	(5,575)	0	0	0	0	0	0	(5,575)
- To Net Cost of Service	0	(493)	0	0	0	0	0	0	(493)
Impairments:									
- To Revaluation Reserve	(7,553)	(654)	0	0	0	0	0	0	(8,207)
- To Net Cost of Service	0	182	0	0	0	0	0	0	182
Adjustments - assets at nil NBV	0	8,237	0	1,694	0	0	312	0	10,243
Adjustments - change in asset type	0	0	0	0	0	0	0	0	0
<b>As At 31 March 2020</b>	<b>(73,974)</b>	<b>(39,364)</b>	<b>(1,269)</b>	<b>(17,626)</b>	<b>(54,658)</b>	<b>(1,566)</b>	<b>(140)</b>	<b>0</b>	<b>(188,597)</b>
<b>Net Book Value at 31 March 2019</b>	<b>410,438</b>	<b>341,315</b>	<b>43,866</b>	<b>9,751</b>	<b>64,976</b>	<b>1,980</b>	<b>10,785</b>	<b>44,984</b>	<b>928,095</b>
<b>Net Book Value at 31 March 2020</b>	<b>431,095</b>	<b>340,855</b>	<b>43,765</b>	<b>9,086</b>	<b>68,548</b>	<b>3,909</b>	<b>9,454</b>	<b>104,814</b>	<b>1,011,526</b>

## Notes to the Financial Statements (Cont'd)

### Note 16 – Property, Plant and Equipment (Cont'd)

#### 3) Capital Commitments

As at 31 March 2021, the council has commitments on capital contracts for the construction or enhancement of property, plant and equipment for non housing and housing projects in 2020/21 budgeted to cost £17.910m (2019/20 £30.935m) and £22.109m (2019/20 £49.474m) respectively. The main commitments are:

<b>General Services</b>	<b>£000</b>
Renton Campus (part of Schools Estate Improvement Plan)	13,737
Posties Park	1,921
Local Economic Development & Regeneration - various projects	1,164
Queens Quay House (Clydebank Care Home)	235
Construction of Pitches St Mary's Primary School & Our Lady of Loretto	224
Demolition of Playdrome Leisure Centre, Clydebank	221
Kilpatrick ASN	194
Under £0.100m	214
<b>HRA</b>	<b>£000</b>
New Build Housing	17,109
External Wall Insulation	5,000

#### 4) PPP Assets Included in Property, Plant and Equipment

<b>2019/20</b>	<b>2020/21</b>
<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>	
89,827 At 1 April 2020	89,827
<u>Revaluations</u>	
0 To Revaluation Reserve	0
0 Additions	0
<b>89,827 At 31 March 2021</b>	<b>89,827</b>
 <b>Accumulated Depreciation and Impairment</b>	
(4,877) At 1 April 2020	(7,268)
(2,391) Depreciation Charge	(2,077)
<u>Depreciation written out</u>	
0 To revaluation reserve	0
0 To NCS	0
<b>(7,268) At 31 March 2021</b>	<b>(9,345)</b>
<b>84,950 Opening Net Book value</b>	<b>82,559</b>
<b>82,559 Closing Net Book value</b>	<b>80,482</b>

- 5) The council measures its surplus assets at fair value at each reporting date (the council does not hold investment properties). The fair value of surplus assets have been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets in the West Dunbartonshire area together with evidence across the wider West of Scotland. Market conditions are such that similar properties are marketed, purchased and sold actively and the level of observable inputs are sufficient, leading to the properties being categorised at Level 2 in the fair value hierarchy.

There were no transfers between Levels 1 and 2 during the year and there have been no changes in the valuation techniques used during the year for surplus assets

## Notes to the Financial Statements (Cont'd)

### Note 17 – Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g. computer software and/or software licences) is capitalised when it is expected that future economic or service benefits will flow from the asset to the council.

The council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include purchased licences.

Where appropriate, the carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.021m charged to revenue in 2020/21 was charged to Information Services. The charge to Information Services is then absorbed as an overhead across all the service headings in the Net Cost of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset during the year was as follows:

2019/20		2020/21
£000		£000
	<b>Balance at 1 April 2020</b>	
546	Gross carrying amount	546
(336)	Accumulated amortisation	(371)
<u>210</u>	<b>Net carrying amount at start of year</b>	<u>175</u>
0	Acquisitions in year	121
(35)	Amortisation for period	(25)
<u>(35)</u>	<b>Net carrying amount at 31 March 2021</b>	<u>96</u>
	<b>Comprising:</b>	
546	Gross Carrying amounts	667
(371)	Accumulated amortisation	(396)
<u>175</u>		<u>271</u>

### Note 18 – Assets Held for Sale

Assets held for sale are those where the carrying amount will be recovered principally through a sale transaction rather than through continued use. Before an asset can be classified as held for sale, the following conditions must be met:

- the asset must be available for immediate sale in its present condition;
- the sale must be highly probable and an active programme to locate a buyer and complete the plan must have been initiated;
- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale should be expected to qualify for recognition as a completed sale within one year of the date of classification.

The council measures its non-current assets held for sale at fair value at each reporting date. The fair value of non-current assets held for sale have been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets in the West Dunbartonshire area together with evidence across the wider West of Scotland. Market conditions are such that similar properties are marketed, purchased and sold actively and the level of observable inputs are sufficient, leading to the properties being categorised at Level 2 in the fair value hierarchy.

There were no transfers between Levels 1 and 2 during the year and there have been no changes in the valuation techniques used during the year for non-current assets held for sale.

## Notes to the Financial Statements (Cont'd)

### Note 18 – Assets Held for Sale (cont'd)

The movement on assets held for sale during the year was as follows:

2019/20		2020/21
£000		£000
5,670	<b>Balance at 1 April 2020</b>	<b>8,053</b>
0	Acquisitions	11
0	Assets previously omitted	312
	Assets newly classified as held for sale:-	
3,284	Property, Plant and Equipment	357
0	Revaluation Losses	(1,078)
95	Revaluation Gains	702
(996)	Disposals	(602)
<u>0</u>	Assets declassified as held for sale*	<u>0</u>
<b><u>8,053</u></b>	<b>As at 31 March 2021</b>	<b><u>7,755</u></b>

\*All assets values listed are in respect of Property, Plant and Equipment

### Note 19 - Heritage Assets

Heritage assets are both tangible and intangible assets with historic, artistic, scientific, technological, geographical or environmental qualities, which are held and maintained primarily for their contribution to knowledge and culture. The authority holds heritage assets of six main types:

- Models of Ships;
- Works of Art;
- Silver and Commemorative Ware;
- Civic Regalia (Robes and Chains);
- Sewing Machine Collections; and
- Listed Buildings and Scheduled Ancient Monuments.

The valuation of these assets held on the balance sheet as detailed below:

2019/20		2020/21
£000		£000
1,406	<b>Balance at 1 April 2020</b>	<b>1,406</b>
<u>0</u>	Additions/ Disposals / Newly Classified	<u>0</u>
<b><u>1,406</u></b>	<b>Balance at 31 March 2021</b>	<b><u>1,406</u></b>

The models of ships, works of art, silver and commemorative ware, civic regalia and sewing machine collections are the responsibility of the Libraries and Museums Service and accounts for approximately 90% of the overall collection with the remaining 10% being recorded and accessioned into the collection on a regular basis in line with museum accreditation. These works are held at the following locations:

- Collections Store, Poplar Road
- Collections Store, Stanford Street; and
- Clydebank Town Hall.

**Models of Ships** - include MV Rangitane, MV Essex and HMS Vanguard.

**Works of Art** - there are 474 paintings within the works of art collection.

**Civic Regalia** - predominately relates to the collection of provost robes and chains of office. It would be relatively rare for the authority to purchase, or dispose of, items of civic regalia.

## Notes to the Financial Statements (Cont'd)

### Note 19 - Heritage Assets (cont'd)

**Sewing Machine Collection** - there are 813 sewing machines (of various models) included within the sewing machine collection.

**Listed Buildings and Scheduled Ancient Monuments** - the council holds and maintains listed buildings and ancient monuments of historic significance, many of which are tributes to the war dead. As well as memorial structures and buildings, the council maintains statues and fountains.

### Note 20 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases and PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed. The CFR is analysed in the second part of this note.

31-Mar-20 £000	31-Mar-21 £000
<b>538,132 Opening Capital Financing Requirement</b>	<b>600,739</b>
<b>Capital Investment</b>	
106,649 Property, Plant and Equipment	91,392
<b>106,649</b>	<b>91,392</b>
<b>Less Sources of Finance</b>	
803 Receipts from Sale of Assets	1,284
28,022 Government Grants and other Contributions	26,210
(803) Transfer to Capital Fund/ Capital Receipts Fund	(1,284)
8,397 Revenue Contributions	8,911
7,623 Loan Fund Principal Repayments	10,820
<b>44,042</b>	<b>45,941</b>
<b>600,739 Closing Capital Financing Requirement</b>	<b>646,190</b>
0 Increase in Underlying Need to Borrow (Supported)	
62,607 Increase in Underlying Need to Borrow (Unsupported)	45,451
<b>62,607 Movement in Capital Financing Requirement</b>	<b>45,451</b>

### Note 21 – Impairment Losses

Assets are assessed at the end of each financial year for evidence in impairment or a reduction in value. Where indications exist and any possible differences are estimated to be material, the recoverable amount on the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

During 2020/21, the council has recognised impairment losses of £1.232m (2019/20 £8.400m) relating to non-value adding enhancement of various assets. These impairment losses have been charged as appropriate within the Comprehensive Income and Expenditure Statement and the Revaluation Reserve.

## Notes to the Financial Statements (Cont'd)

### Note 22 – Private Finance Initiatives and Similar Contracts

#### Schools PPP Scheme and Long Term Liability (Design, Build, Finance and Maintain (DBFM) Scheme)

2020/21 was the twelfth year of a thirty year public private partnership for provision of three secondary schools and one primary school in Clydebank and Alexandria. 2020/21 was the fourth year of a twenty-five year DBFM partnership for the provision of one secondary school in Dumbarton.

The council has rights to use the schools for core educational purposes between agreed hours. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards.

The partnership agreement was for the design, build, finance and operation of the schools which means that the contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment need to operate the schools. When the agreement ends, after thirty years, unrestricted use and operation of the buildings will be handed back to the council at nil cost.

The Termination rights are in line with the market norms reflected in the Scottish Standard Schools Contract, as approved by the Scottish Government, prior to financial close.

#### Property, Plant and Equipment

The school buildings are recognised on the council's balance sheet within property, plant and equipment balance. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in note 14.

#### Payments

The amounts payable to the PPP and DBFM operators each year is analysed into five elements:

- fair value of the services received during the year;
- finance cost – an interest charge on the outstanding Balance Sheet liability;
- contingent rent – increases in the amount to be paid for the property arising during contract;
- payment towards the liability – applied to write down the Balance Sheet liability towards the PPP contractor; and
- lifecycle replacement costs – proportion of the amounts payable posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant work is carried out.

Payments remaining to be made under the PPP and DBFM contracts at 31 March 2021 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	<b>Repayment of Liability £000</b>	<b>Interest Charges £000</b>	<b>Operating Costs £000</b>	<b>Lifecycle Replacement £000</b>	<b>Total Unitary Payment £000</b>
Less than 1 year	3,677	6,914	3,063	747	<b>14,401</b>
2-5 years	14,423	25,136	13,716	5,914	<b>59,189</b>
6-10 years	21,415	24,686	20,583	10,989	<b>77,673</b>
11-15 years	28,444	16,180	24,986	12,424	<b>82,034</b>
16-20 years	25,285	4,925	19,574	10,773	<b>60,557</b>
21-25 years	3,048	200	685	235	<b>4,168</b>
<b>PPP Contractual Liability as at 31.03.21</b>	<b>96,292</b>	<b>78,041</b>	<b>82,607</b>	<b>41,082</b>	<b>298,022</b>

## Notes to the Financial Statements (Cont'd)

### Note 22 – Private Finance Initiatives and Similar Contracts (cont'd)

Although the payments made to the contractor are described as unitary charge payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

2019/20	2020/21
£000	£000
103,101 Opening Balance	99,942
0 New Liabilities	0
(3,159) Repayments	(3,650)
<b>99,942</b> Closing Balance	<b>96,292</b>

### Note 23 – Debtors

2019/20	2019/20	2020/21	2020/21
£000	£000	£000	£000
<b>Central government bodies</b>			
878		2,222	
3,832		3,840	
2,892	7,602	4,588	10,650
	222 Other local authorities		353
	1,507 NHS Bodies		9,364
	3 Public Corporations and trading funds		0
<b>Other Entities and individuals</b>			
14,316		16,430	
19,401	33,717	29,824	46,254
	<b>43,051</b>		<b>66,620</b>

\* A further breakdown in relation to local taxation is noted below:

2019/20			2020/21		
Gross debtor	Net Debtor		Gross debtor	Net Debtor	
before	after		before	after	
impairment	Impairment	impairment	impairment	Impairment	impairment
£000	£000	£000	£000	£000	£000
4,784	1,615	3,169	5,336	1,673	3,663
36,370	25,223	11,147	39,180	26,413	12,767
<b>41,154</b>	<b>26,838</b>	<b>14,316</b>	<b>44,516</b>	<b>28,086</b>	<b>16,430</b>
		Total			

### Note 24 - Common Good Fund

The council administers the Dumbarton Common Good Fund Account. The Fund is applied for the benefit of the people of Dumbarton. The figures below summarise the income and expenditure for the year as well as the assets and liabilities as at 31 March 2021. The fund does not represent assets of the council and has not been included within the Balance Sheet on page 41.

## Notes to the Financial Statements (Cont'd)

### Note 24 - Common Good Fund (Cont'd)

#### Income and Expenditure Account

2019/20	2020/21
<b>£000 Expenditure</b>	<b>£000</b>
119 Payments to Other Bodies	82
61 Bellsmyre Digital	35
50 Denny Tank	50
47 Tulloch Trust	0
40 WD Citizen's Advice Bureau	40
25 General Expenditure	25
<b>342</b>	<b>232</b>
<b>Income</b>	
(308) Rent – Sites and Offices	(314)
0 Gain on Investments	0
(3) Other Income	(1)
<b>(311)</b>	<b>(315)</b>
<b>31 Net (surplus)/deficit for year</b>	<b>(83)</b>
31 In Year Usable Gain/ (Loss)	(83)
0 In Year Un-usable Gain/ (Loss)	0
<b>31</b>	<b>(83)</b>
(469) Balance brought forward	(438)
31 In Year Usable Gain	(83)
<b>(438) Balance carried forward</b>	<b>(521)</b>

#### Balance Sheet as at 31 March 2021

2019/20	2020/21
<b>£000 Fixed Assets</b>	<b>£000</b>
3,487 Investment properties	3,487
<b>Current Assets</b>	
478 Investments – West Dunbartonshire Council	534
4 Debtors	3
<b>Current Liabilities</b>	
(44) Creditors falling due within one year	(16)
<b>3,925 Total assets</b>	<b>4,008</b>
<b>Funds</b>	
3,487 Capital Adjustment Account	3,487
438 General Fund	521
<b>3,925</b>	<b>4,008</b>

## Notes to the Financial Statements (Cont'd)

### Note 25 – Trust Funds

The council acts as sole or custodian trustee for a number of trust funds, which may be used for various purposes depending on the terms of the Trust. In all cases, the funds do not represent assets of the council and they have not been included within the Balance Sheet on page 38. Under the provisions of the "2005 Act" and the "Accounts Regulations" above, all registered charities in Scotland are required to prepare financial statements which must be externally scrutinised. The trust funds below are registered, under one registration, with the Office of the Scottish Charity Regulator. Management has reviewed the current arrangements for the trust funds to ensure the current arrangements reflect the needs of the council and ensure that all obligations are met. Responsibility for the compliance with the new regulations was delegated to the Chief Officer - Resources.

#### Receipts and Payments Account

2019/20			2020/21		
Receipts	Payments	(Surplus)/ Deficit	Receipts	Payments	(Surplus)/ Deficit
£000	£000	£000	£000	£000	£000
(1)	0	(1)	0	0	0
0	0	0	0	0	0
(1)	5	4	(2)	0	(2)
0	0	0	0	0	0
0	0	0	0	0	0
0	3	3	0	0	0
(2)	8	6	(2)	0	(2)

\* The Vale of Leven Trust was formally wound up and closed during 2019/20.

#### Statement of Balances as at 31 March 2021

	Balance as at 1/4/20 £000	(Surplus)/deficit for year £000	Balance as at 31/3/21 £000
<b>Bank and Cash</b>			
Dunbartonshire Educational Trust Scheme 1962	(90)	0	(90)
McAuley Prize for Mathematics	(22)	0	(22)
Alexander Cameron Bequest	(116)	(2)	(118)
Dr A K Glen Fund	(24)	0	(24)
UIE Award	(25)	0	(25)
<b>Total</b>	<b>(277)</b>	<b>(2)</b>	<b>(279)</b>

The Trust Funds hold no liabilities.

### Note 26 – 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 three months or less from date of acquisition and that are readily convertible to known cash amounts, with insignificant risk of change of value. The investments comprise solely of short term lending of surplus funds to a limited number of pre-approved UK banks and other local authorities. All deposits are held in sterling. The carrying amount is the outstanding principal receivable. Bank balances are included in the Balance Sheet at the closing balance in the council's ledger and include cheques payable not yet cashed.

## Notes to the Financial Statements (Cont'd)

### Note 26 – Cash and Cash Equivalents (cont'd)

	31-Mar-20 £000	Movement £000	31-Mar-21 £000
Net Bank Current Account*	(4,208)	(1,026)	(5,234)
Short term deposits with UK banks	21,246	(3,771)	17,475
<b>Net Cash and Cash equivalents</b>	<b>17,038</b>	<b>(4,797)</b>	<b>12,241</b>

\*A further breakdown of the bank account is noted below:

31-Mar-20 £000	31-Mar-21 £000
30,675 Bank Current Accounts in balance	1,289
(34,883) Bank Current Accounts in overdraft	(6,523)
<b>(4,208) Net Bank Current Account*</b>	<b>(5,234)</b>

### Note 27 – Financial Instruments

#### 1) Types of Financial Instrument

Accounting regulations require the “financial instruments” (investment, lending and borrowing of the council) shown on the Balance Sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of “financial instruments”:

	Long-term		Current	
	31-Mar-20 £000	31-Mar-21 £000	31-Mar-20 £000	31-Mar-21 £000
<b>Debtors</b>				
Loans and receivables	23	22	80,168	68,955
<b>Borrowing</b>				
Financial liabilities at amortised cost	276,905	284,842	271,974	270,383
<b>Other long term liabilities</b>				
PPP and finance leases	96,337	92,615	3,605	3,677
<b>Creditors</b>				
Financial liabilities at contract amount	0	0	42,167	72,858

The council does not have any of the following types of investments or borrowings:

- available for sale financial assets;
- unquoted equity investments at cost;
- financial assets at fair value through profit and loss; or
- financial liabilities at fair value through profit and loss.

The council has considered the Code requirements for accounting for financial instruments and the following events have not taken place in 2020/21:

- reclassification of financial assets carrying value between fair value and amortised cost;
- transfer of financial assets where part or all of the financial assets does not qualify for de-recognition;
- pledging of financial assets as collateral or liabilities or contingent liabilities, as a result no carrying or fair value exists;
- recording of impairment losses in a separate account which would require a reconciliation of changes during the year;
- default on any loans payable during 2020/21;
- breaches of long term loan agreements resulting in the liability being classed as current; or

## Notes to the Financial Statements (Cont'd)

### Note 27 – Financial Instruments (Cont'd)

- offsetting of financial assets and liabilities where a legally enforceable right exists and intent to settle is on net basis.

The council has considered the Code requirements for accounting for financial instruments and the following disclosures are consistent with the Code:

- current liabilities are recognised as such even if refinanced post balance sheet or original term greater than twelve months; and
- if the council has the discretion (contractually) and expects to roll forward current liabilities for over twelve months, then the obligation can be treated as long term.

### 2) Fair Value of Assets and Liabilities carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) and are carried in the Balance Sheet at amortised cost. Fair values have been calculated with reference to the following:

#### Financial Liabilities

- PWLB Loans (Level 2) - For loans from the PWLB, premature repayment rates from the PWLB in force on 31 March 2021 have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value).
- Non-PWLB loans (Level 2) - For non-PWLB loans payable, the fair value of market loans are calculated using estimated interest rates of 1.07% which is the average discount rate applied to market loans for calculation of premature repayment. The fair value of local council loans are calculated using estimated interest rates of 0.13% which is the average discount rate applied to local council loans for calculation of premature repayment. Discount rates have been applied to provide the fair value under PWLB debt redemption procedures.
- PFI/Finance leases (Level 3) – These are not the liability of the council as the debt is held by the PFI/lease provider. Fair value have been calculated at level 3 on a simple proxy basis. The same NPV methodology has been applied as for PWLB and non-PWLB debt.

#### Financial Assets

- Fixed or variable short term deposits of less than a year (including MMF's) – Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

#### Policy Type Assets

- Long term debtors – Level 2.

#### Creditors

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

#### Transfers between Levels of the Fair Value Hierarchy

- There were no transfers between input levels 1 and 2 or transfers in or out of level 3 during the year.

#### Changes in the Valuation Technique

- There has been no change in the valuation technique used during the year for the financial instruments:

31-Mar-20		31-Mar-21	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
£000	£000 Debtors	£000	£000
80,191	80,191 Loans and Receivables	68,977	68,977

## Notes to the Financial Statements (Cont'd)

### Note 27 – Financial Instruments (Cont'd)

#### 2) Fair Value of Assets and Liabilities carried at Amortised Cost (cont'd)

The fair value is equal to the carrying amount because all loans and receivables are either short term or at a fixed interest rate or a variable rate linked to base rate without significant transaction costs. The council does not hold any equity investments in an unquoted market and, therefore, this type of investment is excluded from the above table.

31-Mar-20		31-Mar-21	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
£000	£000	£000	£000
<b>Borrowing</b>			
548,880	828,741	555,225	736,964
<b>Other Long Term Liabilities</b>			
99,942	188,842	96,292	153,981
<b>Creditors</b>			
42,167	42,167	72,858	72,858

The fair value is higher than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above current market rates increases the amount that the council would have to pay if the lender requested or agreed to early repayment of the loans.

The fair value of borrowings and PPP liabilities as at 31 March 2021 have changed materially from the previous year due to fluctuations in market rates, the changes that HM Treasury made to the PWLB new borrowing rates and due to the impact of the pandemic on interest rates.

A further breakdown of types of borrowing held by the Council as at 31 March 2021 is noted below:

31-Mar-20			31-Mar-21		
Principal outstanding	Accrued interest / EIR adjustment	Carrying amount	Principal outstanding	Accrued interest / EIR adjustment	Carrying amount
£000	£000	£000	£000	£000	£000
9,499	1,091	10,590	485	1,119	1,604
0	820	820	0	754	754
224,000	750	224,750	260,000	322	260,322
931	0	931	1,181	0	1,181
<b>234,430</b>	<b>2,661</b>	<b>237,091</b>	<b>261,666</b>	<b>2,195</b>	<b>263,861</b>
<b>Short Term Loans</b>					
196,467	0	196,467	204,365	0	204,365
77,600	1,658	79,258	77,600	1,652	79,252
0	0	0	0	0	0
1,180	0	1,180	1,181	0	1,181
<b>275,247</b>	<b>1,658</b>	<b>276,905</b>	<b>283,146</b>	<b>1,652</b>	<b>284,798</b>
<b>Long Term Loans</b>					

#### 3) Gains and Losses on Financial Instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Account in relation to financial instruments are made up as follows:

## Notes to the Financial Statements (Cont'd)

### Note 27 – Financial Instruments (Cont'd)

#### 3) Gains and Losses on Financial Instruments (Cont'd)

	31-Mar-20			31-Mar-21		
	Financial Assets: Loans & receivables £000	Financial Liabilities: amortised cost £000	Total £000	Financial Assets: Loans & receivables £000	Financial Liabilities: amortised cost £000	Total £000
Interest (investment)	260	0	260	165	0	165
Interest payable and similar charges						
Interest/expense*	0	(19,372)	(19,372)	0	(19,180)	(19,180)
(Gain)/Loss on de-recognition	0	22	22	0	6	6
<b>Net (Gain)/loss in year</b>	<b>0</b>	<b>(19,350)</b>	<b>(19,350)</b>	<b>0</b>	<b>(19,174)</b>	<b>(19,174)</b>

\* Interest/Expense has been calculated on an EIR basis where appropriate for market instruments.

There has been no gain/loss on either of the following classes of financial instruments, as the council does not own them:

- available for sale financial assets; and
- financial assets or liabilities at a fair value through profit and loss.

#### 4) Nature and Extent of Risks arising from Financial Instruments

The council's management of treasury risks actively works to minimise the council's exposure to the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government (Scotland) Act 2003 and the associated regulations. During 2020/21 these required the council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and the Local Government Investments (Scotland) Regulations 2010. Overall these procedures require the council to manage risk in the following ways:

- (i) by formally adopting the requirements of the Code of Practice;
- (ii) by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders;
- (iii) by approving annually in advance prudential and treasury indicators for the following three years in limiting:
  - The council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures regarding the maturity structure of debt; and
  - Its maximum annual exposure to investments maturing beyond a year.
- (iv) by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment.

These are required to be reported and approved prior to the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the council's financial instrument exposure. Actual performance is reported to Members to assess the effectiveness of controls established.

The 2020/21 annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 4 March 2020 and is available on the council website. The key issues within the strategy were:

- the authorised limit for 2020/21 was set by Council at that meeting at £831.501m and updated during the year to £777.505m. This is the maximum limit of external borrowing;
- the operational boundary was expected to be £753.043m when reported to Council at that meeting and updated during the year to £712.713m. This is the expected level of debt during the year;

## Notes to the Financial Statements (Cont'd)

### Note 27 – Financial Instruments (Cont'd)

#### 4) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

- the maximum amounts of fixed and variable interest rate exposure were set at 100% and 50% based on the council's net debt; and
- the maximum exposures to the maturity structure of debt is detailed with refinancing and maturity risk.

The council has fully adopted all required CIPFA Codes and statutory regulation currently in force, and maintains written principles for overall risk management, as well as written policies and procedures covering specific areas such as credit risk, liquidity risk, refinancing/maturity risk and market risk.

#### Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the council's customers. It is the policy of the council to place deposits only with a limited number of pre approved UK banks and building societies whose credit rating is independently assessed as sufficiently secure by the council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The council's maximum exposure to credit risk in relation to investments in banks and building societies of £17.475m cannot be assessed on a general basis as the risk of any institution failing to make interest payments or repay principle sums is specific to each individual institution, however, recent experience has shown that the institutions invested in at the year end are unlikely to default on their commitments. A risk of irrecoverability applies to all of the council's deposits but there was no evidence at 31 March 2021 that this was likely to happen.

The following analysis summarises the council's maximum exposure to credit risk on other financial assets, based on past experience and current market conditions.

Amount at 31.03.21	Historical experience of non-payment adjusted for market conditions at 31.03.21	Estimated maximum exposure to default and uncollectibility
£000	%	£000
51,594	3.80	1,382

The council does not hold any of the following in relation to financial assets:

- collateral as security in case of default of investment; or
- financial assets that would otherwise be past due or impaired but have been renegotiated.

The council does not generally allow credit for customers, however currently £16.814m is past its due date for payment. The past due amount can be analysed by age as follows:

	Total £000
Less than three months	4,525
Three to six months	704
Six months to one year	1,926
More than one year	9,659
	<b>16,814</b>

## Notes to the Financial Statements (Cont'd)

### Note 27 – Financial Instruments (Cont'd)

#### 4) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

The council is currently unable to analyse overdue rent by age of the debt due to reporting limitations currently within the system used. To allow the age analysis of the HRA rent debt to be estimated within the table above the arrears receipts of council tax has been used as a proxy.

In general, provisions are made in accordance with Code Guidance, whereby a judgement is made regarding the probability of collection for each category of debt. This judgement is based upon the past experience of collecting each category of debt to calculate the appropriate percentage of each debt that may not be eventually recovered. Due consideration has been taken to current position caused by covid-19, however this continues to be monitored. It should be noted that due to the limitations on the available age analysis of rent arrears, the bad debt provision of this debt is based on the total value of the debt by tenant, and not by age past due.

No financial assets have been individually determined to be impaired and no collateral is held on past due or impaired financial assets, therefore the council has not obtained financial or non financial assets during the financial year by taking possession of any collateral or calling on other credit enhancements.

#### Liquidity risk

The council manages its liquidity position through the risk management procedures noted above (i.e. the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow forecast management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The council has ready access to borrowing from the Money Markets to cover any day to day cash flow need if required. The council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures that sufficient funds are raised to cover annual expenditure. On review, at this time there has been little effect on the availability of borrowings due to covid-19. There is, therefore, no significant risk that the council will be unable to raise finance to meet its commitments under financial instruments.

#### Refinancing and Maturity Risk

The council maintains a significant debt portfolio and whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial liabilities.

The approved treasury indicator limits for the maturity structure of debt are the key parameters used to address this risk and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile as appropriate through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure that sufficient liquidity is available for the council's day to day cash flow needs.

The council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. No more than 50% of borrowings are due to mature within any financial year or within any rolling five-year period.

The maturity analysis of financial liabilities is as follows:

## Notes to the Financial Statements (Cont'd)

### Note 27 – Financial Instruments (Cont'd)

#### 4) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

	Creditors £000	PPP £000	Borrowing £000	Total £000
Less than one year	72,858	3,677	270,383	346,918
Between one and two years	0	3,372	11,091	14,463
Between two and five years	0	11,051	35,408	46,459
More than five years	0	78,192	238,344	316,536
	<b>72,858</b>	<b>96,292</b>	<b>555,226</b>	<b>724,376</b>

#### Market risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charges on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer.

Changes in market rates also affect the notional “fair value” of lending and borrowing. For example, a rise in interest rates would reduce the fair value of both lending and borrowing at fixed rates. Changes in the fair value of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the council:

- it is the policy of the council to limit its exposure to variable rate borrowing to a maximum of 50% of what it borrows;
- during periods of falling rates and where it is economically advantageous to do so, the council will consider the repayment and restructuring of fixed interest rate debt;
- the council takes advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructurings of existing borrowings; and
- any potential for a financial impact on the council is also significantly limited by the Scottish Government’s grant distribution mechanism that automatically adjusts for changes in interest rates in the government grant support the council receives for “loan charges”.

The interest rate profile of the council’s borrowing is as follows:

	£000	%
Fixed Interest Debt	548,703	98.8%
Variable Interest Debt	6,523	1.2%
	<b>555,226</b>	

To illustrate the impact of changes in interest rates upon the council, the following table shows the financial effect if rates had been 1% higher at 31 March 2021, with all other variables held constant:

## Notes to the Financial Statements (Cont'd)

### Note 27 – Financial Instruments (Cont'd)

#### 4) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

	<b>£000</b>
<b>Impact on tax payers and rent payers</b>	
Increase on interest payable on variable debt borrowings	1
Increase in interest receivable on variable rate investments	(111)
Increase in government grant receivable for 'loan charges'	(53)
Impact on Income and Expenditure Account	<u>(163)</u>
Share of overall impact due credited to the HRA	<u>(64)</u>
<b>Other accounting presentational changes</b>	
Decrease in fair value of fixed rate investments:	0
Decrease in fair value of fixed rate debt borrowings (disclosure confined to notes to the core financial statements)	(66,036)

The impact of a 1% fall in interest rates would be as above but with the changes being reversed.

#### Foreign Exchange Risk

The council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

### Note 28 – Creditors

<b>2019/20</b>	<b>2020/21</b>
<b>£000</b>	<b>£000</b>
7,326 Central government bodies	13,050
10,389 Other local authorities	25,492
975 NHS Bodies	920
0 Public Corporations and trading funds	0
<u>23,477</u> Other Entities and individuals	<u>33,396</u>
<b><u>42,167</u></b>	<b><u>72,858</u></b>

### Note 29 – Provision

**Equal pay claims and single status payments**– The council has implemented a Single Status pay structure. This provision was held for possible future equal pay claims through outstanding tribunal cases and revised gradings from the new pay structure. However, this has now been released and earmarked for potential future staffing related costs.

	<b>Equal Pay</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Provision</b>	232	232
Contributions in year	0	0
Amounts utilised in year	(7)	(7)
Unutilised amounts reversed in year	<u>(225)</u>	<u>(225)</u>
<b>Closing Provision</b>	<b><u>0</u></b>	<b><u>0</u></b>

## Notes to the Financial Statements (Cont'd)

### Note 30 – General Fund and HRA – Reserves and Earmarked Balances

The council holds reserves on the Balance Sheet in respect of General Fund and HRA brought forward surpluses:

- (1) The General Fund balance stands at £15.028m on 31 March 2021, of which £11.691m is earmarked for ringfenced purposes, leaving an unearmarked balance of £3.337m (prudential target £3.000m).

The main earmarked income held for future specific purposes:

	<b>£000</b>
Covid related funding*	7,072
Change Fund	1,553
2021/22 budget commitment	1,012
2019/20 Budget growth items	370
Voluntary group commitments	264
Apprenticeship fund	252
Rapid Rehousing Transition Fund	245
HR/ Legal	225
ERO funding	125
Social Welfare Fund	106
Other Committed Spend (< £0.100m)	467
	<u><b>11,691</b></u>

\*the earmarked Covid-19 related funding is detailed below:

	<b>Total received £000</b>	<b>Total earmarked £000</b>
<u>General COVID-19 Funding</u>		
Unspent general COVID-19 funding	11,995	1,973
<u>Service Specific COVID Funding</u>		
Winter Support Fund - Homelessness Funding	156	156
Level 4 Welfare/Social Support	264	264
Addressing Financial Hardship - Financial Insecurity	481	174
Further Financial Insecurity Funding	481	481
Business Grants Discretionary Payments	1,020	1,020
Free School Meals - Easter 2021	120	120
Spring Hardship Payment	391	391
Additional Staff - 2021/22	493	493
Education Ring-fenced for further costs	1,146	655
Education Recovery 2021/22	897	897
Parental Employee Support Fund Boost	114	114
		<u>6,738</u>
<u>Other</u>		
Education Recovery 2020/21		<u>334</u>
		<u><b>7,072</b></u>

- (2) The HRA balance is currently £7.364m as at 31 March 2021, of which £6.441m is earmarked for ring fenced purposes, leaving an unearmarked balance of £0.923m.

## Notes to the Financial Statements (Cont'd)

### Note 30 – General Fund and HRA – Reserves and Earmarked Balances (Cont'd)

The earmarked balance held for future specific purposes is:-

	<b>£000</b>
Regeneration of the stock	3,559
Covid repairs backlog	1,282
2020/21 Budget commitment	800
Welfare Reform	500
Covid rent arrears	300
	<b>6,441</b>

### Note 31 – Other Reserves

Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure is financed from a reserve, it is charged to the appropriate service to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserve Statement so that there is no net effect on council tax.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the council.

#### Usable reserves

Usable reserves are those that the council is able to apply to fund expenditure or reduce taxation and comprise of both capital and revenue reserves. Movement in the revenue reserves during the year are outlined in the Movement in Reserves Statement, however, a summary is shown below:

<b>31-Mar-20</b>	<b>31-Mar-21</b>
<b>£000</b>	<b>£000</b>
9,395 General Services	15,028
3,924 Housing Revenue Account	7,364
0 Capital Receipts Reserve	0
132 Capital Grants and Receipts Unapplied	42
2,169 Capital Reserve	1,469
214 Other Reserves	308
<b>15,834 Total Usable Reserves</b>	<b>24,211</b>

#### General Fund Revenue Reserve

The General Fund is held for services provided by the council through Revenue Support Grant funded through the Scottish Government and council tax. It excludes the Housing Revenue Account. This reserve holds funds not yet spent.

#### Housing Revenue Account Revenue Reserve

The council is required by the Local Government and Housing Act (Scotland) 1987 to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of council dwellings and related services. This reserve holds funds not yet spent.

#### Capital Receipts Reserves

Capital receipts from asset sales are retained within this Reserve and used to fund planned capital expenditure.

#### Capital Grant and Reserves Unapplied Reserve

Grants and other contributions given to the council are retained within this Reserve until all conditions agreed by the grant provider are satisfied. This Reserve is also used to fund transformational projects from capital receipts.

## Notes to the Financial Statements (Cont'd)

### Note 31 – Other Reserves (Cont'd)

#### Capital Items Replacement Fund (Other)

This reserve holds funds which are retained and used for the renewal or repair of school non-current assets.

#### Capital Reserve

This reserve holds funds which are retained for the funding of the Public Private Partnership (PPP) unitary charge for schools regeneration on a specific annual phased amount (also known as the Schools Regeneration Sinking Fund).

#### Unusable reserves

Unusable reserves are those that the council is not able to utilise to provide services and comprise of:-

31-Mar-20 £000	31-Mar-21 £000
267,117 Capital Adjustment Account	281,297
153,331 Revaluation Reserve	193,287
(134,077) Pension Reserve	(163,615)
(4,273) Employee Statutory Adjustment Account	(4,388)
(13,020) Financial Instruments Adjustment Account	(12,163)
<b><u>269,078</u> Total Unusable Reserves</b>	<b><u>294,418</u></b>

#### Capital Adjustment Account

The capital adjustment account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non current assets and for financing 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 (with reconciling postings to the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement.

The account contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. The movement in reserve statement provides detail of the source of all the transactions posted to the account.

2019/2020 £000	2020/2021 £000
243,308 Opening Balance	267,117
(29,427) Depreciation	(31,146)
(10) Impairment	(7,974)
8,373 Increase in Depreciation Caused by Revaluation	9,012
899 Deficit/Surplus on Revaluations	0
(691) Assets That Should Have been Deleted	0
2,890 Write off Revaluation Reserve Balance re Disposals	426
(2,266) Disposal of Fixed Assets	(2,167)
28,021 Government Grants Applied	26,299
8,397 Capital Financed by Current Revenue	8,911
7,623 Long Term Debt Payment	10,819
0 Capital Receipts Applied	0
<b><u>267,117</u> Closing Balance</b>	<b><u>281,297</u></b>

## Notes to the Financial Statements (Cont'd)

### Note 31 – Other Reserves (Cont'd)

#### Revaluation Reserve

The revaluation reserve contains the gains made by the council arising from increases in the value of its property, plant and equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- re valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account.

2019/2020 £000	2020/2021 £000
153,968 Opening Balance	153,331
20,899 Unrealised Gains on Revaluation of Assets	63,012
(10,273) Impairments and Losses on Revaluation of Assets	(13,618)
(2,890) Write off Revaluation Reserve Balance re Disposals	(426)
(8,373) Depreciation due to Revaluation of Assets	(9,012)
<b>153,331 Closing Balance</b>	<b>193,287</b>

#### Pension Reserve

The pension reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post employment benefits in the comprehensive income and expenditure 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 requires benefits earned to be financed as the council makes employer's contributions to pension funds or eventually pays any pension 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 the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/2020 £000	2020/2021 £000
(205,215) Opening Balance	(134,077)
91,163 Actuarial (Loss)/Gain	(12,934)
21,849 Employer Contributions	22,566
(41,874) Reversal of IAS19 Entries	(39,170)
<b>(134,077) Closing Balance</b>	<b>(163,615)</b>

## Notes to the Financial Statements (Cont'd)

### Note 31 – Other Reserves (Cont'd)

#### Employee Statutory Adjustment Account

The Employee Statutory Adjustment 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 carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from this account.

2019/2020	2020/2021
£000	£000
(3,280) Opening Balance	(4,273)
<u>(993) Staff Accrual Movement</u>	<u>(115)</u>
<b><u>(4,273) Closing Balance</u></b>	<b><u>(4,388)</u></b>

#### Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the comprehensive income and expenditure statement when they are incurred, but reversed out of the general fund balance to the account in the movement in reserves statement. Over time, the expense is posted back to the general fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account as at 31 March 2021 will be charged to the General Fund over the next thirty-eight years.

2019/2020	2020/2021
£000	£000
(13,894) Opening Balance	(13,020)
852 Annual Write off of Premiums and Discounts	851
0 New Premiums and Discounts	0
<u>22 Annual EIR Adjustment to Stepped Interest Instruments</u>	<u>6</u>
<b><u>(13,020) Closing Balance</u></b>	<b><u>(12,163)</u></b>

### Note 32 – Contingent Assets and Contingent Liabilities

A contingent asset arises where an event has taken place that gives the council 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 council. 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.

A contingent liability arises where an event has taken place that gives the council 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 council. 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 are disclosed as a note to the accounts, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The council has a residual contingent liability relating to those workers who have yet to settle their pay protection claims.

## **Notes to the Financial Statements (Cont'd)**

### **Note 32 – Contingent Assets and Contingent Liabilities (Cont'd)**

The council has a potential contingent liability relating to paid holiday entitlement, with approximately 400 live cases. Following an EU ruling UK employers are bound by employment law in relation to the definition of paid holiday entitlement. Case law has clarified that all pay elements intrinsically linked to the performance of a contract of employment should be included in the calculation of holiday pay, including payments made for additional working. The council adjusted the method of calculation in August 2014 (backdated in line with the leave year to April) and has included on-going costs within the long term financial strategy. The legal position remains subject to challenge however, given the action taken, any potential claim by employees for any retrospective payments is likely to be minimal. As a result, whilst recognising there may be such a requirement, it is not possible to quantify such.

The Limitation (Childhood Abuse) (Scotland) Act 2017 Section 1 removes the limitation period for actions of damages in respect of personal injuries resulting from childhood abuse. At this stage the extent of any potential liability is unknown.

The Council agreed on 22 March 2021 to provide West Dunbartonshire Leisure Trust with a letter of comfort to confirm the council's commitment to the ongoing financial sustainability of the Trust, on a joint planning approach in relation to future service provision through the recovery and beyond. At this stage the extent or likelihood of any potential liability is unknown.

A legal ruling in relation to the Goodwin equal treatment case in the Teachers' Pension Scheme may have an impact across other public service pension schemes. Scheme rules are to be amended to ensure the pension entitlement of male survivors within opposite-sex marriages and civil partnerships are treated in the same way as survivors of same-sex marriages and civil partnerships. The consequences may impact on future pension contributions rates but initial indications suggest that any impact would be immaterial.

The rejection of a recent planning application in relation to Sheephill Quarry is likely to result in further action taken from the landowners and depending on the action taken and the outcome of that action, the Council may be liable for a compensation payment. At this stage the extent or likelihood of any potential liability is unknown.

The council is not aware of any other contingent assets or liabilities which may be outstanding.

### **Note 33 – Financial Guarantee**

In terms of West Dunbartonshire Leisure Trust's admission to the Strathclyde Pension Scheme, the council has guaranteed to accept liability for any unfunded pension costs should they cease to exist, withdraw from the Scheme or become unable to meet any unfunded liability. The Council has not quantified the possible liability.

The Clydebank Municipal Bank is a company limited by shares with the council funding any annual losses incurred.

## Movement on the Housing Revenue Account Statement

This statement shows the movement in the year on the housing revenue account reserve. The surplus or (deficit) on the housing revenue account income and expenditure statement is reconciled to the surplus or deficit for the year on the housing revenue account balance, calculated in accordance with the Housing (Scotland) Act 1987.

2019/20 £000	2020/21 £000	2020/21 £000
<b>(1,606) Balance on the Housing Revenue Account at the End of the Previous Year (1)</b>		<b>(3,924)</b>
<b>(18,188) Total Comprehensive Income and Expenditure (2)</b>		<b>(8,297)</b>
(868) Pension Scheme Adjustments	(637)	
10 Financial Instruments Adjustment	3	
(40) Holiday Pay Adjustment	3	
Reversal of entries included in the Surplus/Deficit on the Provision of Services in		
4,816 relation to capital expenditure	(8,521)	
<b><u>3,918 Adjustments to the revenue resource (3)</u></b>	<b><u>(9,152)</u></b>	
(1,262) Net gain or loss on sale of non-current assets	0	
4,463 Statutory Repayment of Debt (Loans Fund Advances)	5,019	
8,397 CFCR	8,637	
<b><u>11,598 Adjustments between Revenue and Capital Resources (4)</u></b>	<b><u>13,656</u></b>	
<b><u>15,516 Total Statutory Adjustments (5)=(3)+(4)</u></b>		<b>4,504</b>
354 Transfers (to)/from Other Statutory Reserves (6)		353
<b><u>(2,318) (Increase)/Decrease in Year (7)=(2)+(5)+(6)</u></b>		<b><u>(3,440)</u></b>
<b>Balance on the Housing Revenue Account at the end of the Current Year</b>		
<b><u>(3,924) (8)=(1)+(7)</u></b>		<b><u>(7,364)</u></b>

## Housing Revenue Account Income and Expenditure Statement

The HRA income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. The council charges rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2019/20 £000		2020/21 £000	2020/21 £000
	<b>Income</b>		
(40,871)	Dwelling Rents (net of voids)	(41,544)	
(258)	Other Rents	(253)	
<u>(1,511)</u>	Other Income	<u>(1,556)</u>	
<b><u>(42,640)</u></b>			<b><u>(43,353)</u></b>
	<b>Expenditure</b>		
10,805	Repairs and Maintenance	8,860	
11,393	Supervision and Management	11,750	
10,478	Depreciation and Impairment	12,959	
<u>38</u>	Other Expenditure	<u>433</u>	
<b><u>32,714</u></b>			<b><u>34,002</u></b>
<b><u>(9,926)</u></b>	<b>Net Cost of Service as Included in the Council Comprehensive Income and Expenditure Statement</b>		<b><u>(9,351)</u></b>
	<b>HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement</b>		
(15,294)	Recognised Capital Income (Grants, Contributions and Donations)	(4,439)	
1,262	Gain or Loss on the Sale of HRA Non Current Assets	0	
4,914	Interest Payable and Similar Charges	4,953	
970	Impairment Loss - Debtors	611	
<u>(114)</u>	HRA Interest and Investment Income	<u>(71)</u>	
<b><u>(8,262)</u></b>			<b><u>1,054</u></b>
<b><u>(18,188)</u></b>	<b>(Surplus)/Deficit for the year on HRA Services</b>		<b><u>(8,297)</u></b>

## Notes to the Housing Revenue Account Income and Expenditure Statement

### Note 1 - The number and types of dwellings in the council's stock

The council was responsible for managing 10,153 dwellings during 2020/21 (10,042 in 2019/20). The following shows an analysis of these dwellings by type.

Number at 31.03.20	2019/20 Average weekly rent £	Type of Dwelling	Number at 31.03.21	2020/21 Average weekly rent £
2,625	76.56	Two-apartment	2,640	78.05
4,553	78.85	Three-apartment	4,585	80.39
2,553	83.77	Four-apartment	2,583	85.49
304	89.90	Five-apartment	330	92.53
2	92.33	Six-apartment	10	106.71
1	84.09	Seven-apartment	1	85.69
2	92.33	Eight-apartment	2	94.08
2	92.33	Nine-apartment	2	94.08
<b>10,042</b>	<b>Total</b>		<b>10,153</b>	

### Note 2 – Dwelling Rents

The £41.544m noted in the Income and Expenditure Statement is the total rental income less voids chargeable for the year of £0.895m (2019/20 £0.606m). It excludes irrecoverables and bad debts. Average rents were £81.50 per week in 2020/21 (£79.84 per week in 2019/20).

### Note 3 –Other Rents

This is the total income received from travelling person site rentals, lock-ups and shops less voids chargeable for the year, but excludes irrecoverables and bad debts. Lost rents from lock-ups in 2020/21 were £0.068m (£0.063m in 2019/20).

### Note 4 - Rent arrears

As at 31 March 2021, total rent arrears amounted to £3.621m (2019/20 £3.922m as at 31 March 2020). This is 8.69% of the total value of rents due at 31 March 2021. It should be noted that the total arrears do not all relate to 2020/21 and the year on year movement in value of arrears is a decrease of £0.301m.

### Note 5 - Provision for Bad Debts

In the financial year 2020/21, the rental bad debt provision has been decreased by £0.453m (£0.172m increase 2019/20). The provision to cover loss of rental income stands at £2.229m as at 31 March 2021 – equivalent of 61.55% (67.04% 2019/20) of the total value of rents due at that date.

## Council Tax Account

### Council Taxpayers: £36.765m (2019/20 £35.296m)

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under Statute. 2020/21 represents the eighth year of operation of the Council Tax Reduction Scheme in Scotland. The Council Tax Reduction Scheme represents a new discount introduced across Scotland following the abolition of Council Tax Benefits as part of the UK government's welfare reform programme. The resultant total net income within the Council Tax Account is transferred to the Comprehensive Income and Expenditure Statement.

2019/20 £000		2020/21 £000
51,119	Gross council tax	53,813
	Less:	
(8,418)	Council Tax Reduction Scheme Discount*	(8,884)
(6,348)	Other discounts and reductions	(6,660)
(665)	Provision for bad and doubtful debts	(718)
(392)	Adjustments for prior years	(786)
<b>35,296</b>	<b>Transfer to General Fund</b>	<b>36,765</b>

#### The calculation of the council tax base

Band	No of Dwellings	No of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	CTRS Discount	Total Dwellings	Ratio to Band D	Band D Equivalent
A(Disabled)	0	0	26	13	0	15	33	200/360	18
Band A	7,586	368	34	4,459	93	4,030	8,684	240/360	5,789
Band B	16,867	575	(10)	7,972	168	6,226	18,364	280/360	14,283
Band C	7,551	181	1	2,978	51	1,927	7,925	320/360	7,045
Band D	5,995	111	21	1,912	33	694	5,869	360/360	5,869
Band E	4,732	50	(49)	1,040	17	226	4,502	473/360	5,916
Band F	1,722	12	(14)	246	7	51	1,662	585/360	2,701
Band G	832	10	(8)	103	6	27	800	705/360	1,567
Band H	66	0	(1)	6	7	3	61	882/360	150
							<b>Total</b>		<b>43,338</b>
									<b>(555)</b>
									<b>Council Tax Base 42,783</b>

#### The nature and actual amount of each charge fixed

Gross Charges	2019/20 £ per year	2020/21 £ per year
Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor. The council tax charge is calculated using the council tax base i.e. band D equivalents. This charge is then decreased/increased dependent on the band. The band D charge for 2020/21 was £1,293.55.	822.55	862.37
	959.65	1,006.09
	1,096.74	1,149.82
	1,233.83	1,293.55
	1,621.12	1,699.58
	2,004.97	2,102.02
	2,416.25	2,533.20
	3,022.88	3,169.20

#### Discounts, Reliefs and Exemptions

A council tax bill is reduced by 25% where a property has only one occupant or 50% where the property is empty. For council tax purposes certain students are not regarded as occupants. Certain properties may also qualify for relief if the property has been adapted for a disabled person. Properties undergoing major renovation or held pending demolition may be awarded exemption from council tax.

\*Council Tax Benefit has been replaced by Revenue Support Grant received from the Scottish Government. The result of which has been to reduce the Council Tax Income due by use of a Council Tax Discount Mechanism.

## Non Domestic Rates Account

### Non-Domestic Rates Income £55.963m (2019/20 £84.847m)

The Non Domestic Rate Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non Domestic Rates account. The statement shows the gross income from the rates and deductions made under Statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

Non-Domestic Rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. West Dunbartonshire Council received £55.963m (2019/20 £84.847m) from the national pool. West Dunbartonshire Council's allocation from the pool now reflects the council's duty to collect Scottish Gas utilities on behalf of all Scottish councils and this equates to £56.515m in year (£56.554m 2019/20). The council's Revenue Support Grant has been adjusted to compensate for this change. In 2012/13 the Scottish Government introduced Business Rates Incentivisation Scheme (BRIS), to incentivise councils to grow their potential business rates tax base and as a result increase rates income, a proportion of which is to be retained by councils. Following a review of the original BRIS by a joint Scottish Government/COSLA Review Group the original scheme was suspended and a revised scheme was introduced in 2014/15. The amount of revised BRIS local targets will be linked only to the buoyancy element of the total estimated NDR for any one year. This ensures that each council will have the ability to influence their own local tax base. Indications suggest the council should receive a further annual payment of £0.055m in 2020/21 for the increase identified in the 2017/18 NDR return.

The amount deemed to be collected locally was £72.684m (2019/20 £83.302m). Due to COVID there were more reliefs awarded to businesses, thereby reducing the amount collectable. The sum actually collected locally and contributed to the pool was £70.647m (2019/20 £83.039m), made up as follows:

2019/20 £000		2020/21 £000
95,009	Gross rates levied	95,490
0	<u>Less:</u>	
(9,059)	Reliefs and other deductions	(20,223)
(950)	Provision for bad and doubtful debts	(955)
85,000	Net non-domestic rate income	74,312
(1,477)	Adjustments for prior years	(3,706)
(373)	Adjustments for prior years - bad debt	96
83,150	Total Non Domestic Rate Income (before retention)	70,702
(111)	Non Domestic Rate Income Retained by the Council (BRIS)	(55)
<b>83,039</b>	<b>Contribution to National Non Domestic Rate Pool</b>	<b>70,647</b>
84,847	Distribution from National Non Domestic Rate Pool	55,963
<b>(1,808)</b>	<b>Net contribution to/(from) National Non Domestic Rate Pool</b>	<b>14,684</b>
<b>84,847</b>	<b>Net Non Domestic Rate Income to Comprehensive Income &amp; Expenditure Statement</b>	<b>55,963</b>

The non-domestic rates pool operates on a cash accounting basis and as such the non-domestic rate income account within West Dunbartonshire Council is calculated on a similar basis.

Analysis of rateable Values:	£	<b>An explanation of the nature and amount of each rate fixed</b>
Rateable value at 1/4/20	185,241,117	The amount paid for non-domestic rates is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £ announced each year by the government.
Running roll (full year RV)	(696,405)	
Rateable value at 31/3/21	184,544,712	The national non-domestic rate poundage set by the First Minister for Scotland for 2020/21 was:
Less: partially exempt	743,050	Basic Property Rate for 20/21 - £0.498
Less: wholly exempt	1,401,925	Intermediate Property Rate - £0.511
<b>Net rateable value at 31/3/21</b>	<b>182,399,737</b>	Higher Property Rate - £0.524

## **Group Accounts**

### **Introduction**

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires local authorities to consider their interests in all types of entities. This includes other local authorities or similar bodies defined in section 106 of the Local Government (Scotland) Act 1973, including statutory bodies such as Valuation and Concessionary Travel Joint Boards. Authorities are required to prepare a full set of group accounts in addition to their own council's accounts where they have a material interest in such entities. West Dunbartonshire Council has accounted for its interests in each associate and joint venture using the equity method of accounting.

### **Combining Entities**

The Group Accounts consolidate the results of the council with six other entities:

- Dunbartonshire and Argyll & Bute Valuation Joint Board (VJB);
- West Dunbartonshire Health and Social Care Partnership (HSCP);
- Strathclyde Partnership for Transport (SPT);
- Strathclyde Concessionary Travel Joint Board (SCT);
- West Dunbartonshire Leisure Trust (WDLT); and
- Clydebank Property Company (CPC).

In addition to these entities, the Dumbarton Common Good and Sundry Trust Funds have also been consolidated.

The accounting period for all entities is 31 March 2021.

The council would class an entity as an associate if they have significant influence over the financial and operating policies of the entity. The council would class an entity as a subsidiary if they have control of the entity. The council would class an entity as a joint venture where it has contractually agreed to share control with another party, such as significant decisions require unanimous consent and the joint ventures have rights to the net assets of the arrangement.

Under accounting standards, this council includes the results of three of these organisations as 'associates' because it has a significant influence over their financial and operating policies (namely VJB, SPT and SCT). The council has no shares in, nor ownership of any of these organisations which are entirely independent of the council.

The Joint Boards are independent public bodies formed by an Act of Parliament. All local government functions that relate to these bodies have been delegated from the constituent councils that comprise the area of each Board. The members of each Board are elected Councillors and are appointed by the councils in proportions specified by legislation.

The WDLT, CPC and the Common Good and Trust Funds have been included as subsidiaries.

HSCP has been included as a joint venture.

### **Basis of Combination and Going Concern**

The combination has been accounted for on an acquisition basis using the equity method – that is, the council's share of the net assets and liabilities of each entity is incorporated and adjusted each year by the council's share of the entities' results (recognised in the Group Income and Expenditure Account), and its share of other gains and losses.

For four of the six entities, the council has a share in a net asset. The negative balances on the VJB and WDLT arise from the inclusion of liabilities related to defined benefit pension schemes as required by IAS19 for VJB and FRS102 for WDLT.

## **Group Accounts (Cont'd)**

### **Basis of Combination and Going Concern (Cont'd)**

The effects of inclusion of these entities and the Common Good and Trust Funds on the Group Balance Sheet is to increase reserves and Net Assets by £36.611m – representing the council's share of net assets in these entities.

The Code requires councils to prepare financial statements on a going concern basis. A transfer within public services does not negate the presumption that these bodies are still a going concern.

Thus all entities consider it appropriate that their Financial Statements should follow the 'going concern' basis of accounting. Statutory arrangements with the constituent local authorities for the deficit of the Valuation Joint Board means that the financial position of the Board is assured.

Whilst the Balance Sheet of some entities show negative total assets, this relates primarily to defined benefit scheme pension liabilities in these entities. The financial statements of all individual group entities have been prepared on a going concern basis and, as such, the group accounts have also been prepared on this basis.



## Group Accounts (Cont'd)

### Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes. The net increase/decrease before transfer to earmarked reserves line shows the statutory general fund balance and housing revenue account balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	Usable Reserves		WDC Usable Reserves		Usable Reserves		WDC Usable Reserves		Usable Reserves		Total	
	WDC Usable Reserves	Group Usable Reserves	Reserves	Total Usable Reserves	Reserves	Group Usable Reserves	Reserves	Total Usable Reserves	Reserves	Group Usable Reserves	Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2020/21</b>												
<b>Opening Balance at 1 April 2020</b>	(15,834)	(13,986)	(29,820)	(269,078)	(16,039)	(285,117)	(314,937)					
<b>Movement in reserve 2020/21</b>												
(Surplus) or deficit on provision of services	2,792	(1,310)	1,482	(36,459)	9,711	(26,748)	(25,266)					
Other Comprehensive Expenditure and Income	(11,971)	(7,223)	(19,194)	11,971	(7,814)	4,157	(15,037)					
<b>Net Increase/(Decrease) before Transfers to Other Statutory Reserves</b>	<b>(9,179)</b>	<b>(8,533)</b>	<b>(17,712)</b>	<b>(24,488)</b>	<b>1,897</b>	<b>(22,591)</b>	<b>(40,303)</b>					
Transfers to/from other statutory reserves *	802	(25)	777	(852)	75	(777)	0					
<b>Closing Balance at 31 March 2021</b>	<b>(24,211)</b>	<b>(22,544)</b>	<b>(46,755)</b>	<b>(294,418)</b>	<b>(14,067)</b>	<b>(308,485)</b>	<b>(355,240)</b>					
<b>2019/20</b>												
<b>Opening Balance at 1 April 2019</b>	(16,091)	(11,778)	(27,869)	(174,887)	(13,010)	(187,897)	(215,766)					
Restatement due to % share in 2019/20	0	397	397	0	756	756	1,153					
<b>Restatement Opening Balance 1 April 2019</b>	<b>(16,091)</b>	<b>(11,381)</b>	<b>(27,472)</b>	<b>(174,887)</b>	<b>(12,254)</b>	<b>(187,141)</b>	<b>(214,613)</b>					
<b>Movement in reserve 2019/20</b>												
(Surplus) or deficit on provision of services	7,213	33	7,246	(101,097)	968	(100,129)	(92,883)					
Other Comprehensive Expenditure and Income	(7,757)	(2,625)	(10,382)	7,757	(4,816)	2,941	(7,441)					
<b>Net Increase/(Decrease) before Transfers to Other Statutory Reserves</b>	<b>(544)</b>	<b>(2,592)</b>	<b>(3,136)</b>	<b>(93,340)</b>	<b>(3,848)</b>	<b>(97,188)</b>	<b>(100,324)</b>					
Transfers to/from other statutory reserves *	801	(13)	788	(851)	63	(788)	0					
<b>Closing Balance at 31 March 2020</b>	<b>(15,834)</b>	<b>(13,986)</b>	<b>(29,820)</b>	<b>(269,078)</b>	<b>(16,039)</b>	<b>(285,117)</b>	<b>(314,937)</b>					

\*The transfer of statutory reserves is in relation to dividends paid to the council by Clydebank Property Company.

## Group Accounts (Cont'd)

### Group Balance Sheet

The balance sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the group. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories (page 41 provides a further explanation).

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
1,015,779	Property, Plant and Equipment	1,115,834
191	Intangible Assets	282
21,270	Investment in associates	28,860
23	Long Term Debtors	22
3,982	Long term Investments	3,703
1,406	Heritage Assets	1,406
<b>1,042,651</b>	<b>Total Long Term Assets</b>	<b>1,150,107</b>
8,053	Asset Held for Sale	7,755
1,245	Inventories	1,355
42,768	Short Term Debtors	66,490
19,505	Cash and Cash Equivalents	15,735
<b>71,571</b>	<b>Current Assets</b>	<b>91,335</b>
(232)	Provisions	0
(3,605)	PPP & Finance Lease Liabilities	(3,677)
0	Donated Inventories	(53)
(42,632)	Short Term Creditors	(73,107)
<u>(236,336)</u>	Short Term Borrowing	<u>(263,105)</u>
<b>(282,805)</b>	<b>Current Liabilities</b>	<b>(339,942)</b>
<b>831,417</b>	<b>Total Assets less Current Liabilities</b>	<b>901,500</b>
(507)	Liabilities in Associates	(283)
(276,905)	Long Term Borrowing	(284,798)
(96,337)	PPP & Finance Lease Liabilities	(92,615)
(657)	Provision for liability	(459)
(134,402)	Net Pensions Liability	(166,842)
<u>(7,672)</u>	Capital Grants Receipts in Advance (conditions)	<u>(1,263)</u>
<b>(516,480)</b>	<b>Long Term Liabilities</b>	<b>(546,260)</b>
<b>314,937</b>	<b>Total Assets Less Liabilities</b>	<b>355,240</b>
	<b>Represented by:</b>	
29,820	Usable Reserves	46,755
<u>285,117</u>	Unusable Reserves	<u>308,485</u>
<b>314,937</b>	<b>Total Reserves</b>	<b>355,240</b>

The unaudited Financial Statements were authorised for issue on 23 June 2021 and the audited Financial Statements were authorised for issue on 17 November 2021.

*Stephen West*

Stephen West  
Chief Officer - Resources  
West Dunbartonshire Council

17 November 2021

## **Group Accounts (Cont'd)**

### **Group Cashflow Statement**

The cash flow statement shows the changes in cash and cash equivalents of the group during the reporting period. The statement shows how the group 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council'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 group.

The incorporation of the associates and subsidiaries within the group cash flow statement is immaterial, therefore, no cash flow statement is noted within the Group Accounts.

The Council's cashflow is noted on page 42.

## Group Accounts (Cont'd)

### Notes to the Group Accounts

#### Note 1 - Details of combining entities

The notes required for the Financial Statements of West Dunbartonshire Council are disclosed separately in the preceding pages. For Strathclyde Partnership for Transport and Concessionary Travel Scheme, although the council holds less than 20% voting rights, it has a significant influence on the bodies. The organisations have voting allocations over 11 other local councils, with no one council holding majority shares, which ensures that all 12 councils can influence decisions. The following notes provide material additional amounts and details in relation to the other combining entities.

#### Associates and Joint Ventures

**Strathclyde Partnership for Transport** is the statutory body responsible for formulating the public transport policy on behalf of the 12 local authorities in the West of Scotland. In 2020/21, the council contributed £2.186m (2019/20 £2.133m restated) or 4.03% of the Board's estimated running costs and its share of the year end net asset of £17.817m (2019/20 £17.209m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

**Strathclyde Concessionary Travel Scheme Joint Board** oversees the operation of the concessionary fares scheme for public transport on behalf of the 12 local authorities in the West of Scotland. The costs of the scheme are funded through requisitions from the 12 councils and by the Scottish Executive via a 'section 70' grant. In 2020/21, the council contributed £0.162m (2019/20 £0.171m), 4.03% of the Board's estimated running costs and its share of the year end net asset of £0.139m (2019/20 £0.029m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

**Dunbartonshire and Argyll and Bute Valuation Joint Board** was formed in 1996 at local government re-organisation by an Act of Parliament. The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of West Dunbartonshire, East Dunbartonshire and Argyll and Bute. The Board's running costs are met by the three authorities, with surpluses and deficits on the Board's operations also shared between the councils. In 2020/21, the council contributed £0.714m (2019/20 £0.709m) or 25.92% of the Board's estimated running costs and its share of the year end net liability of £0.283m (2019/20 £0.507m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Valuation Joint Board, 16 Church Street, Dumbarton G82 1QL.

**The West Dunbartonshire Health & Social Care Partnership** - the Public Bodies (Joint Working) Act (Scotland) 2014 sets out the arrangements for the integration of health and social care across the country. The Scottish Government approved the Integration Scheme for West Dunbartonshire which details the 'body corporate' arrangement by which NHS Greater Glasgow & Clyde Health Board and West Dunbartonshire Council agreed to formally delegate health and social care services for adults and children (including criminal justice, social work services) to a third body, which is described in the Act as an Integration Joint Board. The Integration Joint Board for West Dunbartonshire is known as the West Dunbartonshire Health & Social Care Partnership Board (HSCP Board) and started operations on 1 July 2015. The Board's running costs are met by the two bodies mentioned above, with surpluses and deficits on the Boards operations also shared between them. In 2020/21, the council contributed £70.873m (2019/20 £67.584m) towards estimated running costs and its share of the year end net asset of £10.904m (2019/20 £4.032m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Chief Financial Officer to the Integration Joint Board, 16 Church Street, Dumbarton G82 1QL.

## Group Accounts (Cont'd)

### Notes to the Group Accounts (Cont'd)

#### Note 1 - Details of combining entities (Cont'd)

The council's share of its associates and joint ventures are as follows:

	Strathclyde Partnership for Transport £000	Strathclyde Concessionary Travel Scheme Joint Board £000	Dunbartonshires and Argyll and Bute Valuation Joint Board £000	West Dunbartonshire Health & Social Care £000	Total £000
<b>2020/21</b>					
Surplus/ (Deficit) on					
Operating Activities	350	(110)	(55)	6,872	7,057
Non Current Assets	11,438	0	166	0	11,604
Current Assets	7,283	147	233	10,904	18,567
Non Current Liabilities	0	0	(629)	0	(629)
Current Liabilities	(904)	(8)	(53)	0	(965)
<b>2019/20</b>					
Surplus/ (Deficit) on					
Operating Activities	2,581	(22)	(76)	519	3,002
Non Current Assets	11,153	0	165	0	11,318
Current Assets	6,981	74	184	4,057	11,296
Non Current Liabilities	(132)	0	(827)	0	(959)
Current Liabilities	(793)	(45)	(29)	(25)	(892)

#### Subsidiaries

**West Dunbartonshire Leisure Trust** was formed in December 2011 and started trading on 5 April 2012. The Trust is a charitable company registered in Scotland and provides leisure facilities within the West Dunbartonshire area to the general public and operates sports centres, leisure centres, swimming pools, halls and community education centres owned by the council. The Trust is paid a management fee by the council for the provision of these services. The Trust's net liability at 31 March 2021 was £0.036m (2019/20 £1.833m net asset) and its surplus for the year was £1.034m (2019/20 £0.005m deficit). The accounts of the Trust are published separately and can be obtained from the Manager, Leisure Trust Headquarters, Alexandria CE Centre, Alexandria, G83 0NU which is also the company's principal place of business.

**Clydebank Property Company** was part of a group organisation previously known as Clydebank Rebuilt which was a pathfinder urban regeneration organisation, limited by guarantee and included a commercial letting company (industrial units) and a registered charity (the Titan Trust). On 11 August 2014, following the transfer of the Titan Crane to the Property Company, the council bought the commercial letting company with a view to continuing its regeneration objective. The Company's net asset at 31 March 2021 was £3.861m (2019/20 £3.408m) and its surplus for the year before payment of a dividend was £0.699m (2019/20 £0.061m surplus). The accounts of the Company are published separately and can be obtained from the Company's Headquarters, Titan Enterprise, 1 Aurora Avenue, Queen's Quay, Clydebank G81 1BF which is also the Company's principal place of business.

**Dumbarton Common Good** is held in Trust by West Dunbartonshire Council. Although the council does not contribute to this fund financially, it has been included within the council's Group through materiality by nature. Net usable income in 2020/21 was £0.083m (2019/20 £0.031m net usable spend).

## Group Accounts (Cont'd)

### Notes to the Group Accounts (Cont'd)

#### Note 1 - Details of combining entities (Cont'd)

**Trust Funds** are held in Trust by West Dunbartonshire Council. Although the council does not contribute to these funds financially, they have been included within the council's Group through materiality by nature. The net increase in funds of £0.002m (2019/20 £0.006m decrease) for the Trust Funds. For the purposes of the Group Accounts, two Trust Funds managed by the council (Dunbartonshire Educational Trust and McAulay Prize for Mathematics Trust) have been included pro rata to the council's share. Copies of the accounts may be obtained from West Dunbartonshire Council, 16 Church Street, Dumbarton G82 1QL.

#### The council's subsidiaries year end results are as follows:

	West				
	Dunbartonshire	Clydebank Property			
	Leisure Trust	Company	Common Good	Trust Funds	Total
	£000	£000	£000	£000	£000
<b><u>2020/21</u></b>					
Surplus/ (Deficit) on Operating Activities	1,034	194	83	2	1,313
Non Current Assets	245	4,373	3,487	0	8,105
Current Assets	4,908	415	537	201	6,061
Non Current Liabilities	(3,227)	(732)	0	0	(3,959)
Current Liabilities	(1,962)	(195)	(16)	0	(2,173)
<b><u>2019/20</u></b>					
Surplus/ (Deficit) on Operating Activities	5	61	31	6	103
Non Current Assets	282	3,986	3,487	0	7,755
Current Assets	3,453	418	482	199	4,552
Non Current Liabilities	(325)	(657)	0	0	(982)
Current Liabilities	(1,577)	(442)	(44)	0	(2,063)

#### Note 2 – Non-Material Interest in Other Entities

The council has an interest in a number of other organisations. The council's share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the council. Accordingly, the Group Accounts do not include these organisations. Under Accounting Regulations, the council is required to disclose the business nature of each organisation.

**Scotland Excel** is a joint committee established through Section 57 of the Local Government (Scotland) Act 1973. The main purpose of the committee includes co-ordination of collaborative buying initiatives, representation of interests in public sector contracts, and the development and operation of a centre of procurement expertise for Local Government in Scotland.

**Clydebank Municipal Bank** is a company limited by shares set up based upon the Companies Act 1908 and 1913. It acts as banker for a number of private individuals/organisations. The council provides services to the bank and funds any annual losses incurred. The bank's year end is 5 April. The principal business of the Municipal Bank is to accept deposits from private account holders and to invest funds with West Dunbartonshire Council. The chairman and directors of the bank are Elected Members of the Council. As per the bank's unaudited financial statements at 31 March 2021, 2,472 accounts were held with the bank (2019/20 2,482), with a total amount on deposit of £1.733m (2019/20 £1.540m restated), with £1.306m being invested with the council (2019/20 £1.306m). Interest paid by the council to the bank in the year was £0.034m (2019/20 £0.033m).

## Group Accounts (Cont'd)

### Notes to the Group Accounts (Cont'd)

#### Note 2 – Non-Material Interest in Other Entities (Cont'd)

**Hub West of Scotland** is a public private Joint Venture development organisation established in 2012. They work with the public sector partners to plan, design, build, and fund and maintain buildings in the most efficient and effective manner delivering better value for money and ultimately improving public services. Hub West of Scotland comprises: Hub West Territory Participants, Scottish Futures Trust and The Wellspring Partnership.

**Business Loans Scotland Ltd** was formed in March 2017 with 27 Scottish local authorities full members, including West Dunbartonshire Council, and the remaining 5 Scottish local authorities becoming associate members. In this respect, each member local council provides a level of loan finance for companies in their area under Phase 1, augmented in Phase 2 by Scottish Growth Scheme and European Regional Development Funding (ERDF).

#### Note 3 – Financial Impact of Consolidation

The effect of inclusion of the entities on the Group Balance Sheet is to increase reserves and net assets by £36.611m (2019/20 £30.025m net asset) respectively representing the council's share of the realisable surpluses/deficits in these organisations. This leaves the group account with an overall net asset of £355.240m (2019/20 £314.937m).

#### Note 4 – Analysis of Material Amounts in Income and Expenditure Account

The following table provides an analysis of the council's share of the material amounts as a result of the inclusion of the associates and subsidiaries.

#### Contribution to Group Income and Expenditure Reserve:

2019/20	2020/21
£000	£000
17,209 Partnership for Transport	17,817
29 Concessionary Travel Board	139
(507) Valuation Joint Board	(283)
4,032 West Dunbartonshire Health & Social Care	10,904
1,833 West Dunbartonshire Leisure Trust	(36)
3,305 Clydebank Property Company	3,861
3,925 Common Good	4,008
199 Trust Funds	201
<b>30,025 Total</b>	<b>36,611</b>

#### Note 5 – Major Sources of Estimation Uncertainty

**Covid -19** – similar to the uncertainty noted for the Council in Note 1, valuations of Non Current Assets are subject to material value uncertainty for other group entities. For avoidance of doubt, the inclusion of this declaration does not mean that the valuation cannot be relied upon, rather that it has been included to ensure transparency. Although this remains a generic uncertainty, it has been particularly highlighted for the Partnership for Transport.

## **Group Accounts (Cont'd)**

### **Notes to the Group Accounts (Cont'd)**

#### **Note 6 - Group Accounting Policies: Disclosure of differences with main Statement of Accounting Policies**

The financial statements in the Group Accounts are prepared in accordance with the accounting policies set out in Note 1 on pages 43 to 56 with additions and exceptions noted below:

#### **Group Income and Expenditure Account**

Proceeds from disposal of fixed assets – profits and losses from the disposal of fixed assets are credited or debited to the Group Income and Expenditure Account within the net cost of services. The proceeds are then appropriated out after net operating expenditure. For those proceeds associated with the disposal of the council's assets, appropriation is to the Group Reserves. For those proceeds associated with the disposal of associates' assets, appropriation is to the Group Income and Expenditure Reserve.

#### **Group Balance Sheet**

Inventories – valuation methods vary slightly across the Group. The council uses cost price basis. The difference in valuation methods does not have a material impact on the results of the group given the levels of stock held within the organisations; and

Pensions – West Dunbartonshire Leisure Trust complies with the Financial Reporting Standard FRS102 concerning the disclosure of information on pensions. There is no difference in the Profit and Loss Account by using this method in comparison with IAS19 (which is used by other group entities) therefore there is no impact on the results of the group.

## Glossary of Terms

While much of the terminology used in this report is self explanatory, the following additional definitions and interpretation of the terms used are provided for assistance. The Glossary of Terms does not comprise part of the audited financial statements.

- 1. Employee benefit expenses**  
This includes salaries, wages, overtime, bonus, enhancements, pensions, employer's national insurance, travelling and subsistence expenses and other staff allowances.
- 2. Other service expenses**  
This includes:
  - property costs (e.g. rent, rates, insurance, repairs and maintenance, upkeep of grounds, heating and lighting);
  - supplies and services (e.g. food, materials, books, uniforms and protective clothing, purchase/ maintenance of equipment);
  - transport costs (e.g. fuel, repairs and maintenance, tyres, licences, insurance and procurement of transport for school children);
  - administration costs (e.g. printing and stationery, advertising, postages, telephone costs);
  - Payments to Other Bodies (e.g. grants and payments to individuals, organisations and agencies providing services complementing or supplementing the Council's work.
- 3. Specific Government Grants**  
This includes grants received from Central Government in respect of a specific purpose or service, usually calculated as a predetermined percentage of the expenditure actually incurred e.g. National Priority Action Fund, Benefits Administration.
- 4. General Income**  
This includes the charges to persons and bodies for the direct use of council services.
- 5. Capital Expenditure**  
This is expenditure incurred in creating, acquiring or improving assets where the expenditure is normally financed by borrowing over a period of years, finance leases, or utilising the income from the sale of existing assets.
- 6. Capital Financed from Current Revenue**  
This is expenditure incurred in creating, acquiring or improving assets where that expenditure is charged directly to the revenue account.
- 7. Deferred Asset**  
The deferred asset represents the net value of the premium paid/discounts received by the Council on the early repayment of external long term loans.
- 8. Useable Capital Receipts Reserve**  
The Useable Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.
- 9. Pension Interest Cost**  
The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement
- 10. Expected Return of Pension Assets**  
The average rate of return expected over the remaining life of the related obligation on the actual assets held.
- 11. CIPFA**  
Chartered Institute of Public Finance and Accountancy
- 12. LASAAC**  
Local Council (Scotland) Accounts Advisory Committee
- 13. Budget**  
The original revenue budget as set by Members at an appropriate Council meeting.
- 14. Intangible Assets**  
Expenditure on assets such as software licences that do not have physical substance but are identifiable and controlled by the Council.
- 15. Revaluation Reserve**  
This fund is a store of gains on the revaluations of fixed assets. It is a reserve held for technical accounting purposes and is not available for distribution.

## Glossary of Terms (Cont'd)

- 16. Capital Adjustment Account (CAA)**  
This fund is a store of capital resources set aside to meet past expenditure. It is an account held for technical accounting purposes and is not available for distribution.
- 17. Financial Instrument Adjustment Account (FIAA)**  
This account is used to balance for differences in statutory requirements and proper accounting practices for borrowing and lending. It is an account held for technical accounting purposes and is not available for distribution.
- 18. Associate Body**  
An entity other than a subsidiary or a joint venture in which the council has an interest and over who's operating and financial policies the council is able to exercise significant influence.
- 19. Entity**  
A body that is delivering a service or carrying on a business. It should have a separate legal personality and is legally obliged to prepare its own financial statements.
- 20. Statutory Additions**  
Additional charges levied for late payment of council tax and non domestic rates.
- 21. Capital Items Replacement Fund**  
Reserve earmarked for specific purposes within Education
- 22. Available for Sale Reserve**  
Assets that have a quoted market price and/or do not have fixed or determinable payments.
- 23. Current Service Costs (Pension)**  
This relates to the real cost of benefit entitlement earned by employees.
- 24. Past Service Costs/Gains (Pension)**  
This relates to posts/gains from years prior to the current year and arise from decisions made in year. This relates to the capitalised cost of early retirements on efficiency grounds.
- 25. Curtailments (Pension)**  
Used to reduce the number of expected years of future service for employees. In year this relates to the capitalised cost of early retirements on efficiency grounds.
- 26. Interest Cost (Pensions)**  
The amount needed to unwind the discount applied in calculating current service cost.
- 27. Expected Return on Assets (Pensions)**  
A measure of the return on the investment assets held by the scheme for the year.
- 28. Public Private Partnership (PPP)/Public Finance Initiative (PFI)**  
A contract between the council and a private organisation for the provision of new Educational buildings maintenance and related facilities.
- 29. Available for Sale Assets**  
These assets are in relation to Financial Instruments and include:
  - Equity investments; and
  - Other investments traded in an active market.
- 30. Heritage Assets**  
An asset with historical, artistic, scientific, technological, geophysical or environmental qualities which is held for its contribution to knowledge and culture.
- 31. PPE**  
Property, Plant and Equipment.

## **Independent auditor's report to the members of West Dunbartonshire Council and the Accounts Commission**

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

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of West Dunbartonshire Council and its group for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements and Balance Sheets, the council-only Cash Flow Statement, the Movement on the Housing Revenue Account Statement, the Housing Revenue Account Income and Expenditure Statement, the Council Tax Account and the Non-Domestic Rates Account, and notes to the financial statements group and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the council and its group as at 31 March 2021 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 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 inion**

#### **Basis of 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 under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is five years. I am independent of the council and its group 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 council. 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 council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

## **Risks of material misstatement**

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

## **Responsibilities of the Chief Officer – Resources and West Dunbartonshire Council for the financial statements**

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

The Council 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 economic 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:

- obtaining an understanding of the applicable legal and regulatory framework and how the council is complying with that framework;
- identifying which laws and regulations are significant in the context of the council;
- assessing 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 council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### Report on other requirements

#### **Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report**

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

#### **Statutory other information**

The Chief Officer - Resources is responsible for the statutory other information in the annual accounts. The statutory 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 statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether 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 statutory 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 statutory 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 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; or

- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

### **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 120 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.

*Fiona Mitchell-Knight*

**Fiona Mitchell-Knight FCA  
Audit Director  
Audit Scotland  
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17 November 2021