

WEST  
DUNBARTONSHIRE  
COUNCIL

# Annual Accounts 2022-2023

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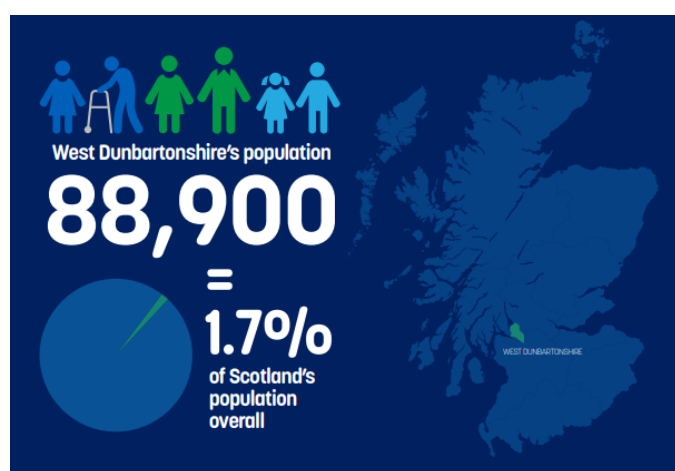
# Management Commentary

## Management Commentary

### Introduction

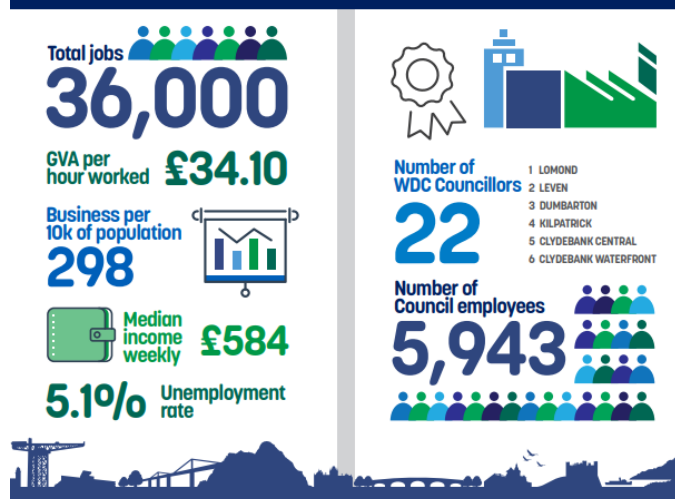
Welcome to the Financial Statements for West Dunbartonshire Council (the Council) and its group for the year ended 31 March 2023. The Statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This Management Commentary will demonstrate the stewardship of public funds entrusted to the Council and outlines the key messages regarding the performance of the Council over the 2022/23 financial year as well as providing an indication of risks and issues which may impact upon the Council in the future.

### Profile of West Dunbartonshire Council



The Council is an average sized Council 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.



The Council is led by 22 councillors, elected every five years to represent the residents within the area. Following the Local Government elections in March 2022 the Council has had a Labour administration with Councillor Martin Rooney as the Council Leader.

# Management Commentary

During 2022/23 the senior management structure consists of the Chief Executive, eight Chief Officers, with the Integration Joint Board (referred to as Health and Social Care Partnership (HSCP)) managed at a senior level by a Chief Officer.

The Council also has:

- West Dunbartonshire Leisure Trust – an arm's length organisation which operates certain services on the Council's behalf
- a regeneration company called Clydebank Property Company
- West Dunbartonshire Energy Company which is an energy generation company 99.9% owned by the Council.

In May 2022 Peter Hesselst was appointed as the Council's new Chief Executive and, after a recruitment process, in October 2022 Alan Douglas was appointed as the Council's new Chief Officer Regulatory and Regeneration and also appointed as the Council's Monitoring Officer. In June 2023, in anticipation of the departure of Angela Wilson (Chief Officer Supply, Distribution and Property) on 1 September 2023 the Chief Executive announced a reallocation of responsibilities to the remaining Chief Officers and confirmed that the post of Chief Officer Supply, Distribution and Property will be removed from the Council's establishment.



## The Strategic Plan, Vision and Priorities

The [Strategic Plan 2022-27](#) sets out the Council's direction, with an emphasis on improving the lives of residents and reducing inequality. Its vision is to *'deliver services which build on the strengths and resilience of our neighbourhoods and support all residents to fulfil their individual potential, and that of their communities.'* This focuses on four key priorities:

- Our Communities - Resilient and Thriving
- Our Environment - A Greener Future
- Our Economy - Strong and Flourishing
- Our Council - Inclusive and Adaptable

These priorities reflect those set out in wider partnership plans such as Community Planning West Dunbartonshire's Local Outcomes and Improvement Plan and the West Dunbartonshire Health and Social Care Partnership Strategic Plan.

Specific objectives within each priority provide further detail, with progress measured through a suite of performance indicators (PIs) and targets.

## Delivery Plans

Delivery plans set out how the Strategic Plan priorities and objectives will be met. Developed annually for each strategic area, they set out actions to deliver the Strategic Plan as well as actions to address the performance challenges and service priorities identified in the planning process. They also provide an overview of services and resources, set out the Performance Indicators (PIs) for monitoring progress, and consider the relevant risks.

# Management Commentary

## Performance Reporting

### Strategic Plan and Delivery Plans

Performance against the PIs and actions set out in the Strategic Plan and associated Delivery Plans is reviewed and managed by Chief Officers throughout the year and reported to Council and Committees for scrutiny twice yearly, at mid-year and year-end.

The [Strategic Plan progress report](#) and [Delivery Plan progress reports](#) set out 2021/22 performance in detail while the infographic based [Annual Report](#) provides an overview across a wide range of areas including the Strategic Plan, feedback from service users and residents, as well as budget and workforce information..

The table below show the total number of indicators reported through the Strategic Plan and details latest available performance data for the 2021/22 year:

Indicator Status	Strategic Indicators 2021/22
Total Indicators	40
Green	18 (45%)
Amber	10 (25%)
Red	11 (27.5%)

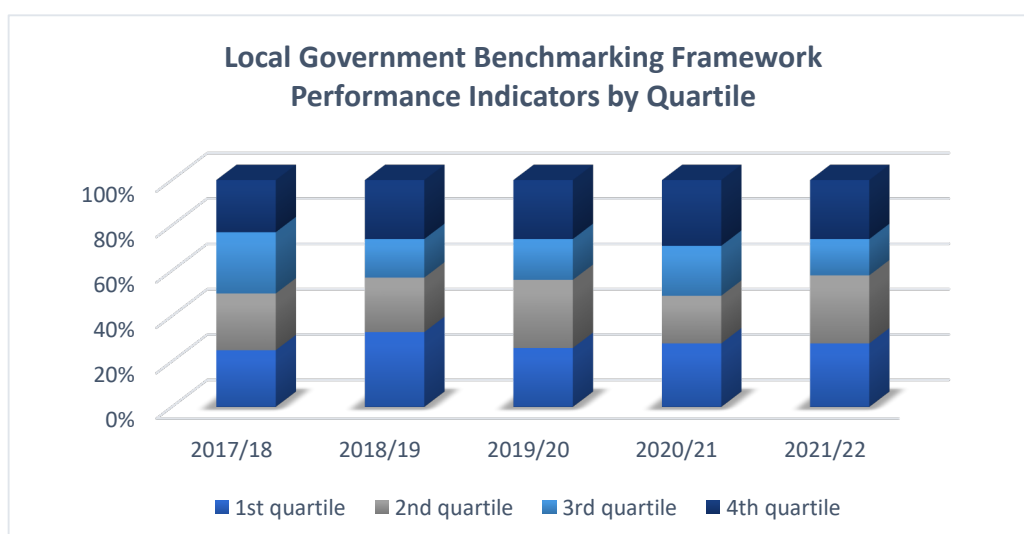
### Local Government Benchmarking Framework

All 32 Scottish councils measure a common set of PIs called the Local Government Benchmarking Framework (LGBF). This allows us to compare performance, identify best practice, learn from each other, and improve what we do. The framework comprises 105 cost, satisfaction and service indicators covering a wide range of council services.

A summary of performance in 2021/22 is set out in the table below. This is the most recent year for which comparative data is available.

% (No.) of LGBF PIs	Improved on previous year	Better than Scottish average	Better than family group average (i.e. similar councils)
Cost	33% (7)	43% (9)	52% (11)
Satisfaction	64% (8)	100% (11)	100% (10)
Service performance	64% (47)	45% (36)	47% (39)

The graph summarises our comparative performance over the last five years, showing the percentage of indicators in each of the four quartiles, with Q1 representing the top eight performing councils and Q4 the bottom eight. The percentage of indicators in the top two quartiles is highest in the latest year, 2021/22. The [year-end progress report](#) provides details of all 105 indicators in the framework.



# Management Commentary

## Key Achievements 2022/23

Some of our key achievements in 2022/23 are highlighted below in relation to our four strategic priorities:

### Priority 1 – Our Communities are Resilient and Thriving

The Council launched a range of cost of living initiatives to assist people and community groups hardest hit by the crisis. This included:

- Providing £1,000 per week to West Dunbartonshire Foodbanks.
- Funding sports and leisure programmes at the Antonine Sports Centre.
- Providing free summer and October holidays swimming for school pupils.
- Providing free gym membership in the summer and October holidays to all 14 – 18 year olds in West Dunbartonshire Leisure Trust fitness suites.
- Creating a £250,000 Household Energy Support Fund.
- Launching a £1m capital fund to support community focused cost of living initiatives.
- Hosting a conference to encourage local partnership action to mitigate the impact of the cost of living crisis on residents.



In addition, the Communities Team and Democratic Services successfully supported the re-establishment of 12 Community Councils under the revised Scheme for the Establishment of Community Councils and through an improved election process.

In relation to education the Council:

- Increased attainment of school pupils across reading, writing and numeracy across every primary age group.
- Introduced a new quality framework for education.
- Opened a new state-of-the-art Primary School, Additional Support Need base and Early Learning Childcare Centre in Renton.
- Maintained exam results in the first post COVID assessment year.

### Priority 2 – Our Environment Promotes a Greener Future

The Council has:

- Committed to renewable and sustainable technologies for all future Council housing developments as part of a commitment to reduce carbon emissions.
- Connected the first 146 homes to the new low carbon Queens Quay District Heating Network.
- Launched a Spring Clean Up to offer residents an opportunity to clean up their homes and gardens and dispose of waste at no cost.





## Management Commentary

### Priority 3 – Our Economy is Strong and Flourishing

The Council has:

- Secured the development of a new superstore in Alexandria Town Centre.
- Provided permanent employment opportunities for newly qualified trade apprentices.
- Secured £3.9m from the UK Shared Prosperity Fund to enhance West Dunbartonshire resident's pride of place and increase life chances.
- Continued to progress key transformational projects including Quay, the District Heating Network, the former Esso site at Bowling and at Queens Quay where the new housing development has been shortlisted in the Homes for Scotland award.



### Priority 4 – Our Council is Inclusive and Adaptable

The Council has:

- Consulted the community on the development of an Additional Support Needs School.
- Delivered a successful employee recognition event.
- Implemented a range of People and Change frameworks to ensure our employees have the skills to do their job effectively.
- Joined a nationwide project to combat violence against women and encourage more diversity in the workforce.
- Replaced 1,400 PCs and laptops and 1,200 Chromebooks in schools, early years establishments and libraries.

### Carbon Emissions and Energy Consumption

The Council has exceeded its annual target set out in the Carbon Management Plan, emitting a total of 24,022 tonnes of carbon dioxide from our operations in 2021/22. This equates to a 1.64 % increase (mainly due to increase in water consumption and waste) against the previous financial year, or 27.1 % total reduction overall against the 2012/13 baseline year. The Council approved a Climate change Strategy in November 2020 which has set an overall target to reduce carbon emissions to 'net zero' by 2045 which will align with Scottish Government targets. This includes two interim targets of a 61% reduction by 2030/31 (versus 2012/13 baseline) and 87% reduction by 2040/41 (versus 2012/13 baseline). Annual progress of the Climate Change Action Plan is monitored through annual reporting to the Council's Infrastructure, Regeneration & Economic Development (IRED) Committee and additionally monitored as part of the Regulatory and Regeneration Services Delivery Plan twice per year to Corporate Services and IRED Committees. Furthermore, progress on the Action Plan is monitored via the multi-departmental Climate Change Action Group and reported to the senior management team in the Recovering and Renewal Board on a quarterly basis.

# Management Commentary

## 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.

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/>

## Council's 2022/23 Budgets

### Revenue

The Council approved the 2022/23 revenue budget on 9 March 2022 based on band D Council tax at £1,332.36. The budget was set at £251.693m (as detailed in the table below) to be funded by Scottish Government Grant (£209.066m); Council tax (£38.126m), with a net contribution from reserves and the service concessionary benefit for the remaining (£4.501m).

	Budget (£m)	% of budget
Corporate Services	21.934	8.71%
Educational Services	107.787	42.82%
Infrastructure, Regeneration and Economic Development	24.965	9.92%
Housing and Communities	3.612	1.44%
Health & Social Care Partnership	83.392	33.13%
Loan Charges	6.634	2.64%
Other	3.369	1.34%
<b>Total</b>	<b>251.693</b>	<b>100%</b>

The budget was updated during the year for a number of variables, resulting in a final planned net expenditure of £258.297m. The year-end revenue budgetary position is detailed on page 8 of this commentary.

On 9 March 2022 the Council also approved the revised capital plan with a planned General Services spend in 2022/23 of £51.506m and re-phased capital from the previous year of £11.539m making a total of £63.045m. In-year additional projects increasing the planned spend by £4.653m to £67.698m and acceleration and reprofiling budgets for 2023/24 of (£1.012m) giving an overall 2022/23 capital programme of £66.686m. This investment is funded from a range of sources including: government grants and council ongoing revenue. Major areas of investment are economic regeneration, school modernisation, roads and infrastructure and a range of other council assets.

## Housing Revenue Account

On 9 February 2022 the Council agreed an increase in Council house rents of 2% and on 9 March 2022 the Council approved the Housing Revenue Account budget and planned capital investment for 2022/23 of £47.233m, and re-phased capital from the previous year of £11.386m making a total of £58.619m. Further in-year changes updated the planned spend for 2022/23 to £65.604m. The year-end revenue budgetary position is detailed on page 9 of this commentary, with the capital year end budgetary position shown on page 12.



# Management Commentary

## 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 2023. The Council operates two main Funds:

1. General Fund - expenditure and income associated with running council services (except the provision of council houses). Predominantly funded by Scottish Government grant and council tax.
2. Housing Revenue Account - expenditure and income associated with the provision of council housing. Predominantly funded primarily through rental income from tenants.

Two major categories of expenditure are included in the financial statements:

1. Revenue expenditure - day to day running costs incurred to provide services.
2. Capital expenditure - cost of buying, constructing and improving Council assets.

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

Page	Statement	Statement Details
33	Comprehensive Income and Expenditure Statement (CIES)	Income and expenditure for all Council services.
35	Movement in Reserves Statement	How the surplus/deficit on the Income and Expenditure Account for the year reconciles to the movement on the General Fund. Also highlights movement on all other reserves held on the Council's Balance Sheet. Further information on each of the reserves held and how they may be used is detailed within notes 5 and 24
86	Housing Revenue Account	Income and expenditure for Council housing services for the year and includes the Statement of Movement on the Housing Revenue Account Balance
34	Balance Sheet	A summary of the Council's assets and liabilities. It is a statement of the resources of the Council and the means by which they have been financed. It is also a snapshot of the Council's financial affairs at the close of the year expressed in accounting terms.
36	Cash Flow Statement	Inflows and outflows of cash arising from transactions with third parties on revenue transactions and 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.
37-85	Notes to the Core Financial Statements	Further information and analysis of each statement, including the main accounting policies.

## 2022/23 Financial Performance

### Revenue: Outturn against Budget

#### 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 £267.663m (2021-22: £258.637m) with a net expenditure on services for the year of £293.223m (2021-22: £310.387m) (shown on page 33 - Net Cost of Services).

# Management Commentary

During 2022/23, the Scottish Government issued Finance Circular 10/2022, which permits the authority to apply an accounting flexibility for service concession arrangements entered into prior to April 2022. The application of this flexibility has resulted in the repayment of the liability being reprofiled over the asset life, therefore extending the repayment period. The unitary charge will continue to be paid to the contractor over the original contract period. This has resulted in an increase in the General Fund balance of £29.734m from £15.020m to £44.754m as at 1 April 2022, and a corresponding decrease to the Capital Adjustment Account. In 2022/23 there was an accounting adjustment to the statutory repayment of debt for service concession arrangements under the permitted flexibility of £0.286m.

The Council's financial performance is presented in the CIES on page 33 which shows a deficit on the provision of service of £49.271m (represented by a £49.008m deficit on the General Fund and a £0.262m deficit in the HRA). This statement is prepared using International Financial Reporting Standards as interpreted by the Code. However, it does not reflect the true cost or the amount to be funded from taxation and government grant income. Note 6 details the accounting adjustments required to reflect performance against the use of reserves and statutory funds. The adjustments remove the impact of non-cash items such as depreciation, revaluation and replace these with the actual cost of debt repayment. Consequently, the general fund balance has decreased by £15.679m, against a planned use of reserves during 2022/23 budget setting of £7.374m. The table below shows a summary of the movements that contributed to the final position as reported in the Expenditure & Funding Analysis.

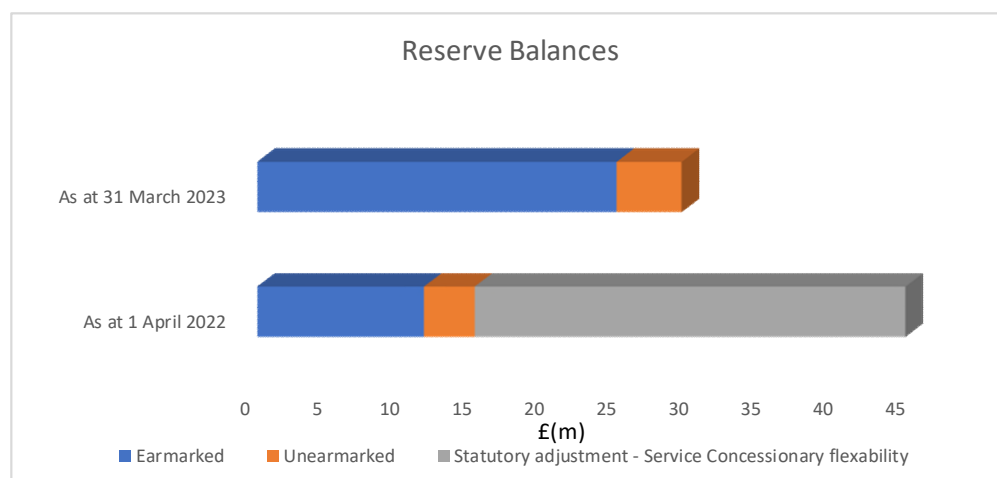
	Revised Budget £'000	Actual £'000	Variance £'000	£'000
<b>Total General Services Reserves Held at 1 April 2022</b>				<b>(44,754)</b>
Corporate Services	34,025	34,616	591	
Educational Services	112,862	110,532	(2,330)	
Infrastructure, Regeneration and Economic Development	13,540	16,740	3,200	
Housing and Employability	4,637	4,934	297	
Health and Social Care Partnership	81,759	83,178	1,419	
Loan charges	9,434	9,944	510	
Capital Receipts to fund loan charges	(2,800)	0	2,800	
Other	3,146	5,056	1,910	
<b>Net Expenditure</b>	<b>256,603</b>	<b>265,000</b>	<b>8,397</b>	
Council Tax	(38,126)	(39,313)	(1,187)	
Revenue Support Grant/NDR	(211,103)	(211,087)	16	
use of reserves	(3,445)	(3,445)	0	
<b>Revenue Budget Outturn Position</b>			<b>7,226</b>	
Transfer to/(from) Other Reserves			(1,935)	
Use of Earmarked Reserves			9,155	
Surplus/(deficit) on the Provision of Service per Expenditure and Funding Analysis				14,446
<b>Closing Useable Reserves Balance</b>				<b>(30,308)</b>

<b>Movement - Budget to Actual Outturn</b>	<b>£'000</b>
Budgeted (surplus)/deficit	
Reduction in Capital Receipts	2,803
Creation of Voluntary redundancy/severance provision	3,400
Increase in loan Charges	510
Service Overspend	1,700
Increase CTAX income	(1,187)
<b>Overspend after planned use of reserves</b>	<b>7,226</b>
Use of Reserves	7,220
<b>Decrease in General Fund</b>	<b>14,446</b>

As a result of the overall deficit, the General Fund reserves reduced from £44.754m to £30.308m. The graph below shows how the useable reserves of the Council are made up, including the £24.815m earmarked to support future budget strategy which are detailed in Note 30: Events after the Balance Sheet Date. The Council has a policy of holding a minimum of £3.438m uncommitted balance (2% of the Council's budgeted net annual running costs). As at

# Management Commentary

31 March 2023 the Council had £5.493m of free reserves (3.2% of actual running costs). The use of reserves is reviewed as part of the budget setting each year.



## Provisions

In 2022/23 a provision was recognised to fund future voluntary severance and voluntary early redundancy to reflect savings identified as part of the 2023/24 budget setting process. There were no provisions in 2021/22.

## Cash Flow Statement

The Council's cash flow statement shows an increase of cash and cash equivalents of £0.411m during 2022/23 (see page 36) mainly as a result of borrowing for capital spend on non-current assets.

## Housing Revenue Account (HRA)

By law the Council maintains a separate account for the running and management of its housing stock and had 10,423 housing units at 31 March 2023 (2022: 10,378). The movement in year is follows:

<b>Opening House Number</b>	<b>10,378</b>
Disposals	(1)
Buy Backs	17
New builds	29
<b>Closing House Number</b>	<b>10,423</b>

After the impact of earmarked balances, the account shows a deficit for the year of £0.099m. In line with the prudential reserves policy (2% of expenditure), the target reserves level for the HRA for 2022/23 is £0.984m. Taking account of the £0.099m in-year deficit, the brought forward balance from the previous year £2.734m, the balance available to the HRA for future use is £2.635m, (earmarked reserves of £1.650m and free reserves of £0.985m). The HRA's budget performance for the year is summarised in the following table. The table also highlights how the in-year deficit affects the overall reserves balance held for future use. Further information is noted on pages 86 to 87.

	Budget £'000	Spend against Budget £'000	Variance £'000	£'000
Total HRA Reserves Held at 1 April 2022				(2,734)
Total Expenditure	47,018	47,545	527	
Total Income	(47,018)	(47,545)	(527)	
Net Budgetary Control Position	0	0	0	
Net transfer for earmarked reserves				99
<b>Total HRA Reserves Held at 31 March 2023</b>				<b>(2,635)</b>

# Management Commentary

The net budgetary position on the HRA Statement noted compares to the surplus noted within the HRA Income and Expenditure Statement (page 86) as detailed below:

	2022-23	
	£'000	£'000
Surplus/Deficit for the year on HRA services		262
HRA Movement in Reserves		
Adjustment to the revenue resource	(9,853)	
Adjustment between Revenue and Capital resources	9,421	(432)
transfer (to)/from other Statutory reserves		269
Movement in HRA revenue		99
Adjust for earmarked funds:		
Use of earmarked sums		(99)
<b>Net HRA budgetary control position 2022/23</b>		<b>0</b>
HRA Reserves as at 1 April 2022		(2,734)
Use of earmarked sums		99
<b>HRA reserve as at 31 March 2023</b>		<b>(2,635)</b>

Spend relating to the net budget position is included within note 5 (Expenditure and Funding Analysis) on pages 51 to 53.

## Covid Funds

During 2022/23 officers continued to monitor the financial impact of COVID on the Council's revenue position and reported on this through budget control reports taken to Committees and full Council. £3.445m of general COVID funding was carried forward from 2021/22, with no additional funding made available in 2022/23.

Use of COVID funds is summarised in the table below (note this excludes any COVID funding made available to the Health & Social Care Partnership):

	£'000	£'000
COVID funding carry forward as at 1 April 2022		3,445
Capital Receipts Financial flexibility	(600)	
2022/23 COVID Spend	(2,845)	
		(3,445)
<b>Total covid carry forward as at 1 March 2023</b>		<b>0</b>

## Balance Sheet

The Balance Sheet on page 34 summarises the Council's assets and liabilities as at 31 March 2023 and explanatory notes are provided. The net worth of the Council has increased by £71.155m from £327.122m as at 31 March 2022 to £398.277m as at 31 March 2023. The major changes are set out in the table below.

	31 March 2022 £'000	31 March 2023 £'000	Movement £'000	Main Reason
<b>Long-term Assets</b>	1,054,610	1,134,286	79,676	Movement as a result of the revaluation and indexation of non-current assets and capital additions offset by in year depreciation
<b>Current Assets</b>	76,404	71,415	(4,989)	Decrease in debtors
<b>Current Liabilities</b>	(349,509)	(402,081)	(52,572)	Movement of short-term borrowing in line with Treasury Strategy.
<b>Long-term Liabilities</b>	(454,383)	(405,343)	49,040	Decrease in the net Pension liability.
<b>Total</b>	<b>327,122</b>	<b>398,277</b>	<b>71,155</b>	

# Management Commentary

## Pension Assets and Liabilities

The net asset arising from the Council's involvement in the defined benefit scheme totals £232.541m at 31 March 2023. However, this has been restricted to £28.030m in line with the accounting requirements of IFRIC 14 to limit the recognition of a pension asset to the extent to which the Council can recover the benefits through either refunds or reduced contributions. As the Council is not able to withdraw from the scheme or recover funds directly, the asset is therefore limited to the forecast reductions in contributions compared to the forecast future service costs. This has limited the recognition of the pension asset to £28.030m.

In addition, the Council has continued to recognise the unfunded element of its pension liabilities as there are no scheme assets to cover the future costs of these liabilities as they are due going forward. The unfunded liability as at 31 March 2023 was £43.420m. The restricted asset of £28.030m less the pension liability of £43.420m, results in an overall net pension liability as at 31 March 2023 of £15.390m, as shown on the Balance Sheet on page 34. The decrease in the pension liability is mainly as a result of a large increase in the discount rate based on market conditions as at 31 March 2023, partially offset by future pension, and salary decrease assumptions. 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 residents. 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. During 2022/23 there was a net increase in value of £79.676m. 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 2022/23 Treasury Strategy was agreed by the Council on 23 March 2022. The Council raised new long-term loans of £7.375m (2021/22 £35.000m) and short-term loans of £311.00m (2021/22 £315.500m) and repaid naturally maturing debt of £279.186m (2021/22 £320.748).

The total outstanding long-term debt (excluding PPP debt) as at 31 March 2023 was £300.471m (2021/22 £307.485m) including £128.541m (2021/22 £117.047m) for the Council's housing stock. The total outstanding short-term debt was £319.979m (2021/22 £271.457m), including £136.887m (2021/22 £132.351m) for the housing stock.

The interest and expenses rate charged by the Council's loans fund was 2.47% (1.94% in 2021/22).

## 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. The Council's Treasury Management Strategy and Capital Strategy are approved at Council. Details of the capital expenditure and financing are shown in note 11 on page 62. Total gross capital expenditure amounted to £61.877m with the split between General Services and HRA is noted in the table below. The main capital projects progressed during 2022/23 were:

General Services	HRA
Exxon City Deal	Void Housing Strategy Programme
Posties Park Hub	Building external component renewals
Clydebank Charrette	Statutory compliance works



# Management Commentary

Artizan Redevelopment	Targeted Energy Efficiency Targets in Social housing (EESH) compliance works
Local Economic Development and Regeneration	Heating Improvement works

During 2022/23, the Council had budgeted capital expenditure of £132.290m with an actual in year spend of £62.227m. The unspent amount (£70.063m) includes overspends, underspends and reprofiling, as noted within the table below. The total reprofiling on planned spend was £77.843m – 59.64% (2021/22 42.70%) of the overall capital programme which is summarised in the following table:

Service	Budget £'000	Actual Spend £'000	Variance £'000	Overspend £'000	Underspend £'000	Reprofiling £'000
Corporate Services	27,975	6,627	(21,348)	3	0	(21,345)
Education	5,726	2,521	(3,205)	237	0	(2,968)
Infrastructure, Regeneration & Development	27,714	12,892	(14,822)	1,188	(1,271)	(14,905)
Housing and Communities	147	74	(73)	13	(17)	(77)
Miscellaneous Services	5,124	5,183	59	638	(280)	417
<b>General Services Total</b>	<b>66,686</b>	<b>27,297</b>	<b>(39,389)</b>	<b>2,079</b>	<b>(1,568)</b>	<b>(38,878)</b>
HRA	65,604	34,930	(30,674)	9,467	(1,176)	(38,965)
<b>Total</b>	<b>132,290</b>	<b>62,227</b>	<b>(70,063)</b>	<b>11,546</b>	<b>(2,744)</b>	<b>(77,843)</b>

The majority of the reprofiling has occurred within a 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 2023/24 onwards. The most significant reprofiling was experienced against the following projects:

General Services	
District Heating Expansion	Network expansion to Golden Jubilee National Hospital will commence pending positive commercial discussions.
Heritage Capital Fund	The original plans were affected by COVID19. Officers are now progressing the projects with an aim to bring them back on track.
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.
Levelling Up Fund	Artizan Development will progress following completion of the development plan.
HRA	
New House Build	While the programme has progressed with a new site completed and handed over in 2022/23, due to a number of different complexities there were delays in progress to newer 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	Installations are behind original planned targets due to internal and external contractor resource issues
Building external components	Many tiled roof blocks require owner involvement and under the current financial climate, it has been more difficult to progress works with owners.

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

The Council entered into a PPP for the provision of three 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 15 on pages 84 to 86.

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. The detail is also included within note 15.

During 2022/23, the Scottish Government issued Finance Circular 10/2022, which permits the authority to apply an accounting flexibility for service concession arrangements entered prior to April 2022. The application of this flexibility

## Management Commentary

has resulted in the repayment of the liability being reprofiled over the asset life, therefore extending the repayment period. The unitary charge will continue to be paid to the contractor over the original contract period.

### 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 92 to 99 consolidate the Council's Financial Statements, the Common Good and Trust Funds and four 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 £23.475m creating an overall net asset of £421.752m. 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.

### The Financial Outlook, Key Risks and the Future

In setting the 2023/24 budget on 1 March 2023, the Council faced a number of significant financial pressures resulting from real term reductions in government funding, inflationary pressures, in particular utilities, service demand increases and the ongoing impact of the national economic position.

The 1 March 2023 Council meeting also approved the updated General Fund capital plan, the 2023/24 HRA revenue budget and the updated 5 year HRA capital plan. The capital plans include funding for a number of projects over the next five years and the revenue impact of these investments will be built into future revenue plans.

Following the setting of the budget in March 2023, budget projections identified expected budget gaps of £9.690m in 2024/25 rising cumulatively to £29.493m in 2027/28. At a Council meeting on 28 June 2023 a further Financial Update was presented which adjusted these gaps to reflect changes to budget assumptions and cost pressures. This resulted in amended estimated budget gaps of £11.829m in 2024/25 rising cumulatively to £38.249m in 2027/28.

If the Council continues to receive real term funding cuts from the Scottish Government there will continue to be a need to review the manner in which services are delivered and also the levels they are delivered at.

### Management of Risk

The main financial risks identified by the Council over the medium and long term include:

- the unknown position from government on future funding levels particularly given the ongoing decline in Council population, and real term reductions in local government funding
- changing demands and needs for Council services (particularly in relation to older people)
- continued rises in inflation and interest rates which impact on the cost of service delivery and the delivery of capital programmes
- increasing costs of capital construction due to global constraints in the supply chain
- the impact of pay award negotiations and the extent to which responsibility for funding these is shared by the Scottish Government.

The Annual Governance Statement, shown on pages 18 to 24, 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 Future

In recognition of the scale of the current financial challenge the Council will continue to identify service redesign and business transformation options and these will be reported to appropriate committees during 2023/24. Significant cost

# Management Commentary

reductions have been generated through planned actions in prior years however more work is required to deliver a balanced budget in 2024/25 and future years.

A number of major projects continue to be progressed as follows:

- **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 is progressing with the full business case approved by Council in June 2023.
- **Development of Queens Quay** – The Council's investment of £15.62m in Queens Quay over the past five years has helped fund the infrastructure needed to prepare the site for redevelopment. In collaboration with the development partners, good progress has been made on key developments, including the completion of the District Heating Energy Centre, new Care Home, social housing development, a partnership between Council, Wheatley Group and Clydebank Housing Association, and the new NHS Clydebank health centre. Housing development plots are being marketed to fulfil the ambition of delivering 1,000 new homes on Queens Quay and the Council is in dialogue with the landowner on how development can be expedited. The ongoing redevelopment of this site will be transformational for all our communities in Clydebank and create stronger links with the town centre and public transport. The District Heating Energy Centre Energy provides the heat source for existing and new developments at Queens Quay.
- **Levelling Up Fund** – The Levelling Up Fund is a capital fund to address systemic weaknesses in the economies of the UK's towns and cities. The first round of the Levelling Up Fund was announced at the 2020 Spending Review with an aim to support communities in realising this vision. The Council were successful, as part of round 1, in securing £19.9m for three interlinked regeneration projects in Dumbarton town centre. These include the re-use of the listed Glencairn House as a town centre library and museum, the redevelopment of the largely vacant and run-down Artizan Centre and Connecting Dumbarton which will improve walking and cycling routes in the town centre. The funding programme runs to March 2025 but many of the positive regeneration outcomes will be longer term.
- **Shared Prosperity Fund** – The UK Shared Prosperity Fund (SPF) is a part of the UK government's 'Levelling Up' agenda and was established, in part, to replace funds available through the European Structural Funds. Lead authorities were encouraged to collaborate with their neighbouring authorities to develop regional investment plans. The UK Government allocated funds to the City Region in proportion to the population and level of need. West Dunbartonshire has been allocated up to £3.9 million. The Regional Investment Plan has been agreed and UKSPF priorities have been established in West Dunbartonshire. These priorities centre on 'community and place'; 'supporting business'; people and skills; and multiply (supporting maths skills among adults). The planned activities have begun and the UK Shared Prosperity programme will run until March 2025.

## 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 Corporate Asset Framework and Property Asset Plan 2023-2028 was approved by Committee in February 2023. In addition, there are service specific Asset Plans covering Open Spaces, Roads Structures, Housing and Vehicle, Fleet and Plant which were all approved at the relevant service committees and will undergo refreshes in future years. We continue to identify any areas of over provision or inefficient value within the Councils assets in line with the Property and Land Disposal Strategy 2021-2026.

### 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.

# Management Commentary

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 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 24 to 32).

## 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:

2021/22 Outturn	General Services Performance		2022/23 Target	2022/23 Outturn
£5.85	Cost of collecting council tax (per dwelling)	Demonstrates the Council's effectiveness in collecting local taxation	£5.00	£2.48
15.10%	Council tax as a percentage of overall funding	Demonstrates the amount of budget raised through council tax	n/a	15.03%
94.53%	In-year council tax collection rate	Demonstrates the Council's effectiveness in collecting local taxation	93.50%	94.83%
£36.485m	Amount of income from council tax for the year that was received	Demonstrates the Council's effectiveness in collecting local taxation	n/a	£38.188m
112%	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%	160%
2.06%	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%	3.20%
£0.166m	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	n/a	£1.990m
99.93%	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	103%

2021-22 Outturn	Prudence And Affordability – Capital		2022-23 Target	2022/23 Outturn
3.28%	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	4.06%	3.94%
23.55%	Ratio of financing costs to net revenue stream – HRA	Demonstrates how much of the HRA revenue budget is used to support previous capital investment	27.08%	29.40%
£680.113	Capital Financing Requirement	The amount of planned capital expenditure not yet funded	706.242m	£742.283m
£670.893	External Debt Levels (including PPP)	The amount of external debt held by the Council. Increases due to funding of the capital programme	704.290m	£709.566m

# Management Commentary

2021/22 Outturn	Housing Performance		2022/23 Target	2022/23 Outturn
18.94%	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	21.35%
1,805	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	2,043
9.11%	Current / former / total tenant arrears as a percentage of net rent due in year	Demonstrates the Council's effectiveness in collecting local housing rents	10.35%	9.57%
£4,027m	Amount of current/ former/ total tenant rent arrears	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	4,345
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%	2.61%
£(0.017m)	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	n/a	£(0.044m)
99.99%	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	100%

## 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](https://www.west-dunbarton.gov.uk/) <https://www.west-dunbarton.gov.uk/>) or from Finance Services, 16 Church Street, Dumbarton, G82 1QL.

## Conclusion

The financial results show the Council's finances in a fairly healthy position although it has been a very challenging year from a financial perspective and the general fund has decreased significantly due to a combination of a planned use of reserves and also a need to absorb an in year deficit due primarily to in year capital receipts (used to fund principle loan charges), the cost of voluntary redundancy/severances and a service overspend. The Council continue to face a challenging financial future due to real term reductions in funding and this put further pressure on front line service delivery. 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 Account

*Martin Rooney*

Martin Rooney (Dec 19, 2024 15:05 GMT)

**Councillor Martin Rooney**  
**Leader of the Council**  
**Date: 19 December 2024**

*Peter Hissett*

Peter Hissett (Dec 19, 2024 15:07 GMT)

**Peter Hissett**  
**Chief Executive**  
**Date: 19 December 2024**

*Laurence Slavin*

Laurence Slavin (Dec 19, 2024 15:08 GMT)

**Laurence Slavin**  
**Chief Officer - Resources**  
**Date: 19 December 2024**



# Statement of Responsibilities

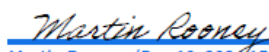
## The Council's Responsibilities

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;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014 and so far as is compatible with legislation in accordance with proper accounting practices (Section 12 of the Local Government in Scotland Act 2003); and
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were authorised for issue on 19 December 2024.

Signed on behalf of West Dunbartonshire Council

  
Martin Rooney (Dec 19, 2024 15:05 GMT)

**Councillor Martin Rooney**

**Leader of the Council**

## The Chief Officer - Resources Responsibilities

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

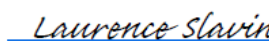
In preparing the Annual Accounts, the Chief Officer - Resources has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation.
- 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.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- Signed and dated the Balance Sheet.

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 2023.

  
Laurence Slavin (Dec 19, 2024 15:08 GMT)

**Laurence Slavin**

**Chief Officer - Resources**

# Annual Governance Statement

## 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

The 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 (HSCP) 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 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 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 2023 and up to the date of the approval of the Statement of Accounts.

### 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 2022/27, 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

## Annual Governance Statement

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 Officer Resources 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 functions of the Audit Committee are undertaken as identified in CIPFA Guidance - Audit Committees: Practical Guidance for Local Authorities.
- 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 arrangements to service committees.
- Comprehensive arrangements are in place to ensure Elected Members and officers are supported by appropriate training and development.
- The Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption.
- The Council continues to assess and monitor ongoing compliance with the CIPFA Financial Management Code.

### 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 CMT 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 8 June 2023. 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.

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 &

# Annual Governance Statement

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 the overall control environment opinion was “Generally Satisfactory with some improvements needed” such that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control systems. There were two audits which received an overall opinion of “Requires Improvement”, namely Occupational Therapy – Waiting Times and Fleet Management. Action plans are in place to address all issues identified in relation to both audits which will be monitored and reported to CMT and Audit Committee.

Due to the COVID-19 pandemic, some audits from 2021/22 could not be carried out and were completed in early 2022/23 which has impacted on the completion of the fieldwork for the 2022/23 audit plan. 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 in late March 2020 and the Council's management as a Category 1 responder during the COVID-19 pandemic has continued to test how well the risk management, governance and internal controls framework operated. The longevity of the COVID-19 pandemic and its extension from 2020/21 into 2021/22 meant that the effect on the Council's businesses, residents and workforce remained an area of concern in 2022/23.

The Council's response to the pandemic and the mobilisation of its staff continued to show the benefits of an agile and proactive workforce using amended governance arrangements, new ways of decision-making, leadership and implementation including virtual meetings and secure remote access to systems to allow remote/home working for a significant number of employees within the Council.

The COVID-19 pandemic and its aftermath is likely to have a lasting impact on income levels, resulting from fundamental changes in social movements, behaviours and preferences.

## Governance Issues and Planned Actions

The following main issues and areas for improvement during 2022/23 have been identified through the self-assessment exercise carried out by Chief Officers against key aspects of the Code of Good Governance. These will be monitored as part of the next annual review in 2023/24.

Improvement Area identified by 2023/24 Exercise	Responsible Officer
Embedding Be the Best Conversations within all service teams.	Chief Officer, Citizen, Culture and Facilities
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 Chief Officer, Resources Chief Officer, Education, Learning and Attainment
Evaluation processes are built into some key projects but not all. The HSCP would benefit from a consistent	Chief Officer, HSCP

## Annual Governance Statement

planning approach in this respect and this has been highlighted via external inspection activity.	
In relation to self-evaluation, work is ongoing to review complaints and consider how all feedback can be captured and used to inform service improvement across HSCP.	Chief Officer, HSCP
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
A review of Learning Disability Service is underway to improve on ways of working to ensure the service is fit for future demands. Full review to be picked up as part of renewal and recovery work. Internal Audit support will be provided to the project.	Head of Mental Health, Addictions & Learning Disabilities
There is currently a resourcing issue in terms of community engagement and participation and although the HSCP Board have adopted a strategy this will be reviewed in 2023/24.	Chief Officer, HSCP
Process for reporting on the status of external audit actions regularly to Audit Committee will be developed and implemented.	Chief Officer, Resources
Arrangements for Procurement and Commissioning arrangements remains an area of high risk for the HSCP. Additional resource is now in place to provide focus in this area and address actions arising from a recent Internal Audit review.	Chief Officer, HSCP
The HSCP employ a small number of consultants through relevant procurement processes. A review of current appointments was undertaken in early 2023 utilising the manager's guidance and the HMRC website to ensure invoices were being treated appropriately. The HSCP Head of HR and the CFO will support Heads of Service in any new contract arrangements that must comply with off payroll working guidance.	Chief Officer, HSCP

The 2021/22 Annual Governance Statement highlighted a range of areas for improvement during 2022/23. The following table provides an update on progress with these with a number having been completed or are areas which continue to have an ongoing focus:

Improvement Area identified by 2022/23 Exercise	Status
Embedding Be the Best Conversations within all service teams.	Ongoing. There is improvement to be made to ensure all employees have regular 121s.
Work is required in some services to review and update business continuity planning documentation.	Ongoing.
Business Classification Scheme will be rolled out to relevant service areas.	Ongoing.
Due to ongoing COVID-19 restrictions during 2021/22, 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.	Complete.
Appropriate and proportionate assurances will be sought from key partners and suppliers in relation to business continuity arrangements in place for managing key risks.	Complete.
Although improvement activity stimulated by external inspection and internal improvement activity is monitored by HSCP Board	Ongoing.



## Annual Governance Statement

and relevant Projects, it is recognised that HSCP would benefit from establishing arrangements to ensure consistency in monitoring processes.	
Staff training and development has been identified as an area for improvement and resources have been identified and agreed to ensure co-ordination of approach to training and development across the HSCP.	Complete.
An integrated workforce plan is being developed for HSCP for approval by HSCP Board during 2022/23. Succession planning has been identified as an area for improvement for the HSCP and work is ongoing in this regard.	Complete.
In relation to self-evaluation, work is ongoing to review complaints and consider how all feedback can be captured and used to inform service improvement across HSCP.	Ongoing.
Work is ongoing to implement the Council's information classification policy and procedure as part of the Microsoft Office 365 project.	Ongoing.
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.	Ongoing.
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.	Complete.

### 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 complete.

### Health and Social Care Integration

The Council, as the funder of the Social Care services within the HSCP has an interest in the governance arrangements within the HSCP Board. 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 Board's governance arrangements.

The HSCP Board 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 Board. The Chief Social Worker provides the Council with an annual report on the performance of the HSCP.

The financial arrangements for the Council's funding to the HSCP Board are aligned and budget processes run parallel to ensure that appropriate budgets for the HSCP Board are aligned with Council policy and budgeting approaches. On an ongoing basis the Council continues to receive budgetary control information in relation to HSCP Board 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.

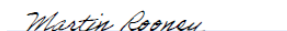
# Annual Governance Statement

## 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

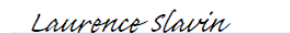
Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2023/24 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principle objectives will be identified and 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.

  
Martin Rooney (Dec 19, 2024 15:05 GMT)

**Martin Rooney**  
**Leader of the Council**  
**Date: 19 December 2024**

  
Peter Hessett (Dec 19, 2024 15:07 GMT)

**Peter Hessett**  
**Chief Executive**  
**Date: 19 December 2024**

  
Laurence Slavin (Dec 19, 2024 15:08 GMT)

**Laurence Slavin**  
**Chief Officer – Resources**  
**Date: 19 December 2024**

# Remuneration Report

## 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 subject to audit. The other sections are reviewed by external audit to ensure that they are consistent with the Financial Statements.

### Remuneration - Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2022 (SSI No. 2022/18). 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 2022/23 the salary for the Leader of West Dunbartonshire Council was £39,148. The Regulations also state that the maximum yearly amount that may be paid to the Provost (£29,361) 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 (£29,361) is 75% of the total yearly amount payable to the Leader of the Council. For 2022/23 the total yearly amount payable by the Council for remuneration of all of its Senior Councillors shall not exceed £244,670. 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 £24,467, per the decision at Council on 18 May 2022 for 2022/2023 onwards.

During 2022/23, the Council agreed the appointment of a Council Leader, Provost and 10 Senior Councillors and the remuneration due to be paid to the 10 Senior Councillors for a full year will total £244,670 (£232,570 in 2021/22 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 2023 are shown in Table 5 on page 29.

The Scheme of Members Allowances which encompasses the salaries of all elected members including the Leader, Provost and Senior Councillors was agreed at a meeting of the full Council on 18 May 2022. The report to Council can be found at [Appointment of Senior Officers](#) and the Register of Members Allowances can be found at <https://www.west-dunbarton.gov.uk/media/wauoue1u/register-of-allowances-2022-2023.pdf>.

# Remuneration Report

**Table 1: Remuneration of Senior Councillors**

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

2021/22		Year ended 31 March 2023		
Total Remuneration	Senior Members	Responsibility	Salary, Fees & Allowances	Total Remuneration
£			£	£
18,604	Martin Rooney	Leader of Council (from 18 May 2022) Convener of Cultural Committee (from 18 May 2022) Convener of Recruitment & Individual Performance Management Committee (from 18 May 2022) Leader of Opposition (until 4 May 2022) Convener of Vale of Leven Fund Committee (until 4 May 2022)	35,885	35,885
18,604	Douglas McAllister	Provost (from 18 May 2022)	27,729	27,729
23,254	Karen Conaghan	Leader of the Opposition (from 18 May 2022) Convener of Audit & Performance Review Committee (from 18 May 2022) Depute provost (until 4 May 2022) Depute Leader (until 4 May 2022) Convener of Appeals Committee (until 4 May 2022) Convener of Educational Services Committee (until 4 May 2022)	24,145	24,145
-	Gurpreet Singh Johal	Convener of Appeals Committee (from 18 May 2022) Convener of Housing & Communities Committee (from 13 October 2022)	21,803	21,803
18,602	Daniel Lennie	Convener of Corporate Services Committee (from 18 May 2022)	23,677	23,677
18,602	David McBride	Convener of Infrastructure Regeneration & Economic Dev Committee (from 18 May 2022) Convener of Joint Consultative Forum (from 18 May 2022)	23,651	23,651
-	Michelle McGinty	Depute Leader (from 18 May 2022) Convener of West Dunbartonshire Health & Social Care Partnership Board (IJB) (from 18 May 2022)	21,803	21,803
18,604	John Millar	Depute Provost (from 18 May 2022) Convener of Tendering Committee (from 18 May 2022)	23,651	23,651
18,604	Lawrence O'Neill	Convener of Planning Committee (from 18 May 2022) Convener of Licensing Committee (from 18 May 2022)	23,651	23,651
-	Clare Steel	Convener of Educational Services Committee (from 18 May 2022)	21,803	21,803
37,213	Jonathan McColl	Leader of Council (until 4 May 2022) Convener of Recruitment & Individual Performance Management Committee (until 4 May 2022) Convener of Sub Committee on Scheme of Delegation (until 4 May 2022)	21,448	21,448
27,910	William Hendrie	Provost (until 4 May 2022)	2,815	2,815
23,257	Denis Agnew	Bailie (until 4 May 2022) Convener of West Dunbartonshire Health & Social Care Partnership (IJB) (until 4 May 2022) Convener of Licensing Board (until 4 May 2022)	2,346	2,346
23,254	Ian Dickson	Convener of Corporate Services Committee (until 4 May 2022) Convener of Tendering Committee (until 4 May 2022) Convener of Licensing Board (until 4 May 2022)	25,192	25,192
23,254	Diane Docherty	Convener of Housing & Communities Committee (until 4 May 2022)	20,040	20,040
23,357	Jim Finn	Convener of Licensing Committee (until 4 May 2022) Convener of Planning Committee (until 4 May 2022)	2,346	2,346
23,254	Iain McLaren	Convener of Infrastructure Regeneration & Economic Development Committee (until 4 May 2022)	2,343	2,343
19,394	Marie McNair	Convener of West Dunbartonshire Health & Social Care Partnership (IJB) (until 1 June 2021)	1,877	1,877
23,257	John Mooney	Convener of Audit Committee (until 4 May 2022)	2,346	2,346

**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 2022/23 have only been included for Senior Councillors.

## Remuneration Report

Senior Councillors' remuneration in the tables above does not include non-taxable expenses. The values in the table above relate to the actual payments made during 2022/23 which differ slightly from those stated on page 24 due to timing differences in regards to payroll. There is no compensation/loss of office payments within the period and there were no benefits or bonuses paid during the year.

### Councillors' remuneration

Councillors' payments are made in accordance with the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 and The Local Government (Allowances and Expenses) (Scotland) Regulations 2007.

The total amount of councillors' remuneration paid by the Council during the year was:

Table 2: Councillors Total Remuneration

2021/22 Members Allowance	2022/23
£	£
470,582 Salaries	500,319
4,020 Expenses	8,508
<b>474,602 Total Allowances</b>	<b>508,827</b>

The annual return of councillors' salaries and expenses for 2022/23 is available for any member of the public to view at all Council libraries and public offices during normal working hours. It is also available on the Council's website at: <https://www.west-dunbarton.gov.uk/media/wauoue1u/register-of-allowances-2022-2023.pdf>

### Remuneration - Senior Employees and senior Employees of Subsidiaries

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/152 sets the amount of salary for the Chief Officials of the Council for the period 1 April 2022 to 31 March 2023. The post of Chief Officer Health and Social Care Partnership is a joint post between the Council and NHS Greater Glasgow and Clyde. The post of Chief Officer Roads & Neighborhood is a joint post between the 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 3:



# Remuneration Report

Table 3: Senior Officers Remuneration

Total Remuneration 2021/22 £	Name	Position at 31 March 2023	Salary, Fees & Allowances 2022/23 £	Election duties* £	Total Remuneration 2022/23 £
<b>Remuneration of Senior Employees</b>					
142,287	Joyce White	Chief Executive (until 26 June 2022)	32,963 (FYE 140,001)	1,246	142,287
102,302	Peter Hissett	Chief Executive (from 27 June 2022) Chief Officer - Regulatory & Regeneration (until 26 June 2022)	126,052		126,052
115,070	Richard Cairns	Strategic Director of Regeneration, Environment & Growth (seconded role from 1/10/2020 - until 30 September 2022)	56,191 (FYE 115,114)		56,191
27,411 (FYE 88,322)	Lesley James	Head of Children's Healthcare & Criminal Justice - Chief Social Work Officer	92,861		92,861
96,339	Laura Mason	Chief Officer - Education, Learning & Attainment	101,506		101,506
22,357 (FYE 92,817)	Laurence Slavin	Chief Officer - Resources - S95 Officer	98,804	150	98,954
-	Alan Douglas	Chief Officer - Regulatory & Regeneration (from 3 October 2022)	85,049 (FYE 97,458)		85,049
97,154	Victoria Rogers	Chief Officer - People & Technology	101,210		101,210
115,070	Angela Wilson	Chief Officer - Supply, Distribution & Property	115,158		115,158
96,804	Peter Barry	Chief Officer - Housing & Employability	101,210		101,210
74,720 (FYE 93,197)	Amanda Graham	Chief Officer - Citizen, Culture & Facilities	98,646	180	98,826
<b>Remuneration of Senior Employees of Subsidiaries</b>					
77,780	John Anderson	General Manager of West Dunbartonshire Leisure	81,464		81,464

\*Note: Election payments for 2022/23 are for the Local elections held on the 5 May 2022 (2021/22-Scottish Parliamentary Election held on the 6 May 2021).

Details of the post of Chief Officer HSCP are included in the remuneration report of the Integration Joint Board. The 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. The Council funds 50% of this post which was £64,300 (including employer on costs).

## 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 Table 4 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.

# Remuneration Report

Table 4: Remuneration of Officers receiving more than £50,000

2021-22 Number of Officers	Range	2022/23 Number of Officers
128	£50,000 - £54,999	91
46	£55,000 - £59,999	106
28	£60,000 - £64,999	34
48	£65,000 - £69,999	32
10	£70,000 - £74,999	42
0	£75,000 - £79,999	10
1	£80,000 - £84,999	1
4	£85,000 - £89,999	2
0	£90,000 - £94,999	6
5	£95,000 - £99,999	2
1	£100,000 - £104,999	5
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
3	£115,000 - £119,999	1
0	£120,000 - £124,999	2
0	£130,000 - £134,999	0
1	£140,000 - £144,999	0
<b>275</b>	<b>Total</b>	<b>334</b>

## 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 2023 are shown in Tables 6 and 7 on pages 30 and 31. The table details the pension entitlement and contributions made by the 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 5 provides information on these tiered contribution rates.

# Remuneration Report

**Table 5: Pension Contribution Rates**

Contribution rate 2021/22	Contribution rate 2022/23
<b>The tiers and members contribution rates for 2022/23 (2021/22) whole time pay:</b>	
<b><u>Local Government employees</u></b>	
5.50% On earnings up to and including £23,000 (£22,300)	5.50%
7.25% On earnings above £23,001 (£22,301) and up to £28,100 (£27,300)	7.25%
8.50% On earnings above £28,101 (£27,300) and up to £38,600 (£37,400)	8.50%
9.50% On earnings above £38,601 (£37,401) and up to £51,400 (£49,900)	9.50%
12.00% On earnings above £51,401 (£49,901)	12.00%
<b>The tiers and members contribution rates for 2022/23 (2021/22) actual pay:</b>	
<b><u>Teachers</u></b>	
7.20% On earnings up to and including £29,186 (£28,309)	7.20%
8.70% On earnings above £29,186 (£28,309) and up to £39,289 (£38,108)	8.70%
9.70% On earnings above £39,289 (£38,108) and up to £46,586 (£45,186)	9.70%
10.40% On earnings above £46,586 (£45,186) and up to £61,740 (£59,884)	10.40%
11.50% On earnings above £61,740 (£59,884) and up to £84,190 (£81,659)	11.50%
11.90% On earnings above £84,190 (£81,659)	11.90%

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).

The value of benefits in the table below has been provided by the Strathclyde Pension Fund Office and is calculated on the basis of the age at which the person will first become entitled to a full pension on retirement without reduction on account of its payment at that date: without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service, and not just their current appointment.

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 2023 together with the contribution made by the Council to each person's pension during the year is shown in Table 6 for Senior Councillors and Table 7 for Senior Officers. The tables contain information for those persons who were Senior Officers or Senior Councillors in 2022/23. Senior councillors omitted from the table above are not members of the Local Government Pension Scheme.

# Remuneration Report

**Table 6: Pension Benefits for Senior Councillors**

		In-year pension contributions		Accrued pension benefits	
Name	Position at 31 March 2023	For year to 31 March 2023	For year to 31 March 2022	As at 31 March 2023	Difference from 31 March 2022
Senior Councillors		£	£	£'000	£'000
Martin Rooney	Leader of Council (from 18 May 2022)	6,926	3,591	11	2
	Convener of Cultural Committee (from 18 May 2022)				
	Convener of Recruitment & Individual Performance Management Committee (from 18 May 2022)				
	Leader of Opposition (until 4 May 2022)				
	Convener of Vale of Leven Fund Committee (unti 4 May 2022)				
Douglas McAllister	Provost (from 18 May 2022)	5,352	3,591	2	1
Karen Conaghan	Leader of the Opposition (from 18 May 2022)	4,647	4,480	3	1
	Convener of Audit & Performance Review Committee (from 18 May 2022)				
	Depute provost (until 4 May 2022)				
	Depute Leader (until 4 May 2022)				
	Convener of Appeals Committee (until 4 May 2022)				
Gurpreet Singh Johal	Convener of Educational Services Committee (unitl 4 May 2022)				
	Convener of Appeals Committee (from 18 May 2022)	4,233	0	1	-
Daniel Lennie	Convener of Housing & Communities Committee (from 13 October 2022)				
	Convener of Corporate Services Committee (from 18 May 2022)	4,564	3,584	2	1
David McBride	Convener of Infrastructure Regeneration & Economic Development Committee (from 18 May 2022)	4,565	3,591	7	1
	Convener of Joint Consultative Forum (from 18 May 2022)				
Michelle McGinty	Depute Leader (from 18 May 2022)	4,233	-	1	-
	Convener of West Dunbartonshire Health & Social Care Partnership Board (IJB) (from 18 May 2022)				
John Millar	Depute Provost (from 18 May 2022)	4,565	3,591	2	1
	Convener of Tendering Committee (from 18 May 2022)				
Lawrence O'Neill	Convener of Licensing Committee (from 18 May 2022)	4,565	3,591	4	3
	Convener of Planning Committee (from 18 May 2022)				
Clare Steel	Convener of Educational Services Committee (from 18 May 2022)	4,233	0	1	-
Jonathan McColl	Leader of Council (until 4 May 2022)	4,140	7,182	11	1
	Convener of Recruitment & Individual Performance Management Committee (until 4 May 2022)				
	Convener of Sub Committee on Scheme of Delegation (until 4 May 2022)				
Denis Agnew	Bailie (until 4 May 2022)	453	4,489	10	2
	Convener of West Dunbartonshire Health & Social Care Partnership (IJB) (until 4 May 2022)				
	Convener of Cultural Committee (until 4 May 2022)				
Ian Dickson	Councillor	3,973	4,480	3	1
	Convener of Corporate Services Committee (until 4 May 2022)				
	Convener of Tendering Committee (until 4 May 2022)				
Diane Docherty	Convener of Licensing Board (until 4 May 2022)				
	Councillor	3,850	4,480	3	1
Jim Finn	Convener of Housing & Communities Committee (until 4 May 2022)				
	Convener of Licensing Committee (until 4 May 2022)	453	4,489	6	1
Iain McLaren	Convener of Planning Committee (until 4 May 2022)				
	Convener of Infrastructure Regeneration & Economic Development Committee (until 4 May 2022)	414	4,480	2	1
John Mooney	Convener of Audit Committee (until 4 May 2022)	453	4,489	5	1

# Remuneration Report

Table 7 Pension Benefits for Senior Officers

Name	Position at 31/03/23	In-year pension contributions		Accrued pension benefits	
		For year to 31 March 2023	For year to 31 March 2022	As at 31 March 2023	Difference from 31 March 2022
		£	£	£'000	£'000
<b>Senior Employees</b>					
Joyce White	Chief Executive (until 26 June 2022)	6,464	27,404	42	1
Peter Hesse	Chief Executive (from 27 June 2022)	24,171	18,646	133	35
Richard Cairns	Chief Officer - Regulatory & Regeneration (until 26 June 2022)				
Lesley James	Strategic Director of Regeneration, Environment & Growth (seconded from 10/10/2020)(until 30/9/2022)	17,782	5,431	36	36
Laura Mason	Head of Children's Healthcare & Criminal Justice - Chief Social Work Officer (from 6 Dec 2021)	19,591	18,605	149	12
Laurence Slavin	Chief Officer - Education, Learning & Attainment	19,051	4,466	2	2
Alan Douglas	Chief Officer - Resources - S95 Officer (from 3 Jan 2022)	16,434	13,297	112	29
Victoria Rogers	Chief Officer - Regulatory & Regeneration (from 3 October 2022)	19,542	18,646	78	5
Angela Wilson	Chief Officer - People & Technology	22,157	22,157	165	3
Peter Barry	Chief Officer-Supply, Distribution & Property	19,542	18,646	65	5
Amanda Graham	Chief Officer - Housing & Employability	19,049	14,357	12	2
	Chief Officer - Citizen, Culture & Facilities (from 5 Jan 2022)				
<b>Senior Employees of Subsidiaries</b>					
John Anderson	General Manager of West Dunbartonshire Leisure	15,694	14,979	64	4

## Exit Packages

The number of exit packages with cost per band for compulsory and other redundancies are detailed in table 8 below. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council exceed the costs of the exit package within an acceptable period.

For the purposes of this note Exit Packages include:

- Redundancy payment;
- Strain on the fund cost (the amount which the Council is required to pay to the pension fund because the employee has retired before the assumed retirement age);
- Added Years Lump Sum (the amount which the Council pays to the individual in a one-off lump sum, according to the compensatory added years awarded – maximum three years).

Table 8: Exit Packages

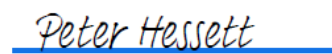
2021-22			2022-23	
Departures	Total Cost (£)	Banding	Departures	Total Cost (£)
0	0	£0 - £40,000	40	37,170
0	0	£40,001-£150,000	5	248,164
0	0	<b>Total</b>	<b>45</b>	<b>285,334</b>

  
Martin Rooney (Dec 19, 2024 15:05 GMT)

**Martin Rooney**

**Leader of the Council**

**Date: 19 December 2024**

  
Peter Hesse (Dec 19, 2024 15:07 GMT)

**Peter Hesse**

**Chief Executive**

**Date: 19 December 2024**



# Remuneration Report

## Trade Union Facility Time (Unaudited)

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 2023 is shown in Table 9 below. Further detail can be found at:

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

**Table 9: Trade Union Facility Time**

Education Function Employee		All Other Function Employee	
Number of Employees	FTE employee Number	Number of Employees	FTE employee Number
38	33	62	58
Percentage of Time Spent on Facility		Percentage of Time Spent on Facility	
Percentage	Number of Employees	Percentage	Number of Employees
Less < 1%	29	Less < 1%	32
1-50%	7	1-50%	27
51%-99%	2	51%-99%	1
100%	0	100%	2
Total cost of facility time		Total cost of facility time	
£64,239		£105,033	
Total pay bill		Total pay bill	
£69,626,237		£97,835,127	
Percentage of Pay Bill Spent on Facility		Percentage of Pay Bill Spent on Facility	
0.090%		0.110%	
Paid TU Activities		Paid TU Activities	
6.50%		13.00%	

# Comprehensive Income and Expenditure Statement

## 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 and the Expenditure and Funding Analysis.

Restated*						
2021/22	2021/22	2021/22		2022/23	2022/23	2022/23
Gross	Gross	Net		Gross	Gross	Net
Expenditure	Income*	Expenditure*		Expenditure	Income	Expenditure
£'000	£'000	£'000	Note	£'000	£'000	£'000
<b>Service</b>						
70,188	(37,337)	32,851	Corporate Services	67,056	(37,937)	29,119
134,332	(17,445)	116,887	Educational Services	132,838	(21,061)	111,777
66,182	(13,334)	52,848	Infrastructure, Regeneration and Economic Development	67,558	(14,516)	53,042
39,631	(31,853)	7,778	Housing and Communities	38,226	(32,211)	6,015
58,847	(44,363)	14,484	Housing Revenue Account	43,183	(45,927)	(2,744)
7,021	(8,501)	(1,480)	Miscellaneous Services	10,641	(8,964)	1,677
191,951	(107,449)	84,502	Health and Social Care	214,678	(122,556)	92,122
2,517	0	2,517	Requisitions	2,215	0	2,215
<b>570,669</b>	<b>(260,282)</b>	<b>310,387</b>	<b>Net Cost of Service</b>	<b>576,395</b>	<b>(283,172)</b>	<b>293,223</b>
		998	Other Operating Expenditure and (income) - (Gain) / loss on Disposal of non-current assets			(365)
		22,442	Financing and Investment (Income) and Expenditure			24,076
		(258,637)	Taxation and Non-specific Grant Income			(267,663)
		<b>75,190</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>49,271</b>
		(6,039)	(Surplus)/Deficit arising from revaluation of non-current assets			(53,290)
		(300)	(Surplus)/Deficit on revaluation of assets held at fair value through other comprehensive income			0
		(140,041)	Remeasurement of the net defined benefit pension liability			(67,135)
		<b>(146,380)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(120,425)</b>
		<b>(71,190)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(71,154)</b>

\* The 2021/22 Financial Statements have been restated to remove the DBFM grant income from Taxation and non-specific grant income and recognise it within the Net Cost of service.

# Balance Sheet

## 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 - reserves that the Council 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).
2. Unusable reserves - reserves 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.

31 March 2022		31 March 2023
£'000	Note	£'000
1,051,605 Property, Plant and Equipment	11	1,131,554
617 Intangible Assets	12	722
21 Long Term Debtors		20
1,485 Heritage Assets	13	1,518
882 Long Term Investments		472
<b>1,054,610 Long Term Assets</b>		<b>1,134,286</b>
5,417 Non-Current Assets Held for Sale	14	5,417
1,279 Inventories		1,337
67,568 Short Term Debtors	17	62,110
2,140 Cash and Cash Equivalents (net)	18	2,551
<b>76,404 Current Assets</b>		<b>71,415</b>
(75,140) Short Term Creditors	19	(75,642)
(76) Donated Inventories		0
0 Provisions	20	(3,428)
(3,370) PPP	15	(3,032)
(270,923) Short Term Borrowing	21	(319,979)
<b>(349,509) Current Liabilities</b>		<b>(402,081)</b>
(89,115) PPP and Finance Lease Liabilities	15	(86,084)
(307,485) Long Term Borrowing	21	(300,471)
(55,690) Net Pensions Liability	22	(15,390)
(2,093) Capital Grants Receipts in Advance		(3,398)
<b>(454,383) Long Term Liabilities</b>		<b>(405,343)</b>
<b>327,122 Net Assets</b>		<b>398,277</b>
<b>Represented by:</b>		
(19,052) Usable Reserves	MIR	(33,278)
(308,070) Unusable Reserves	MIR	(364,999)
<b>(327,122) Total Reserves</b>		<b>(398,277)</b>

The unaudited annual accounts were issued on 30 June 2023 and the annual accounts were authorised for issue on 19 December 2024.

Laurence Slavin  
Laurence Slavin (Dec 19, 2024 15:08 GMT)

Laurence Slavin  
Chief Officer – Resources  
Date: 19 December 2024

## Movement in Reserves Statement

### Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line in the Comprehensive Income and Expenditure Statement (page 33) shows the true economic cost of providing the Council's services. 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 other statutory 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.

	General Fund balance £'000	HRA Balance £'000	Capital Grants and Receipts Unapplied Account £'000	Capital Reserve £'000	Capital Fund £'000	Other Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>2022/23</b>									
<b>Balance at 31 March 2022 Carried Forward</b>	(15,020)	(2,734)	(72)	(758)	0	(468)	(19,052)	(308,070)	(327,122)
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility*	(29,734)						(29,734)	29,734	0
<b>Opening Balance at 1 April 2021</b>	(44,754)	(2,734)	(72)	(758)	0	(468)	(48,786)	(278,336)	(327,122)
<b>Movement in Reserve 2022/23</b>									
Total Comprehensive Expenditure and Income	49,008	262					49,270	(120,425)	(71,155)
Adjustments between accounting basis and funding basis under regulations (Note 6)	(32,628)	(432)		0	(702)	0	(33,762)	33,762	0
<b>Net (Increase)/Decrease before Transfers to Other Statutory Reserves</b>	16,380	(170)	0	0	(702)	0	15,508	(86,663)	(71,155)
Transfers to/from other statutory reserves	(1,935)	269	0	758	702	206	0	0	0
Increase/Decrease in Year	14,445	99	0	758	0	206	15,508	(86,663)	(71,155)
<b>Closing Balance at 31 March 2023</b>	(30,309)	(2,635)	(72)	0	0	(262)	(33,278)	(364,999)	(398,277)
<b>2021/22</b>									
<b>Balance at 31 March 2021 Carried Forward</b>	(15,028)	(7,364)	(42)	(1,469)	0	(308)	(24,211)	(231,721)	(255,932)
<b>Movement in Reserve 2021/22</b>									
Total Comprehensive Expenditure and Income	55,921	19,269					75,190	(146,380)	(71,190)
Adjustments between accounting basis and funding basis under regulations (Note 6)	(53,525)	(14,944)	(1,867)		(403)		(70,739)	70,739	0
<b>Net (Increase)/Decrease before Transfers to Other Statutory Reserves</b>	2,396	4,325	(1,867)	0	(403)	0	4,451	(75,641)	(71,190)
Transfers to/from other statutory reserves	(2,388)	305	1,837	711	403	(160)	708	(708)	
Increase/Decrease in Year	8	4,630	(30)	711	0	(160)	5,159	(76,349)	(71,190)
<b>Closing Balance at 31 March 2022</b>	(15,020)	(2,734)	(72)	(758)	0	(468)	(19,052)	(308,070)	(327,122)

# Cash Flow Statement

## 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. 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.

2021/22 £'000	2022/23 £'000	2022/23 £'000
<b>Operating Activities</b>		
<b>75,190 Net deficit on the provision of services</b>		<b>49,271</b>
(65,954) Depreciation, amortisation and impairment	(36,639)	
(1,006) Net gain/loss on non-current assets	365	
(32,116) Movement in pension liabilities	(26,835)	
(82) Movement in inventories	57	
376 Movement in debtors	(5,459)	
(6,345) Movement in creditors and provisions	(3,907)	
272 Other non-cash movements	59	
<b>Adjustments to net deficit on the provision of services</b>		
<b>(104,855) for non-cash movements</b>		<b>(72,359)</b>
15 Financing movements	876	
7,746 Investing movements	17,263	
<b>Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities</b>		
<b>7,761</b>		<b>18,139</b>
<b>(21,904) Net cash (inflow)/outflow from Operating Activities</b>		<b>(4,949)</b>
66,167 Purchase of property, plant and equipment and intangible assets		62,099
(2,262) Proceeds from sale of property, plant and equipment and intangible assets		(702)
393 Movement on long term investments		(411)
(6,943) Other receipts from investing activities		(18,568)
<b>57,355 Net cash (inflow)/outflow from investing activities</b>		<b>42,418</b>
(350,501) Cash receipts of short-term and long-term borrowing		(322,950)
3,808 Repayment of PPP liabilities		3,370
320,751 Repayment of short-term and long-term borrowing		281,700
(888) Debtors held for agency payments		
1,480 Creditors held for agency payments		
<b>(25,350) Financing Activities</b>		<b>(37,880)</b>
<b>10,101 Net cash (inflow)/outflow from financing activities</b>		<b>(411)</b>
Cash and cash equivalents at the beginning of the reporting period		2,140
Cash and cash equivalents at the end of the reporting period		2,551
<b>10,101 Movement – (Increase)/ Decrease in Cash</b>		<b>(411)</b>

## Reconciliation of Liabilities arising from Financing Activities

	31 March 2021	Financing Cash flows	Non-cash adj to FIAA	31 March 2022	Financing Cash flows	Non- cash adj to FIAA	31 March 2023
	£'000	£'000		£'000	£'000	£'000	£'000
<b>Long term Borrowing</b>	284,798	22,687		307,485	(7,014)		300,471
<b>Short term Borrowing</b>	263,861	7,077	(15)	270,923	49,933	(876)	319,980
<b>PPP Liability</b>	96,293	(3,808)		92,485	(3,370)		89,115
	<b>644,952</b>	<b>25,956</b>	<b>(15)</b>	<b>670,893</b>	<b>39,549</b>	<b>(876)</b>	<b>709,566</b>

# Notes to the Financial Statements

## Note 1 - Accounting Policies

### 1.1 General Principles

The Financial Statements summarises the Council's transactions for the 2023/24 financial year and its position at the year end of 31 March 2023. 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 2022/23 ("the code") 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.

### 1.2 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 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.
- 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 respectively as expenditure and income on the basis of the effective interest rate for the relevant financial instrument, rather than on cash flows fixed or determined by the contract.
- when 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

### 1.3 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.

### 1.4 Charges to Revenue for Property, Plant and Equipment

Council Services 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.
- 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.



# Notes to the Financial Statements

## 1.5 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.

## 1.6 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.

### 1.6.1 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.

### 1.6.2 Measurement

Assets are initially measured at cost, comprising of:

- purchase price (the Council has no de minimis 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
- 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.

The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Accounts. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets & assets under construction – depreciated historic cost.
- Surplus assets – current value as estimated at highest and best use from an open market perspective (fair value).

# Notes to the Financial Statements

- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value).

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

## 1.6.3 Revaluation

Assets included in the Balance Sheet at current value are re-valued regularly to ensure their carrying amount is not materially different from the current value at the year end, as a minimum every five years. The programme of revaluation for 2023/24 and planned each of the following four years is as follows:

2022/23	All Council non-operational properties
2023/24	Schools/school houses/ social work homes/adult training centres/ community education centres/early education centres
2024/25	Halls/ Public conveniences/ libraries/ outdoor centres/ golf course/ pavilions/ sports centres/ swimming pools/ travellers site/ car parks/HRA housing stock
2025/26	Any properties not previously re-valued / general re-appraisal
2026/27	Offices / depots/ cemeteries/ crematorium lodges.

In addition to assets being revalued within the programme of revaluation assets will be revalued in any given year if any of following three 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.
- 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 2022/23 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. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of an impairment loss previously charged to a service.

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 amount of the accumulated gains); 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.

## 1.6.4 Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for by:

## Notes to the Financial Statements

- 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 amount of the accumulated gains); 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.

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.

### 1.6.5 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 an Non-current Assets 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. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Non-current Assets Held for Sale.

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

### 1.6.6 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 and depreciation method are as follows:

Council Dwellings	10 – 80 years	Straight line
Other buildings	15 – 80 years	Straight line
Open spaces	10 – 120 years	Straight line
Infrastructure	15 – 120 years	Straight line
Vehicles, plant, equipment	5 – 20 years	Straight line
Intangibles	5 – 10 years	Straight line
Other	10 – 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

## 1.6.7 Infrastructure Assets

The CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom requires infrastructure assets to be measured using the historical cost measurement basis and carried at depreciated historical cost. Due to information deficits it is unclear as to whether when an assets component is replaced that the old component has been derecognised to avoid double counting. However, as parts of these assets are rarely replaced before the part has been fully consumed and should therefore be fully depreciated at the date of replacement, the carrying amount to be derecognised in respect of a replaced part of an infrastructure assets is a nil amount.

The Scottish Government in recognising the challenge facing Council's has agreed to permit temporary statutory overrides whilst a permanent solution is developed within the Code. As outlined in the Local Government Finance Circular 09/2022 the Council has adopted statutory overrides for the period 1 April 2021 to 31 March 2024 which permits the council not to report gross cost and accumulated depreciation for Infrastructure assets.

## 1.7 Non-Current 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 or 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.

## 1.8 Heritage Assets

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Type of Asset	Valuation Method for Balance Sheet Purposes
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 were 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.

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.

# Notes to the Financial Statements

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.

## 1.9 Employee Benefits

### 1.9.1 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.

### 1.9.2 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 accrual basis immediately in the Surplus or Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Account when the Council 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.

### 1.9.3 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
- the Local Government Pensions Scheme, administered by Glasgow City Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

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.

### The Local Government Pension Scheme

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

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.



# Notes to the Financial Statements

- Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (based on the indicative rate of return on high quality corporate bonds).
- The assets of Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities - current bid price
  - unquoted securities - professional estimate
  - unitised securities - current bid price
  - property - market value

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

Service cost comprising:

- **Current service cost** - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- **Past service cost** - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributable Costs.
- **Gains/losses on settlements** - the decrease in liabilities as a result of the Council entering into a transaction that eliminates all further legal or constructive obligation relating to the event, notwithstanding the financial guarantee (see Note 5) - credited to the Surplus on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributable Costs.
- **Net interest on the net defined benefit liability**, i.e. net interest expenses for the council. The change during the period is the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets - excluding amounts included in net interest on the net defined benefit liability – charged to the Pension Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Strathclyde Pension Fund – cash paid as employer's contributions to the pension fund settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance 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 according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. A negative balance that may arise on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

## 1.9.4 Pension Net-Asset Recognition

Where the Council's share of the Local Government Pension Scheme is an overall asset position, reflecting that its share of the Funds' assets exceeds the present value of its liabilities to members, this is accounted for in line with the requirements of IAS 19 and IFRIC 14. Specifically, the asset recognised by the Council is limited to the extent to which the Council can recover the benefit of the asset through refunds or reduced contributions. This is referred to as an "asset ceiling". More information is provided in note 22 to the accounts

## 1.9.5 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.



# Notes to the Financial Statements

## 1.10 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.
- 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.

## 1.11 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.

## 1.12 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.

## 1.13 Financial Assets

Financial assets are classified using a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are all therefore classified as amortised cost. In previous years these assets, although still recorded as amortised costs, were classed as loans and receivables.

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and (Investment) Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For all financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

### Expected Credit Loss Model

The Council recognises expected credit losses on its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to leaser receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

# Notes to the Financial Statements

## Financial Assets measured at Fair Value through profit or Loss

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

Inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### 1.14 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
- 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.

### 1.15 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.

### 1.16 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.

# Notes to the Financial Statements

## 1.16.1 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
- 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.

## 1.16.2 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)
- 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 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 non-current 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.

## 1.17 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 2022/23. 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.

# Notes to the Financial Statements

## 1.18.1 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.

## 1.18.2 Service Concession Arrangement Flexibility Application

The Scottish Government's 2022 Resource Spending Review contained details of a Service Concession Arrangement (SCA) flexibility that related to the Council's PPP schools. The flexibility permits councils to undertake internal accounting changes that extend the period over which the principal repayment of the unitary charge can be made which results in a one-off credit to the General Fund and ongoing annual savings for a period of time. In the remaining years following the end of the SCAs, the rescheduled debt repayments continue until the debt liability has been extinguished. The Statutory Regulation in relation to this matter, Local Government Finance Circular 10/2022 (FC 10/2022), was published in September 2022.

FC 10/2022 replaces the 2010 version that covered this area and permits the authority to apply a temporary flexibility for service concession arrangements entered prior to April 2022. The Circular sets out the accounting requirements and the options permitted for the recognition of repayments of the principal element of the lease component or the lease liability for the year and the temporary flexibility for SCAs entered prior to 1 April 2022.

The Council has applied the permitted change in the calculation of the statutory charge in 2022/23 and the adopted approach has been applied across all two such arrangements held by the Council in line with the key accounting principle of consistency.

The annual unitary charge will continue to be paid to the contractor over the contract period. The guidance applies to principal and not to interest, service charge costs or grant. These will continue to be accounted for over the contract period.

### Annuity method for revised repayment of debt liability

The recalculation of the debt liability charges applies the annuity method to calculate the revised repayments. This method best represents the consumption of the assets over their useful lives.

This methodology is applied within the Councils current Loans Fund repayment policy. The use of an annuity method for the writing down of the PPP debt liability therefore ensures a consistent approach for the writing down of all debt which is financing capital expenditure, in that;

- The annuity method provides a fairer charge than equal instalments as it takes account of the time value of money, whereby paying £100 in 10 years' time is less of a burden than paying £100 now.
- The schedule of charges produced by the annuity method thus results in a consistent charge over an asset's life, considering the real value of the amounts when they fall due.
- The annuity method is a prudent basis for providing for assets that provided a steady flow of benefits over their useful life.'

### Useful Economic Life

The most appropriate asset life for the calculation is considered to be 60 years which replicates the useful asset life of other similar type assets held on the Council's balance sheet i.e. schools. The Council's Loans Fund methodology use a Useful Economic Life (UEL) of 60 years when calculating the repayment of debt liability for borrowing to support capital expenditure for similar types of assets. The proposed application a UEL of 60 years for the two SCAs arrangements is therefore considered consistent with current council methodology.

### Capital Financing Requirement

The reprofiling of the debt liability repayments over the life of the asset rather than the life of the contract increases the Capital Financing Requirement (CFR) as at 1 April 2022. The increase in the CFR will continue to be reduced by the revised repayments after each SCA contract has expired until the end of the revised period.

# Notes to the Financial Statements

## Accounting Treatment

The statutory adjustment can be made as at 1 April in the year the revised repayments are applied. This option was exercised in 2022/23 and has been applied retrospectively. Being a cumulative statutory adjustment there is no prior year restatement of statutory adjustments in the Annual Accounts. The statutory adjustment results in a debit to the Capital Adjustment account with a corresponding credit in the Movement in Reserves Statement within the General Fund. Until the end of the contract period for each of the five SCAs. Thereafter the revised charges will result in higher cost being charged to the General fund than the current repayment profile until the end of the UEL.

### 1.20 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.

### 1.21 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.

### 1.22 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.

### 1.23 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 (£98.765m) is included within the Property, Plant and Equipment (note 11) and the liability within note 15 - Private Finance Initiatives and similar Contracts (£89.116m).

# Notes to the Financial Statements

**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 is acting as an agent and this funding is reported in the Agency Services note and not reflected in the Council's income and expenditure, but with any amounts owed to/ from the Council held within its Balance Sheet.

**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. If the liability cannot be quantified, it will be disclosed as a Contingent Liability (Note 28). Most of these involve ongoing or prospective legal action meaning the outcome and potential amounts involved cannot 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 about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet as at 31 March 2023, for which there is a significant risk of material adjustment in the forthcoming financial year are noted below:

Item	Uncertainties	Effect if Actual results Differ from Assumptions
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.	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 £898.688m. During 2022/23 the assets that were revalued are now held in the Balance Sheet to a total value of £202.356m. The impact for each 1% change in these valuations would be £0.256m 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 in future years.
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 life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. For example, it is estimated that for a building valued at £20 million with a useful economic life of 60 years, the annual depreciation charge would increase by £5,650 if the useful economic life had to be reduced by one year.
Pension Liability/Asset	Estimation of the net asset/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 22 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 asset/liability can be measured. For example, a decrease in the discount rate of 0.1% would decrease the pension asset held on the Balance sheet by 2% or £14.033m; and increase in the pension rate by 0.1% would decrease the pension asset held on the Balance sheet by 1% or £12.290m. The interaction of assumptions is extremely complex. See note 22 for further assumptions.



## Notes to the Financial Statements

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

For 2022/23, 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:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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. CIPFA/LASACC have deferred implementation of this until 1 April 2024.

# Notes to the Financial Statements

## Note 5 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government Grants, Council Tax and Non-Domestic Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income & Expenditure Statement.

### Expenditure and Funding Analysis 2022-23

	Expenditure chargeable to the General Fund and HRA Balance £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Corporate Services	21,674	7,445	29,119
Education	101,312	10,465	111,777
Infrastructure, Regeneration and Economic Development	34,252	18,790	53,042
Housing and Communities	2,209	3,806	6,015
Housing Revenue Account	(17,018)	14,274	(2,744)
Miscellaneous Services	4,013	(2,336)	1,677
Health and Social Care Partnership	82,657	9,465	92,122
Requisitions	2,215	0	2,215
<b>Net Cost of Service</b>	<b>231,314</b>	<b>61,909</b>	<b>293,223</b>
(Gain)/Loss on disposal of non-current assets	0	(365)	(365)
Taxation and Non-specific Grant Income (Note 9)	(250,400)	(17,263)	(267,663)
Financing and Investment (Income) and Expenditure (Note 8)	35,297	(11,221)	24,076
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>16,211</b>	<b>33,060</b>	<b>49,271</b>
Opening General Fund and HRA Balance at 1 April 2023	(47,488)		
Surplus/(Deficit) on HRA in the year	16,381		
Surplus/(Deficit) on General Fund in the year	(170)		
transfer (to)/from other Statutory Reserves	(1,666)		
<b>Closing General Fund and HRA balance at 31 March 2023</b>	<b>(32,943)</b>		

### Adjustments between General Fund and Comprehensive Income and Expenditure Statement

#### 2022-23

	Adjustment for Capital Purposes £'000	Net change to Pension Adjustment £'000	Other differences £'000	Total Adjustments £'000
Corporate Services	3,474	3,971	0	7,445
Education	5,045	5,132	288	10,465
Infrastructure, Regeneration and Economic Development	13,692	5,098	0	18,790
Housing and Communities	13	3,793	0	3,806
Housing Revenue Account	13,170	1,104	0	14,274
Miscellaneous Services	0	(2,321)	(15)	(2,336)
Health and Social Care Partnership	1,245	8,220	0	9,465
<b>Net Cost of Services</b>	<b>36,639</b>	<b>24,997</b>	<b>273</b>	<b>61,909</b>
Other operating expenditure	(365)	0	0	(365)
Financing and Investment (Income) and Expenditure	(17,263)	0	0	(17,263)
Taxation and Non-specific Grant Income	(12,184)	1,839	(876)	(11,221)
<b>Difference between General Fund and HRA (Surplus)/Deficit and Comprehensive Income &amp; Expenditure Statement (Surplus)/Deficit on the Provision of Service</b>	<b>6,827</b>	<b>26,836</b>	<b>(603)</b>	<b>33,060</b>

# Notes to the Financial Statements

## Expenditure and Funding Analysis 2021-22

2021/22	Expenditure chargeable to the General Fund and HRA Balance £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Corporate Services	25,095	7,756	32,851
Education	96,629	20,258	116,887
Infrastructure, Regeneration and Economic Development	33,659	19,189	52,848
Housing and Communities	3,660	4,118	7,778
Housing Revenue Account	(20,106)	34,590	14,484
Miscellaneous Services	690	(2,170)	(1,480)
Health and Social Care Partnership	74,017	10,485	84,502
Requisitions	2,517	0	2,517
<b>Net Cost of Service</b>	<b>216,161</b>	<b>94,226</b>	<b>310,387</b>
(Gain)/Loss on disposal of non-current assets	0	998	998
Taxation and Non-specific Grant Income (Note 8)	(250,891)	(7,746)	(258,637)
Financing and Investment (Income) and Expenditure (Note 7)	41,451	(19,009)	22,442
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>6,721</b>	<b>68,469</b>	<b>75,190</b>
Opening General Fund and HRA Balance as at 1 April	(22,392)		
(Surplus) or Deficit on Provision of Service (General Fund)	2,396		
(Surplus) or Deficit on Provision of Service (HRA)	4,325		
Transfer to/from other statutory reserves	(2,083)		
<b>Closing General Fund balance at 31 March 2022</b>	<b>(17,754)</b>		

## Adjustments between General Fund and Comprehensive Income and Expenditure Statement

2021-22

	Adjustment for Capital Purposes £'000	Net change to Pension Adjustment £'000	Other differences £'000	Total Adjustments £'000
Corporate Services	3,204	4,552	0	7,756
Education	14,477	5,738	43	20,258
Infrastructure, Regeneration and Economic Development	13,414	5,775	0	19,189
Housing and Communities	13	4,105	0	4,118
Housing Revenue Account	33,456	1,169	(35)	34,590
Miscellaneous Services	312	(2,187)	(295)	(2,170)
Health and Social Care Partnership	1,078	9,407	0	10,485
<b>Net Cost of Services</b>	<b>65,954</b>	<b>28,559</b>	<b>(287)</b>	<b>94,226</b>
Other operating expenditure	998	0	0	998
Financing and Investment (Income) and Expenditure	(7,746)	0	0	(7,746)
Taxation and Non-specific Grant Income	(22,551)	3,557	(15)	(19,009)
<b>Difference between general Fund (Surplus)/Deficit and Comprehensive Income &amp; Expenditure Statement (Surplus)/Deficit on the Provision of Service</b>	<b>36,655</b>	<b>32,116</b>	<b>(302)</b>	<b>68,469</b>

## Adjustments 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.
- 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.

# Notes to the Financial Statements

## 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.
- 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.
- 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.

## Expenditure and Income Analysed by Nature

Where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES). The code requires a disclosure of the nature and amount of material items. An analysis of material items of income and expenditure by nature is shown below:

2021-22 £'000		2022-23 £'000
	<b>Expenditure</b>	
232,907	Employee Benefits Expenses	245,142
266,430	Other Service Expenses	291,972
3,962	Support Services recharge	4,853
65,954	Depreciation, Amortisation, Impairment	35,415
21,422	Interest payments	21,218
2,517	Precepts and levies	2,215
998	(Gain) or Loss on Disposal of Assets	(365)
<b>594,190</b>	<b>Total Expenditure</b>	<b>600,450</b>
	<b>Income</b>	
(260,282)	Fees, charges and Other Service Income	(283,172)
(119,615)	Income from Council tax and Non-domestic rates	(147,053)
(81)	Interest and Investment Income	(344)
(139,022)	Government grants and Contributions	(120,610)
<b>(519,000)</b>	<b>Total Income</b>	<b>(551,179)</b>
<b>75,190</b>	<b>(Surplus)/Deficit on the Provision of Service</b>	<b>49,271</b>

# Notes to the Financial Statements

## 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 35. 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 note 24 on pages 80-82.

2022-23	General Fund Balance £'000	HRA Balance £'000	Capital Grants and Receipts Unapplied Account £'000	Capital Fund £'000	Total Usable Reserves £'000	Capital Adjustment Account £'000	Revaluation Reserve £'000	Pension Reserve £'000	Employee Statutory Adjustment Account £'000	FIAA £'000	Total Unusable Reserves £'000
<b>Adjustments to the Revenue Resources</b>											0
Pension Costs (transferred to (or from) the Pensions Reserve)	(25,731)	(1,104)			(26,835)			26,835			26,835
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	948	(72)			876					(876)	(876)
Holiday Pay (transferred to the Accumulated Absences Reserve)	(273)	0			(273)				273		273
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)	(10,699)	(8,677)			(19,376)	17,033	2,343				19,376
<b>Adjustments between Capital and Revenue Resources</b>											0
Transfer of non-current asset sale gain/loss from revenue to the Capital Receipts Reserve	365	0	(365)		0						0
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	2,988	6,510			9,498	(9,498)					(9,498)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(226)	2,911			2,685	(2,685)					(2,685)
<b>Adjustments to the Capital Resources</b>					0						0
Disposal of non-current asset sale proceeds			(337)		(337)	337					337
Transfer from the Capital Receipts Reserve to the Capital Fund/ Capital Grants and Receipts Unapplied Account			702	(702)	0						
	<b>(32,628)</b>	<b>(432)</b>	<b>0</b>	<b>(702)</b>	<b>(33,762)</b>	<b>5,187</b>	<b>2,343</b>	<b>26,835</b>	<b>273</b>	<b>(876)</b>	<b>33,762</b>

# Notes to the Financial Statements

Comparative Information 2021-22

2021-22	General Fund Balance £'000	HRA Balance £'000	Capital Grants and Receipts Unapplied Account £'000	Capital Fund £'000	Total Usable Reserves £'000	Capital Adjustment Account £'000	Revaluation Reserve £'000	Pension Reserve £'000	Employee Statutory Adjustment Account £'000	FIAA £'000	Total Unusable Reserves £'000
<b>Adjustments to the Revenue Resources</b>											0
Pension Costs (transferred to (or from) the Pensions Reserve)	(30,947)	(1,169)			(32,116)			32,116			32,116
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	8	7			15					(15)	(15)
Holiday Pay (transferred to the Accumulated Absences Reserve)	252	35			287				(287)		(287)
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)	(25,720)	(32,487)			(58,207)	58,207					58,207
<b>Adjustments between Capital and Revenue Resources</b>											0
Transfer of non-current asset sale gain/loss from revenue to the Capital Receipts Reserve	(998)	0	998		0						0
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,808	5,495			9,303	(9,303)					(9,303)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	72	13,175			13,247	(13,247)					(13,247)
<b>Adjustments to the Capital Resources</b>					0						0
Disposal of non-current asset sale proceeds			(3,268)		(3,268)	3,268					3,268
Depreciation adjustment between Capital Adjustment Account and Revaluation Reserve						(7,865)	7,865				0
Write out Revaluation Reserve of Disposals						(617)	617				0
Transfer from the Capital Receipts Reserve to the Capital Fund/ Capital Grants and Receipts Unapplied Account			403	(403)	0						0
	<b>(53,525)</b>	<b>(14,944)</b>	<b>(1,867)</b>	<b>(403)</b>	<b>(70,739)</b>	<b>30,443</b>	<b>8,482</b>	<b>32,116</b>	<b>(287)</b>	<b>(15)</b>	<b>70,739</b>



# Notes to the Financial Statements

## Note 7 Earmarked Reserves

Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement (MiRS) so that there is no net charge against Council Tax for the expenditure. The Council has several usable reserve funds. The Capital Fund is used to meet the costs of capital investment in assets and for the repayment of the principal element of borrowings.

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement (MiRS). The major part of the General Fund balance shown in the MiRS has been earmarked and effectively committed to fund specific projects in future years. The amounts set aside for earmarked reserves are shown in the following table:

	Balance at 1 April 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance at 31 March 2023 £'000
<b>Earmarked reserves: General Fund</b>							
General Covid	1,972	0	1,473	3,445	(3,445)	0	0
Education - Covid reserves	0	0	2,662	2,662	(2,452)	0	210
Housing & Communities - Covid reserves	1,015	(773)	179	421	(307)	0	114
Resources - Covid reserves	83	(83)	263	263	(263)	0	0
Change Fund	1,553	(296)	0	1,257	(1,137)	18	138
HR/Legal Commitments	276	(66)	0	210	0	0	210
Miscellaneous Employability Reserves	421	(248)	164	337	(337)	250	250
Miscellaneous Housing & Communities Reserves	655	(655)	165	165	(165)	41	41
Miscellaneous HSCP	70	(35)	0	35	(35)	0	0
Miscellaneous CCF Reserves	64	(16)	59	107	(82)	6	31
Miscellaneous Resources Reserves	1,275	(1,262)	326	339	(232)	144	252
Miscellaneous Economic Development & Regulatory Reserves	1,091	(1,038)	0	53	0	18	71
Miscellaneous Education Reserves	655	(555)	32	132	(32)	979	1,079
DABVJB - Scottish Parliamentary Elections	2,561	(2,522)	0	39	(13)	0	26
2022/23 budget commitment	0	0	1,034	1,034	(1,034)	0	0
Young person guarantee	0	0	1,018	1,018	(1,018)	0	0
Early Retiral/Voluntary Severence Reserve	0	0	0	0	(7,038)	16,000	8,962
Cost of Living	0	0	0	0	(161)	2,000	1,839
Smoothing Fund for 2 year Service Transformation Project	0	0	0	0	0	3,000	3,000
Future Pay Awards	0	0	0	0	(2,195)	4,390	2,195
Prudential Target Future Years	0	0	0	0	0	1,799	1,799
Budget Funding reserve	0	0	0	0	(6,607)	11,205	4,598
<b>Total: Earmarked Reserves - General Fund</b>	<b>11,691</b>	<b>(7,549)</b>	<b>7,375</b>	<b>11,517</b>	<b>(26,553)</b>	<b>39,850</b>	<b>24,815</b>

# Notes to the Financial Statements

## Note 8 Financing and Investment (Income) and Expenditure

2021-22	2022-23
£'000	£'000
Interest payable and similar charges:	
6,926 Schools' Public Private Partnership finance lease	6,668
10,939 Other Interest Payable and Similar Charges	14,550
(81) Interest and Investment Income	(344)
1,101 Impairment Loss- Debtors	1,363
3,557 Net Pension Interest Expense	1,839
<b>22,442 Total</b>	<b>24,076</b>

## Note 9 Taxation and Non-Specific Grant Income

2021-22	2022-23
£'000	£'000
(38,207) Council Tax	(39,313)
(81,408) Non-Domestic Rates	(107,740)
(131,276) Revenue Support Grant	(103,347)
(7,746) Recognised Capital grants and contributions	(17,263)
<b>(258,637) Total</b>	<b>(267,663)</b>

## Note 10 Grant Income

Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants) or Taxation and Non-specific Grant Income (non-ring-fenced revenue grants and all capital grants). Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the Movement in Reserves Statement.

# Notes to the Financial Statements

The Council credited the following grants and other contributions to Taxation and Non-specific Grant Income within the Comprehensive Income and Expenditure Statement in 2022/23:

Restated* 2021-22 Grant Income £'000	2022-23 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>	
212,684 Revenue Support Grant	211,087
629 General Capital Grant	8,550
909 New House Build	4,018
1,992 Levelling Up Fund	1,319
682 Cycling, walking and safer Streets	337
444 Exxon City Deal	821
344 Strathclyde Partnership for Transport	838
139 Place Based Investments	0
972 Sustrans - Connecting Clydebank	20
481 Housing Buy Backs	0
279 Spaces for People	0
259 Levensgrove	0
122 CO2 Monitors	0
120 District heating	0
102 New Restoration fund	0
0 Green Infrastructure Fund	439
0 Clydebank Can on the Canal	717
0 Sustrans	134
272 Other Grants	70
<b>220,430 Total</b>	<b>228,350</b>

The Council credited the following grants to Services within the Comprehensive Income and Expenditure Statement in 2022/23:

Restated * 2021/22 Grant Income £'000	2022/23 £'000
<b>Credited to Services</b>	
34,111 Housing Benefit Subsidy	30,789
10,083 NHS Resource Transfer	10,256
9,247 Early Learning	10,007
2,917 Pupil Equity Fund	3,766
2,229 Criminal Justice	2,027
1,880 Scottish Attainment	1,840
2,128 DBFM	2,135
349 Asylum Seekers	542
580 Business Gateway	586
569 Young Person's Guarantee	335
446 Private Sector Housing	446
413 Care Experienced Children and young People	345
534 Vaccination Centres (COVID)	0
308 Mental Wellbeing	231
287 Education additional staff support (covid)	0
280 Education Maintenance Allowance	288
0 Community Food Bank Garden	0
229 Parental Employability Support Fund	196
0 Holiday Hunger	1,897
0 Teacher's Pay Award	580
0 No-one Left Behind	275
454 Grants under £0.100m	555
<b>67,044 Total</b>	<b>67,096</b>

\*The 2021/22 figures have been restated to move the DBFM funding from revenue Support Grant to the service.

# Notes to the Financial Statements

## Capital Grant Receipts in Advance

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 yearend are as follows:

31 March 2022	31 March 2023
69 Levelling Up Funding	1,105
192 Exxon City Deal	-
142 Town Centre Fund	-
128 Bonhill Gap Sites	-
120 Queens Quay District Heating	-
30 Clydebank Canal Investment	707
641 Place Based Investment	676
- Inspiring School Age Childcare Spaces Fund	-
Digital Inclusion	
102 Knowes Nature Reserve	47
119 Pappert New Builds	119
86 Willox Park	136
81 Bank Street	102
- Queen Mary Avenue	140
383 Grants under £0.100m	365
<b>2,093</b>	<b>3,397</b>

# Notes to the Financial Statements

## Note 11 Property, Plant and Equipment

### 11.1 Movement in Property, Plant & Equipment 2022-23

	Council dwellings £'000	Other Land & buildings £'000	Operational Assets** £'000	Vehicles & Plant £'000	Community £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2022-23 £'000	Infrastructure* £'000
<b>Cost/Valuation at 1 April 2022</b>	<b>542,780</b>	<b>420,810</b>	<b>45,360</b>	<b>31,511</b>	<b>10,168</b>	<b>6,011</b>	<b>28,179</b>	<b>1,084,819</b>	
Additions	30,577	7,247		3,761	127		11,316	53,028	8,849
Disposals		(16)	(459)			(80)	(33)	(588)	
Revaluation adjustments to Revaluation Reserve		30,526	(3,708)			(682)		26,136	
Revaluation adjustments to CIES						264		264	
Assets reclassified to/from Non-Current Assets Held for Sale								0	
Adjustments - assets at nil NBV									
Other reclassification of assets		(77)				77		0	
<b>As at 31 March 2023</b>	<b>573,357</b>	<b>458,490</b>	<b>41,193</b>	<b>35,272</b>	<b>10,295</b>	<b>5,590</b>	<b>39,462</b>	<b>1,163,659</b>	
<b>Depreciation/Impairment at 1 April 2022</b>	<b>(81,351)</b>	<b>(46,215)</b>	<b>(2,052)</b>	<b>(12,525)</b>	<b>(2,582)</b>	<b>3</b>	<b>0</b>	<b>(144,722)</b>	
Depreciation charge	(12,664)	(10,539)	(410)	(3,640)	(844)	(3)		(28,100)	(8,055)
Depreciation on Disposals								0	
Depreciation written out to the Revaluation Reserve		25,639	1,515					27,154	
Revaluation written out to the CIES			380					380	
Impairment losses/(reversal) to the Revaluation Reserve								0	
Impairment losses/(reversal) to the CIES		445						445	
Other movements in depreciation and impairment		388	51					439	
<b>As At 31 March 2023</b>	<b>(94,015)</b>	<b>(30,282)</b>	<b>(516)</b>	<b>(16,165)</b>	<b>(3,426)</b>	<b>0</b>	<b>0</b>	<b>(144,404)</b>	
<b>Net Book Value at 31 March 2022</b>	<b>461,429</b>	<b>374,595</b>	<b>43,308</b>	<b>18,986</b>	<b>7,586</b>	<b>6,014</b>	<b>28,179</b>	<b>940,097</b>	<b>111,505</b>
<b>Net Book Value at 31 March 2023</b>	<b>479,342</b>	<b>428,208</b>	<b>40,677</b>	<b>19,107</b>	<b>6,869</b>	<b>5,590</b>	<b>39,462</b>	<b>1,019,255</b>	<b>112,299</b>

# Notes to the Financial Statements

## 11.2 Movement in Property, Plant & Equipment 2021-22

	Council dwellings £'000	Other Land & buildings £'000	operational Assets** £'000	Vehicles & Plant £'000	Community £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2022-23 £'000	Infrastructure* £'000
<b>Cost/Valuation at 1 April 2021</b>	<b>502,600</b>	<b>403,348</b>	<b>45,367</b>	<b>30,903</b>	<b>8,463</b>	<b>6,329</b>	<b>70,910</b>	<b>1,067,920</b>	
Additions	28,080	9,024		3,056	575	4	12,736	53,475	10,024
Disposals		(229)					0	(229)	
Revaluation adjustments to Revaluation Reserve	(23,206)	(7,493)						(30,699)	
Revaluation adjustments to CIES		(1,785)				(183)		(1,968)	
Assets reclassified to/from Non-Current Assets Held for Sale								0	
Adjustments - assets at nil NBV		(80)	(7)	(2,448)		(139)		(2,674)	(772)
Other reclassification of assets	35,306	18,025			1,130	0	(55,467)	(1,006)	906
<b>As at 31 March 2022</b>	<b>542,780</b>	<b>420,810</b>	<b>45,360</b>	<b>31,511</b>	<b>10,168</b>	<b>6,011</b>	<b>28,179</b>	<b>1,084,819</b>	
<b>Depreciation/Impairment at 1 April 2021</b>	<b>(81,351)</b>	<b>(46,215)</b>	<b>(2,052)</b>	<b>(12,525)</b>	<b>(2,582)</b>	<b>3</b>	<b>0</b>	<b>(144,722)</b>	
Depreciation charge	(12,664)	(10,539)	(410)	(3,640)	(844)	(3)		(28,100)	(7,484)
Depreciation on Disposals								0	
Depreciation written out to the Revaluation Reserve		24,083	1,504					25,587	
Revaluation written out to the CIES		833	305					1,138	
Impairment losses/(reversal) to the Revaluation Reserve								0	
Impairment losses/(reversal) to the CIES			365					365	772
Other movements in depreciation and impairment								0	
<b>As At 31 March 2022</b>	<b>(94,015)</b>	<b>(31,838)</b>	<b>(288)</b>	<b>(16,165)</b>	<b>(3,426)</b>	<b>0</b>	<b>0</b>	<b>(145,732)</b>	
<b>Net Book Value at 31 March 2021</b>	<b>461,429</b>	<b>374,595</b>	<b>43,308</b>	<b>18,986</b>	<b>7,586</b>	<b>6,014</b>	<b>28,179</b>	<b>940,097</b>	<b>108,062</b>
<b>Net Book Value at 31 March 2022</b>	<b>448,765</b>	<b>388,972</b>	<b>45,072</b>	<b>15,346</b>	<b>6,742</b>	<b>6,011</b>	<b>28,179</b>	<b>939,087</b>	<b>111,508</b>

\*As permitted by Finance Circular 09-2022 the council has adopted both Statutory Override 1 & 2 relating to infrastructure assets which allow for the following;

Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Statutory Override 2: For accounting periods commencing 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

\*\* Assets classified as operational assets are leased out by the Council under an operating lease arrangement (Note 16)



# Notes to the Financial Statements

## 11.3 Commitments under Capital Contracts

At 31 March 2023, the Council had commitments on capital contracts for the construction or enhancement of property, plant and equipment for non-housing projects of £3.031m and housing projects of £26.591m. This expenditure will be funded from a combination of Government Grants, borrowing and income from the sale of assets and contributions from Revenue Accounts. Similar commitments at 31 March 2022 were £5.816m and £27.514m respectively. The major commitments are:

<b>General Services</b>	<b>£'000</b>
Connecting Dumbarton	2,695
Alexandria Masterplan	336
<b>HRA</b>	<b>£'000</b>
Clydebank East - new build site	26,091
External Wall Insulation	400
Pappert - new build site	100

## 11.4 Summary of Capital Expenditure and Financing

Capital expenditure involves the creation of assets, the benefit of which will be available to future rates and Council taxpayers. It is financed from borrowing, capital receipts and capital grants. The cost of the asset is effectively borne over a period of years. In 2022-23 total spending on capital projects was 62.108m.

2021-22	2022-23
£'000	£'000
<b>646,190 Opening Capital Financing Requirement</b>	<b>680,113</b>
<b>Capital Investment</b>	
63,495 Property, Plant and Equipment	61,887
357 Intangibles	189
114 Non-Current Assets Held for Sale	0
79 Heritage Assets	32
<b>64,045 Total Capital Investment</b>	<b>62,108</b>
<b>Sources of Finance</b>	
0 Service Concessions	29,734
(7,572) Government Grants and other Contributions	(17,263)
(13,247) Revenue Contributions	(2,911)
(9,303) Loan Fund Principal Repayments	(9,498)
<b>(30,122) Total Capital Financing</b>	<b>62</b>
<b>680,113 Closing Capital Financing Requirement</b>	<b>742,283</b>
<b>Movements in the year</b>	
33,923 Increase in Underlying Need to Borrow	62,170
<b>33,923 Movement in Capital Financing Requirement</b>	<b>62,170</b>

## Note 12 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 £0.084m charged to revenue in 2022/23 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.

# Notes to the Financial Statements

The movement in intangible assets during the year was:

2021-22 £'000	2022-23 £'000
<b>Balance at 1 April</b>	
667 Gross carrying amount	1,053
(396) Accumulated amortisation	(436)
<b>271 Net carrying amount at start of year</b>	<b>617</b>
357 Acquisitions in year	189
29 Transfer from Assets under Construction	0
(40) Amortisation for period	(84)
<b>617 Net carrying amount at 31 March</b>	<b>722</b>
<b>Comprising:</b>	
1,053 Gross Carrying amounts	1,242
(436) Accumulated amortisation	(520)
<b>617</b>	<b>722</b>

## Note 13 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:

2021/22 £'000	2022/23 £'000
<b>1,406 Balance at 1 April</b>	<b>1,485</b>
79 Additions/ Disposals / Newly Classified	33
<b>1,485 Balance at 31 March</b>	<b>1,518</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
- 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

**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 14 Non-Current Assets Held for Sale

Non-Current 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.

When these criteria are met, assets within the category of Property, Plant & Equipment will be reclassified to "Non-Current Assets Held for Sale".

2021-22 £'000	2022-23 £'000
<b>7,755 Balance at 1 April</b>	<b>5,417</b>
114 Acquisitions	0
639 Assets previously omitted	0
Assets newly classified as held for sale:-	
71 Property, Plant and Equipment	0
(173) Impairment	0
50 Revaluation Gains	0
(3,039) Disposals	0
Assets declassified as held for sale*	
0 Property, Plant and Equipment	0
0 Depreciation	0
<b>5,417 As at 31 March</b>	<b>5,417</b>

## Note 15 Private Finance Initiatives and Similar Contracts

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

2022/23 was the fourteenth year of a thirty-year public private partnership for provision of three secondary schools and one primary school in Clydebank and Alexandria. 2022/23 was the sixth 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 needed 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.

# Notes to the Financial Statements

## 15.1 Assets held under Schools PPP and DBFM Contracts

The construction costs of the five school buildings, adjusted for revaluations on 31 March 2023 and depreciation to date are included as part of Operational Land and Buildings.

2021/22 £'000	2022/23 £'000
<b>Cost or Valuation</b>	
114,219 At 1 April	114,219
<u>Revaluations</u>	
0 To Revaluation Reserve	11,993
0 Additions	0
<b>114,219 At 31 March</b>	<b>126,212</b>
<b>Accumulated Depreciation and Impairment</b>	
(7,578) At 1 April	(10,104)
(2,526) Depreciation Charge	(5,350)
<u>Depreciation written out</u>	
0 To revaluation reserve	13,661
0 To Net Cost of Service	0
<b>(10,104) At 31 March</b>	<b>(1,793)</b>
<b>106,641 Opening Net Book value</b>	<b>104,115</b>
<b>104,115 Closing Net Book value</b>	<b>124,419</b>

## 15.2 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 2023 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Repayment of Liability	Interest Charges	Operating Costs	Lifecycle Replacement	Total Unitary Payment
	£'000	£'000	£'000	£'000	£'000
less than 1 year	3,032	6,421	3,377	1,788	<b>14,618</b>
2-5 years	17,274	22,921	14,861	5,452	<b>60,508</b>
6-10 years	21,878	21,584	22,250	13,710	<b>79,422</b>
11-15 years	31,961	11,877	27,036	13,008	<b>83,882</b>
16-20 years	14,970	1812	8,812	5,044	<b>30,638</b>
<b>PPP Contractual Liability as at 31 March 2023</b>	<b>89,115</b>	<b>64,615</b>	<b>76,336</b>	<b>39,002</b>	<b>269,068</b>

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.

# Notes to the Financial Statements

2021/22 £'000	2022/23 £'000
96,292 Opening Balance as at 1 April	92,485
(3,807) Repayments	(3,370)
<b>School finance Lease Liability</b>	
<b>92,485 as at 31 March</b>	<b>89,115</b>
Split:	
2,364 Obligation payable within 1 year	3,032
90,121 Obligation payable after 1 year	86,084
<b>School finance Lease Liability</b>	
<b>92,485 as at 31 March</b>	<b>89,116</b>

## Application of PPP Service Concession Arrangement Flexibilities

In accordance with Accounting Policy 21 on page 50 and in line with Finance Circular 10/2022, the Council has applied the permitted PPP Service Concession Arrangement (SCA) flexibility in financial year 2022-23 on a retrospective annuity basis with a useful life of 60 years. The flexibility being applied is consistent with current Council Loans Fund arrangements and is considered prudent, sustainable, and affordable over the life of the asset.

The current repayment charges have been compared against an annuity repayment profile based on the estimated useful asset lives for the each of the two SCA arrangements. The most appropriate asset life is considered to be 60 years which replicates the useful asset life of other similar type assets held on the Council's balance sheet i.e. schools. The calculation of the repayment charges of each SCA or Public Private Partnership (PPP) scheme using the asset life annuity basis is compared to the current charges which are made over the contract period. By applying the flexibility, a one-off combined pre-2022-23 retrospective saving of £26.650m as detailed in the table below will be achieved.

<b>PPP Debt Repayment</b>	<b>Current Repayment</b>	<b>Revised Repayment</b>	<b>(Reduction) /Cost</b>
Pre 2022/23	28,740	2,090	(26,650)
Paid in 2022/23	3,370	286	(3,084)
Payable within two to five years	15,754	1,372	(14,382)
Payable within six to ten years	21,548	2,375	(19,173)
Payable within eleven to twenty five years	51,812	15,275	(36,537)
Payable within twenty six to forty years		45,160	45,160
Payable within forty one to fifty years		48,105	48,105
Payable within fifty one to sixty years		6,561	6,561
<b>Total</b>	<b>121,224</b>	<b>121,224</b>	<b>0</b>

In addition to the one-off retrospective element, an in-year saving occurs in scheduled debt repayments in 2022/23, of £3.084m. This will be followed by a reduction in the annual charges for further 21 years and then the continuation of the statutory charges after the SCA contracts have been repaid. Over the full asset life of the SCAs the total repayment for the debt liability remains the same.

## Impact on CIES and Balance Sheet.

The reprofiling of the debt liability repayments increases the Capital Financing Requirement (CFR) by £26.650m as at 1 April 2022. The increase in the CFR (Note 11) will continue to be reduced by the revised repayments after each SCA contract has expired until the end of the revised period. Being a cumulative statutory adjustment there is no prior year restatement of statutory adjustments in the Annual Accounts. The statutory adjustment up to 31 March 2023 has the following impact on the 2022/23 Balance sheet (Capital Adjustment Account) and Movement in Reserves statement:

# Notes to the Financial Statements

	Pre 2021-22 £000	Movement £000	2022-23 £000
Capital Adjustment Account		3,084	29,734
General Fund	(26,650)	(3,084)	(29,734)

## Note 16 Operating Leases

### 16.1 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:

31 March 2022 £'000	31 March 2023 £'000
731 Not later than one year	717
2,019 Later than one year and not later than five years	1,747
1,706 Later than five years	1,446
<b>4,456</b>	<b>3,910</b>

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.741m (2021/22 £0.769m).

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 2022 £'000	31 March 2023 £'000
236 Not later than one year	286
336 Later than one year and not later than five years	232
<b>572</b>	<b>518</b>

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.172m (2021/22: £0.186m).

### 16.2 Operating Leases – Council as Lessor

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet classed as an operational asset in Note 11.

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 2022 £'000	31 March 2023 £'000
3,528 Not later than one year	4,173
11,029 Later than one year and not later than five years	10,925
122,840 Later than five years	126,974
<b>137,397</b>	<b>142,072</b>

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 2022/23, £2.610m contingent rents were receivable by the Council (2021/22 £1.413m).



# Notes to the Financial Statements

## 16.3 Finance Leases

The Council does not have any assets or liabilities under a finance lease, either as Lessee or Lessor.

## Note 17 Debtors

31/03/2022*		31 March 2023	
£'000	£'000	£'000	£'000
	7,946		14,505
	<b>Central Government Bodies</b>		
	13,867		639
	<b>Scottish Government (including NHS bodies)</b>		
	448		788
	<b>Other Local Authorities</b>		
	8		8
	<b>Other entities and individuals</b>		
55,803	Arrears of local taxation	60,362	
(33,832)	Impairment allowance for doubtful debt	(35,939)	
	<b>21,971 Council Tax (net of impairment)</b>		<b>24,423</b>
27,586	Trade debtors	26,521	
(4,258)	Impairment allowance for doubtful debt	(4,774)	
	<b>23,328 Trade Debtors (net of impairment)</b>		<b>21,747</b>
	<b>67,568 Total Debtors</b>		<b>62,110</b>

\*The 2021-22 figures have been restated to move rate debtors from Trade debtors to Arrears of Local Taxation.

## Note 18 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.

	31 March 2022	Movement	31 March 2023
	£'000	£'000	£'000
Net Bank Current Account*	(9,302)	5,356	(3,946)
Short term deposits with UK banks	11,442	(4,945)	6,497
<b>Net Cash and Cash equivalents</b>	<b>2,140</b>	<b>411</b>	<b>2,551</b>

- A further breakdown of the bank account balances is noted below:

31 March 2022	31 March 2023
£'000	£'000
805 Bank current accounts in balance	604
(10,107) Current Accounts in overdraft	(4,550)
<b>(9,302)</b>	<b>(3,946)</b>

# Notes to the Financial Statements

## Note 19 Creditors

31 March 2022		31 March 2023
£'000		£'000
8,620	Central government bodies	13,153
37,430	Other local authorities	28,616
205	Scottish Government including NHS Bodies	2,646
	<b>Trade Creditors</b>	
28,885	Other Entities and individuals	31,227
<b>75,140</b>		<b>75,642</b>

## Note 20 Provisions

	VS/ER	Other	Total
	£'000	£'000	£'000
<b>Opening Provision as at 1 April 2021</b>	0	0	0
Contributions in year	0	0	0
Amounts utilised in year	0	0	0
Unutilised amounts reversed in year	0	0	0
<b>Closing Provision as at 31 March 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>
Contributions in year	3,412	16	3,428
Amounts utilised in year	0	0	0
Unutilised amounts reversed in year	0	0	0
<b>Closing Provision as at 31 March 2023</b>	<b>3,412</b>	<b>16</b>	<b>3,428</b>

**Compensation Payments – Voluntary Severance/Early Retirement (VS/ER) cost £3.412m** This provision is for future severance costs that were identified as part of the 2023/24 budget setting process.

**Other Provisions £0.016m:** Intromission liability for historic abuse claims following reorganisation of Strathclyde Regional Council amounts agreed due from West Dunbartonshire Council to Glasgow City Council as at 31 March 2023

## Note 21 Financial Instruments

### Categories of financial Instrument

31 March 2022			31 March 2023	
Long Term	Current		Long Term	Current
£'000	£'000		£'000	£'000
		<b>Debtors</b>		
21	61,782	Financial assets at amortised cost	20	39,955
		<b>Borrowing</b>		
307,485	270,923	Financial liabilities at amortised cost	300,471	319,979
		<b>Other long term liabilities</b>		
89,115	3,370	PPP and finance leases	86,084	3,032
		<b>Creditors</b>		
	75,140	Financial liabilities at contract amount		75,642

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”:

### 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 2023 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

# Notes to the Financial Statements

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 4.10% 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 0.70% 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 March 2022		31 March 2023	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
£'000	£'000	£'000	£'000
<b>Debtors</b>			
61,803	61,803	39,955	39,955
<b>Cash and Cash Equivalents</b>			
2,140	2,140	2,551	2,551
<b>Creditors</b>			
75,140	75,140	75,642	75,642
<b>Borrowing</b>			
578,408	648,513	620,450	574,927
<b>Other Long Term Liabilities</b>			
92,485	136,477	89,116	136,477

<sup>1</sup> The fair value is equal to the carrying amount because all financial assets at amortised cost 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.

<sup>2</sup> 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.

# Notes to the Financial Statements

A further breakdown of types of borrowing held by the Council as at 31 March 2023 is noted below:

31 March 2022 Accrued			31 March 2023 Accrued		
Principal outstanding £'000	interest / EIR adjustment £'000	Carrying amount £'000	Principal outstanding £'000	interest / EIR adjustment £'000	Carrying amount £'000
11,091	1,289	12,380 PWLB	2,410	1,736	4,146
0	761	761 Mortgage loans	0	682	682
257,000	135	257,135 Local Authority	311,000	2,896	313,896
631	16	647 Other	1,255	0	1,255
<b>268,722</b>	<b>2,201</b>	<b>270,923 Short Term Loans</b>	<b>314,665</b>	<b>5,314</b>	<b>319,979</b>
226,268	0	226,268 PWLB	233,644	0	233,644
77,600	1,637	79,237 Mortgage loans	65,419	1,256	66,675
0	0	0 Local Authority	0	0	0
1,980	0	1,980 Other	152	0	152
<b>305,848</b>	<b>1,637</b>	<b>307,485 Long Term Loans</b>	<b>299,215</b>	<b>1,256</b>	<b>300,471</b>

## 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:

31 March 2022			31 March 2023		
Financial Assets: Loans & receivables £'000	Financial Liabilities: amortised cost £'000	Total £'000	Financial Assets: Loans & receivables £'000	Financial Liabilities: amortised cost £'000	Total £'000
81	0	81 Interest (investment)	344	0	344
		Interest payable and similar charges			0
0	(17,865)	(17,865) Interest/expense*	0	(21,218)	(21,218)
0	15	15 (Gain)/Loss on de-recognition	0	380	380
<b>0</b>	<b>(17,850)</b>	<b>(17,850) Net (Gain)/loss in year</b>	<b>344</b>	<b>(20,838)</b>	<b>(20,494)</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:

- Non-current financial assets held for sale.
- financial assets or liabilities at a fair value through profit and loss.

## Nature and Extent of Risks arising from Financial Instruments

The Council activities expose it to a variety of financial risks:

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

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 2021/22 these required the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services

# Notes to the Financial Statements

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.
  - maximum and minimum exposures to fixed and variable rates.
  - maximum and minimum exposures regarding the maturity structure of debt
  - 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 2022/23 annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 23 March 2022 and is available on the Council website. The key issues within the strategy were:

- the authorised limit for 2022/23 was set by Council at that meeting at £887.766m. This is the maximum limit of external borrowing
- the operational boundary was expected to be £813.785m. This is the expected level of debt during the year
- the maximum amounts of fixed and variable interest rate exposure were set at 100% and 50% based on the Council's gross debt
- 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.

## Management of 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 £10.018m cannot be assessed on a general basis as the risk of any institution failing to make interest payments or repay principal 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 2023 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 March 2023	Historical experience of non-payment adjusted for market conditions at 31 March 2023	Estimated maximum exposure to default and uncollectibility
	£'000	%	£'000
Customers and other income	39,010	7.80	1,303

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.

# Notes to the Financial Statements

The council does not generally allow credit for customers, however currently £15.057m is past its due date for payment (2021/22: £11.652m). The past due amount can be analysed by age as follows:

	<b>Total £'000</b>
Less than three months	4,706
Three to six months	900
Six months to one year	1,795
More than one year	7,656
<b>Total</b>	<b>15,057</b>

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, however this continues to be monitored. It should be noted that due to the limitations on the available age analysis of rent arrears, the impairment of bad 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.

## Management of 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. 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
- 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

	Creditors	PPP	Borrowing	Total
	£'000	£'000	£'000	£'000
Less than one year	75,642	3,032	324,531	403,205
Between one and two years		17,274	18,464	35,738
Between two and five years		21,878	10,000	31,878
More than five years		46,931	271,988	318,919
	<b>75,642</b>	<b>89,115</b>	<b>624,983</b>	<b>789,740</b>

## Management of 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
- 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	620,450	99.3%
Variable Interest Debt	4,549	0.7%
	<b>624,999</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 2023, with all other variables held constant:

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

<b>Impact on tax payers and rent payers</b>	<b>£'000</b>
Increase on interest payable on variable debt borrowings	1
Increase in interest receivable on variable rate investments	(344)
Increase in government grant receivable for ‘loan charges’	(41)
<b>Impact on Income and Expenditure Account</b>	<b>(384)</b>
<b>Share of overall impact due credited to the HRA</b>	<b>(145)</b>
<b>Other accounting presentational changes</b>	
Decrease in fair value of fixed rate investments:	
Decrease in fair value of fixed rate debt borrowings (disclosure confined to notes to the core financial statements)	35,298

## Management of 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.

# Notes to the Financial Statements

## Note 22 Defined Benefit Pension Scheme

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 2022/23 was 19.3%, and 2023/24 is set at 19.3%. In 2022/23, the Council paid an employer's contribution of £21.084m (2021/22 £19.851m).

**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. This is charged directly to the revenue account for the Education service. The amount paid over in respect of employer's contribution was £11.100m (2021/22 £10.291m) and in respect of expenditure for teachers added years, £0.041m payments were made (2021/22 £0.039m).

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 2022/23, the Council's own contribution equates to 1.66%.

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

**Local Government Pension Scheme:** Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Council. In 2023/24 the capitalised costs that would have arisen from the early retiral of the Council employees and from predecessor authorities were as follows:

	£'000
2022/23	(9,974)
In earlier years	53,394
<b>Total</b>	<b>43,420</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.

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.

# Notes to the Financial Statements

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

2021/22		2022/23
£'000		£'000
	<b>Net cost of services</b>	
51,324	Current service cost	48,832
0	Past service cost	190
<b>51,324</b>		<b>49,022</b>
	<b>Financing and investment Income and Expenditure</b>	
3,557	Net interest expense	1,839
<b>54,881</b>	<b>Total post employment benefit charged to the Surplus or Deficit on the provision of Services</b>	<b>50,861</b>
(55,488)	Expected return on assets	44,999
(7,291)	Actuarial gains and losses arising from changes in demographic assumptions	(27,468)
(78,984)	Actuarial gains and losses arising from changes in financial assumptions	(400,621)
1,722	Actuarial gains and losses arising from experience assumptions	68,024
0	Change in the effect of the asset ceiling 2022-23	247,931
<b>(140,041)</b>	<b>Total remeasurements recognised in other Comprehensive Income</b>	<b>(67,135)</b>
<b>(85,160)</b>	<b>Total post employment benefit charged to the comprehensive income and expenditure statement</b>	<b>(16,274)</b>
	<b>Movement in Reserves Statement</b>	
(54,881)	Reversal of gross charges made to surplus or deficit for post employment benefits	(50,861)
22,765	Actual amount charged against the General Fund balance in the year - employer contributions payable to Scheme	24,026
<b>(32,116)</b>	<b>Reversal of gross charges made to surplus or deficit for post employment benefits</b>	<b>(26,835)</b>

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

2021/22		2022/23
£'000		£'000
1,052,202	Fair value of plan assets	1,033,063
(1,054,498)	Present value of defined benefit obligations	(757,102)
0	Asset ceiling adjustment	(247,931)
<b>(2,296)</b>	<b>Net assets in the Strathclyde Pension Fund</b>	<b>28,030</b>
	<b>Present Value of Unfunded Liabilities</b>	
(25,835)	LGPS Unfunded	(20,792)
(22,386)	Teachers' pensions	(18,258)
(5,173)	Pre Local Government Reorganisation	(4,370)
<b>(55,690)</b>	<b>Net pension asset/(liability)</b>	<b>(15,390)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits.

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is shown in the tables below. The net asset arising from the Council's involvement in the defined benefit scheme totals £232.541m at 31 March 2023. However the funded obligation has been limited to £28.030m in line with the accounting requirements of IFRIC 14 to limit the recognition of a pension asset to the extent to which the Council can recover the

# Notes to the Financial Statements

benefits through either refunds or reduced contributions. As the Council is not able to withdraw from the scheme or recover funds directly, the asset is therefore limited to the forecast reductions in contributions as compared to the forecast future service costs. This has limited the recognition of the funded pension asset to nil. The Council has continued to recognise the unfunded element of its pension liabilities as there are no scheme assets to cover the future costs of these liabilities as they are due going forward.

The Council's Local Government Pension Scheme has a material surplus as at 31 March 2023. The Council accounts for its pension fund using International Accounting Standards IAS 19. The surplus asset is to be determined as outlined in IFRIC 14 based on the expected future reduction in accounting contributions. The fund remains open to new employees therefore the potential future benefits have been measured in perpetuity.

The fair value of plan assets have decreased by £19.139m. This is mainly due to strong investment returns.

The estimated liabilities have decreased by £297,396m, due to financial assumptions as at 31 March 2023 being more favourable than they were at 31 March 2022 with a large increase in the discount rate based on market conditions as at 31 March 2023.

## 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:

	£'000	%
Active Members	338,771	44.7%
Deferred Members	73,548	9.7%
Pensioner Members	310,895	41.1%
Pre-Local Government Re-organisation Members	33,888	4.5%
	<b>757,102</b>	<b>100%</b>

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

2021/22 £'000	2022/23 £'000
1,137,958 Opening balance	1,107,892
51,324 Current service cost	48,832
23,072 Interest cost	30,292
6,137 Contributions by Members	6,446
(7,291) Actuarial gains/losses – change in demographic assumptions	(27,468)
(78,984) Actuarial gains/losses – change in financial assumptions	(400,621)
1,722 Actuarial gains/losses – other experience	62,154
0 Past service costs/(gains)	190
(2,914) Estimated unfunded benefits paid	(2,942)
(23,132) Estimated benefits paid	(24,253)
<b>1,107,892 Closing Balance as at 31 March</b>	<b>800,522</b>

# Notes to the Financial Statements

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

2021/22	2022/23
£'000	£'000
974,343 Opening balance	1,052,202
55,488 Expected return on assets	(44,999)
0 Actuarial gains/ losses - other experience	(5,870)
19,515 Interest Income	28,453
6,137 Contributions by Members	6,446
19,851 Contributions by employer	21,084
2,914 Contributions in respect of unfunded benefits	2,942
(2,914) Estimated unfunded benefits paid	(2,942)
(23,132) Estimated benefit paid	(24,253)
<b>1,052,202 Closing Balance as at 31 March</b>	<b>1,033,063</b>

The Council's share of the pension fund asset at 31 March 2023 comprised:

2021/22			2022/23		
Quoted prices in Active Markets	Prices not quoted in Active Market	Total	Quoted prices in Active Markets	Prices not quoted in Active Market	Total
£'000	£'000	£'000 Asset Category	£'000	£'000	£'000
231,344	501	231,845 Equity Securities	201,732	1,853	203,585
	205,983	205,983 Private Equity		253,914	253,914
	88,736	88,736 Real Estate		85,175	85,175
5,837	493,028	498,865 Investment funds and unit trusts	4,450	466,368	470,818
26,418	355	26,773 Cash and Cash Equivalent	14,288	5,283	19,571
<b>263,599</b>	<b>788,603</b>	<b>1,052,202 Total</b>	<b>220,470</b>	<b>812,593</b>	<b>1,033,063</b>

Assets are now held at bid value.

## Asset and Liability Matching strategy

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 129% (2021/22 95%) of accrued liabilities at that date.

# Notes to the Financial Statements

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

31 March 2022		31 March 2023
<b>Long term expected return on assets</b>		
3.20%	Pension increase rate	2.95%
3.90%	Salary Increase rate	3.65%
2.70%	Discount rate	4.75%
	<u>Mortality</u>	
	Based on these assumptions, the average future life expectancies at the age of 65 are:	
19.6	Current pensioners – Men	19.4
22.4	Current pensioners - Women	22.0
21.0	Future pensioners – Men	20.0
24.5	Future pensioners - Women	23.8

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 2023 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:

	Approximate % increase to Employer Liability	Approximate monetary Amount (£'000)
Real Discount Rate (0.1% decrease )	2%	12,594
1 year increase in the member life expectancy	4%	32,021
Salary Increase Rate (0.1% increase)	0%	1,264
Pension Increase Rate (0.1% increase)	1%	11,514

The total contribution expected to be made to the Local Government pension scheme for 2023/24 is £21.231m.

## Note 23 Termination Benefits

The Council terminated the contracts of a number of employees in 2022/23. Details of which are included in Table 8 of the Remuneration report.



# Notes to the Financial Statements

## Note 24 Other Reserves

Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

### 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:

31 March 2022	31 March 2023
£'000	£'000
15,020 General Services	30,309
2,734 Housing Revenue Account	2,635
30 Capital Receipts Reserve	30
42 Capital Grants and Receipts Unapplied	42
758 Capital Reserve	0
468 Other Reserves	262
<b>19,052 Total Usable Reserves</b>	<b>33,278</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.

**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). This was fully utilised in 2022/23.

### Unusable Reserves

Certain reserves are kept to manage the accounting process for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the authority. These reserves are explained on the following pages.

### Summary of Year-end Balances

The total for Unusable Reserves in the Balance Sheet is made up of the following reserves:

# Notes to the Financial Statements

31 March 2022	31 March 2023
£'000	£'000
254,522 Capital Adjustment Account	219,601
124,778 Revaluation Reserve	175,725
(55,690) Pension Reserve	(15,390)
(4,100) Employee Statutory Adjustment Account	(4,373)
(11,440) Financial Instruments Adjustment Account	(10,564)
<b>308,070 Total Unusable Reserves</b>	<b>364,999</b>

## Movement on balances - Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences 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.

31 March 2022	31 March 2023
£'000	£'000
284,963 Carry forward balance as at 31 March	254,522
0 Service concession adjustment	(29,734)
284,963 Opening Balance as at 1 April	224,788
(31,713) Depreciation	(36,246)
(34,112) Impairment	(393)
7,739 Increase in Depreciation Caused by Revaluation	2,343
617 Write off Revaluation reserve Balance (disposals)	0
(3,268) Disposal of Non-Current Assets	(337)
7,746 Government Grants Applied	17,263
13,247 Capital Financed by Current Revenue	2,685
9,303 Long Term Debt Payment	9,498
0 To/from other statutory reserves	0
<b>254,522 Closing Balance</b>	<b>219,601</b>

## Movement on Balances – 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 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.

£'000	£'000
126,924 Opening Balance	124,788
5,681 Unrealised Gains on Revaluation of Assets	58,088
(869) Impairments and Losses on Revaluation of Assets	(4,808)
(617) Write off revaluation Balance (Disposal)	0
(6,341) Depreciation due to Revaluation of Assets	(2,343)
<b>124,778 Closing Balance</b>	<b>175,725</b>

## Movement on Balances – Pensions 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

# Notes to the Financial Statements

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.

31 March 2022	31 March 2023
£'000	£'000
(163,615) Opening Balance	(55,690)
140,041 Actuarial (Loss)/Gain	67,135
22,765 Employer Contributions	24,026
(54,881) Reversal of IAS19 Entries	(50,861)
<b>(55,690) Closing Balance</b>	<b>(15,390)</b>

## Movement on Balances - 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.

31 March 2022	31 March 2023
£'000	£'000
(4,388) Opening Balance	(4,100)
288 Staff Accrual Movement	(273)
<b>(4,100) Closing Balance</b>	<b>(4,373)</b>

## Movement on Balances - Financial instrument 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 2023 will be charged to the General Fund over the next thirty-seven years.

31 March 2022	31 March 2023
£'000	£'000
(12,163) Opening Balance	(11,440)
708 Annual Write off of Premiums and Discounts	662
0 New Premiums and Discounts	0
15 Annual EIR Adjustment to Stepped Interest Instruments	214
<b>(11,440) Closing Balance</b>	<b>(10,564)</b>

## Note 25 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 and balances 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.

## The Scottish Government

The Scottish Government has significant influence over the general operations of the Council, being responsible for providing the statutory framework within which the Council operates. The Scottish Government also provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the

# Notes to the Financial Statements

Council has with other parties (such as Council Tax bills and Housing Benefits). Grants received from the Scottish Government are disclosed in Note 9 Taxation and Non-specific Grant Income on pages 57.

## Elected Members Elected

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022-23 is shown on page 26 within the Remuneration Report. There are no other significant related party transactions with members of the Council. Elected Members are required 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 arise, the relevant Member does not take part in any discussion or decision relating to that interest. The Register of Interests of each Member is available on the Councils' website: <https://www.west-dunbarton.gov.uk/council/councillors-and-committees/councillors-allowances/>.

## Senior Officers

Senior Officers, as listed within the Remuneration Report on page 27, are required 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.

## Entities Controlled or Significantly Influenced by the Council

The Council has entered into a number of transactions under subsidiaries, associates and other trading arrangements deemed to be a related party mainly through the Council's ability to exert influence over the entity through its representation on the respective Boards. The relevant transactions with the bodies are detailed below.

	2021-22				2022-2023			
	Income from Related Parties	Expenditure to Related Parties	Amounts due to Related Parties	Amounts owed by Related Parties	Income from Related Parties	Expenditure to Related Parties	Amounts due to Related Parties	Amounts owed by Related Parties
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Subsidiaries</b>								
West Dunbartonshire Leisure Trust	(71)	5,706	1,025	83	(132)	6,085	872	252
Clydebank Property Company	(50)	273	0	0	(50)	362	0	0
West Dunbartonshire Energy LLP	0	397	0	397	0	308	0	705
<b>Associates and Joint Ventures</b>								
Dumbartonshire and Argyll and Bute Valuation Joint Board	(123)	736	976	0	(123)	779	931	0
West Dunbartonshire Health & Social Care Partnership	(74,925)	74,925	0	0	(83,178)	83,178	0	0
<b>Non-Material Interest in Other Entities</b>								
Strathclyde Partnership for Transport	0	2,124	11	0	0	2,244	37	0
Strathclyde Concessionary travel Scheme Joint Board	0	163	0	0	0	163	0	0
Strathclyde Pension fund	0	26,284	2,043	0	0	29,461	2,218	0
Clydebank Municipal Bank	0	62	1,181	84	0	66	0	0

\*Further details of these entities are disclosed in the group Accounts Note 30 Combining Entities.

# Notes to the Financial Statements

## Note 26 Agency Services

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

2021/22 Net Payment/ (receipt)	Organisation	Description	2022/23 Receipts	2022/23 Payment	(Debtor)/ Creditor at 31.03.23
£'000			£'000	£'000	£'000
14,412	Scottish Water	Water and sewerage charges collected by Council and paid over		15,419	200
(76,298)	Scottish Government	Non Domestic Rates	(83,772)		(774)

## Note 27 Financial Guarantees

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.

## Note 28 Contingent Assets and 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.

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 Council has an outstanding Employment Tribunal, if the Employees' action is successful this will result in a liability to the Council, the amount of which cannot be reliably estimated as at 31 March 2023.

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 is not aware of any other contingent assets or liabilities which may be outstanding.

## Note 29 Fees Payable to External Auditors

In 2022-23 the following fees relating to external audit and inspection were incurred alongside comparative figures for 2021-22:

# Notes to the Financial Statements

2021-22		2022-23
£'000	Auditor's Remuneration	£'000
281	Fees payable to External Auditors with regard to external audit services carried out by the appointed Auditor	323
<b>281 Total Remuneration</b>		<b>323</b>

The figure above includes fees for the audit of the Council's charitable trusts.

Forvis Mazars have been appointed as external auditors for 2022-23. Forvis Mazars did not undertake any non-audit work in 2022-23.

## Note 30 Events After the Balance Sheet Date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. An adjustment is made to the financial statements where there is evidence that the event relates to the reporting period; otherwise the financial statements are not adjusted, and where the amount is material, a disclosure is made in the notes.

In June 2023 the High Court ruled in the Virgin Media Limited v NTL Pension Trustees II Limited (and others) case regarding the validity of amendments to post 6 April 1997 benefits in formerly contracted-out defined benefit pension schemes. In a judgement delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court. This ruling may have a potential future impact on the Local Government Pension Scheme benefits as the Local Government Pension scheme has made amendments since 1997 and these amendments did impact member benefits. No adjustments have been made to the financial statements, as it is not clear if the specific circumstances of the Council's LGPS are relevant and if the Pension Fund obtained the necessary documentation to support amendments at the time. Should this be the case, the impact of the ruling has not yet been determined and would require significant investigation to quantify any potential impact on the Council's liabilities, and so is not quantifiable at this stage.

The Chief Officer - Resources issued the unaudited Statement of Accounts on 30 June 2023. There have been no other material events after the balance sheet date which necessitate revision of figures in the financial statements or notes thereto including contingent assets or liabilities.

# Housing Revenue Account

## Housing Revenue Account

### 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.

2021/22	2022/23
£'000	£'000
<b>(7,364) Balance on the Housing Revenue Account as at 1 April</b>	<b>(2,734)</b>
<b>19,269 Total Comprehensive Income and Expenditure</b>	<b>262</b>
(1,169) Pension Scheme Adjustments	(1,104)
7 Financial Instruments Adjustment	(72)
35 Holiday Pay Adjustment	0
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to	
(32,487) capital expenditure	(8,677)
<b>(33,614) Adjustments to the revenue resource</b>	<b>(9,853)</b>
0 Net gain or loss on sale of non-current assets	0
5,495 Statutory Repayment of Debt (Loans Fund Advances)	6,510
13,175 CFCR	2,911
<b>18,670 Adjustments between Revenue and Capital Resources</b>	<b>9,421</b>
<b>(14,944) Total Statutory Adjustments</b>	<b>(432)</b>
305 Transfers (to)/from Other Statutory Reserves	269
<b>4,630 (Increase)/Decrease in Year</b>	<b>99</b>
<b>(2,734) Balance on the Housing Revenue Account as at 31 March</b>	<b>(2,635)</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.

2021-22	2022/23
£'000	£'000
<b>Income</b>	
(42,850) Dwelling Rents (net of voids)	(43,656)
(251) Other Rents	(244)
(1,574) Other Income	(2,027)
<b>(44,675)</b>	<b>(45,927)</b>
<b>Expenditure</b>	
12,750 Repairs and Maintenance	15,255
12,680 Supervision and Management	14,315
33,456 Depreciation and Impairment	13,178
273 Other Expenditure	435
<b>59,159</b>	<b>43,183</b>
<b>Net Cost of Service as Included in the Council Comprehensive</b>	
<b>14,484 Income and Expenditure Statement</b>	<b>(2,744)</b>
<b>HRA Share of the Operating Income and Expenditure Included in the</b>	
<b>Comprehensive Income and Expenditure Statement</b>	
(969) Recognised Capital Income (Grants, Contributions and Donations)	(4,502)
0 Gain or Loss on the Sale of HRA Non Current Assets	0
4,717 Interest Payable and Similar Charges	6,922
0 Amortisation of Premiums and Discounts	0
1,048 Impairment Loss - Debtors	821
(11) HRA Interest and Investment Income	(235)
<b>4,785</b>	<b>3,006</b>
<b>19,269 (Surplus)/Deficit for the year on HRA Services</b>	<b>262</b>



# Housing Revenue Account

## 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 10,423 dwellings during 2023/24 (10,378 in 2021/22). The following shows an analysis of these dwellings by type.

2021/22			2022/23		
Number at 31 March 2022	Average weekly rent £	Type of Dwelling	Number at 31 March 2023	Average weekly rent £	
2,728	79.47	Two-apartment	2,745	81.07	
4,676	81.71	Three-apartment	4,701	83.37	
2,616	86.89	Four-apartment	2,618	88.63	
338	94.25	Five-apartment	338	96.13	
14	109.23	Six-apartment	14	111.41	
2	86.98	Seven-apartment	3	238.15	
2	95.49	Eight-apartment	2	97.40	
2	95.49	Nine-apartment	2	97.40	
<b>10,378</b>		<b>Total</b>	<b>10,423</b>		

### Note 2 Dwelling Rents

The £43.656m noted in the Income and Expenditure Statement is the total rental income less voids chargeable for the year of £1.740m (2021/22 £1.373m). It excludes irrecoverables and impaired rent receivables. Average rents were £84.57 per week in 2022/23 (£82.88 per week in 21/22).

### 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 impaired rent receivables. Lost rents from lock-ups in 2022/23 were £0.078m (£0.072m in 2021/22).

### Note 4 Rent arrears

As at 31 March 2023, total rent arrears amounted to £4.248m (£4.027m as at 31 March 2022). This is 9.36% of the total value of rents due at 31 March 2023. It should be noted that the total arrears do not all relate to 2022/23 and the year on year movement in value of arrears is an increase of £0.208m.

### Note 5 Impairment of Doubtful Receivables

In the financial year 2022/23, the rental impairment of doubtful receivables has been increased by £0.116m (£0.216m increase 2021/22). The impairment to cover loss of rental income stands at £2.560m as at 31 March 2023 (2021/22: £2.444m) – equivalent of 60.27% (62.36% 2021/22) of the total value of rents arrears at that date.

# Council Tax Income Account

## Council Tax Income Account

The Council Tax Income Account shows the gross income raised from Council Taxes levied and deductions made under statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Council.

2021/22 £'000	2022/23 £'000
54,277 Gross council tax	56,288
Less:	
(8,674) Council Tax Reduction Scheme Discount*	(8,573)
(6,745) Other discounts and reductions	(7,092)
(559) Provision for bad and doubtful debts	(463)
(92) Adjustments for prior years	(847)
<b>38,207 Transfer to General Fund</b>	<b>39,313</b>

Dwellings are valued by the Assessor and placed within a valuation band ranging from the lowest "A" to the highest "H". The Council Tax charge is calculated using the Council Tax Base, Band D equivalent as below. This value is then decreased or increased dependent upon the band of the dwelling. The charge for each band for 2022-23 was as follows:

2021/22 £ per year	2022/23 £ per year
862.37 Band A	888.24
1,006.09 Band B	1,036.28
1,149.82 Band C	1,184.32
1,293.55 Band D	1,332.36
1,699.58 Band E	1,750.57
2,102.02 Band F	2,165.09
2,533.20 Band G	2,609.21
3,169.20 Band H	3,264.28

## 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	21	8	0	9	27	200/360	16
Band A	7,537	389	41	4,294	183	3,661	8,353	240/360	5,569
Band B	16,951	608	(7)	8,150	216	5,840	18,037	280/360	14,029
Band C	7,830	200	(2)	3,105	50	1,859	8,096	320/360	7,196
Band D	6,191	133	15	2,044	22	706	6,028	360/360	6,028
Band E	4,821	51	(45)	1,127	19	248	4,586	473/360	6,025
Band F	1,753	16	(13)	265	9	49	1,685	585/360	2,738
Band G	841	8	(8)	112	2	24	809	705/360	1,584
Band H	66	0	(2)	6	6	2	61	882/360	149
									<b>43,334</b>
									<b>Impairment of Doubtful Receivables (347)</b>
									<b>Council Tax Base 42,987</b>

## 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.

# Non-Domestic Rates Income Account

## Non-Domestic Rates Income Account

The Non-Domestic Rate Income Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992 on non-domestic property. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2021/22	2022/23
£'000	£'000
94,019 Gross rates levied	96,645
<u>Less:</u>	
(14,830) Reliefs and other deductions	(8,997)
(940) Provision for bad and doubtful receivables	(966)
78,249 Net non-domestic rate income	86,682
(1,801) Adjustments for prior years	(1,029)
810 Adjustments for prior years - doubtful receivable	466
77,258 Total Non Domestic Rate Income (before retention)	86,119
0 Non Domestic Rate Income Retained by the Council (BRIS)	0
<b>77,258 Contribution to National Non Domestic Rate Pool</b>	<b>86,119</b>
(81,408) Distribution from National Non Domestic Rate Pool	(107,740)
<b>(4,150) Net contribution to/(from) National Non Domestic Rate Pool</b>	<b>(21,621)</b>
<b>Net Non Domestic Rate Income to Comprehensive Income &amp; Expenditure Statement</b>	<b>(107,740)</b>

The non-domestic rates pool operates on a cash accounting basis and as such the non-domestic rate income account within the Council is calculated on a similar basis.

## Analysis of Rateable Values

Analysis of rateable Values:	£
Rateable value at 1/4/22	183,807,915
Running roll (full year RV)	1,862,745
Rateable value at 31/3/23	185,670,660
Less: partially exempt	(721,750)
Less: wholly exempt	(1,506,675)
<b>Net rateable value at 31 March 2023</b>	<b>183,442,235</b>

## Non-Domestic Rate Charge

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.

The national non-domestic rate poundage set by the First Minister for Scotland for 2022/23 was:

2021-22	2022-23
Pence	Pence
49.8p Basic Property Rate per £	49.8p
0.5p Supplementary Rate per £ for Properties between £51,000 and £100,000	1.3p
1.8p Supplementary Rate per £ for Properties over £100,000	2.6p

## Common Good Fund

## 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 2023. The fund does not represent assets of the Council and has not been included within the Balance Sheet on page 34.

## Common Good Income and Expenditure Account for the year ended 31 March 2023

2021/22			2022/23		
Usable Reserves	Unusable Reserves		Usable Reserves	Unusable Reserves	2022-2023
Revenue	Revaluation Reserve	Total	Revenue	Revaluation Reserve	Total
£'000	£'000	£'000	£'000	£'000	£'000
260		260	287		287
(320)		(320)	(320)		(320)
<b>(60)</b>		<b>(60)</b>	<b>(33)</b>		<b>(33)</b>
		<b>Cost of Service</b>			
		Interest Payable and Similar Charges			
-	-	Interest and Investment Income	(11)		(11)
-	-	<b>Financing and Investment Income and Expenditure</b>	<b>(11)</b>		<b>(11)</b>
<b>(60)</b>		<b>(60)</b>	<b>(44)</b>		<b>(44)</b>
		<b>(Surplus) or Deficit on Provision of Services</b>			
		<b>Other Income and Expenditure</b>			
-	-	Unrealised gains on revaluation of land and buildings	-		-
<b>(60)</b>		<b>(60)</b>	<b>(44)</b>		<b>(44)</b>
		<b>(Surplus)/Deficit for the Year</b>			
(521)	(3,485)	(4,006)	(581)	(3,486)	(4,068)
<b>(581)</b>	<b>(3,485)</b>	<b>(4,066)</b>	<b>(625)</b>	<b>(3,486)</b>	<b>(4,112)</b>
		<b>Balance on Reserves brought forward</b>			
		<b>Balance on reserves carried forward</b>			

## Common Good Balance Sheet as at 31 March 2023

31 March 2022	31 March 2023
£'000	£'000
<b>Non-current Assets</b>	
3,485 Investment properties	3,485
<b>Current Assets</b>	
586 Investments – West Dunbartonshire Council	625
3 Debtors	8
<b>Current Liabilities</b>	
(8) Creditors falling due within one year	(8)
<b>4,066 Total assets</b>	<b>4,110</b>
<b>Funds</b>	
3,485 Capital Adjustment Account	3,486
581 General Fund	625
<b>4,066 Total Funds</b>	<b>4,111</b>

# Trust Funds

## 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 34. 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.

## Receipt and Payment Account

2021/22			2022/23		
Receipts	Payments	(Surplus)/ Deficit	Receipts	Payments	(Surplus)/ Deficit
£'000	£'000	£'000	£'000	£'000	£'000
0	0	0	(2)	0	(2)
0	0	0	0	0	0
(2)	0	(2)	(4)	6	2
0	19	19	0	5	5
0	0	0	0	0	0
(2)	19	17	(6)	11	5

## Statement of Balances as at 31 March 2023

	01 April 2022	(Surplus)/deficit for year	31 March 2023
Other Assets and Investments	£'000	£'000	£'000
Dunbartonshire Educational Trust Scheme 1962	(91)	(2)	(93)
McAuley Prize for Mathematics	(22)	0	(22)
Alexander Cameron Bequest	(120)	2	(118)
Dr A K Glen Fund	(5)	5	0
UIE Award	(25)	0	(25)
<b>Total</b>	<b>(263)</b>	<b>5</b>	<b>(258)</b>

# Group Comprehensive Income and Expenditure Statement

## Group 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.

2021/22 restated *	2021/22 Restated *	2021/22 Restated*		2022/23	2022/23	2022/23
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	Note	£'000	£'000	£'000
<b>Service</b>						
70,085	(37,241)	32,844	Corporate Services	66,881	(37,854)	29,027
133,958	(17,445)	116,513	Educational Services	132,501	(21,061)	111,440
			Infrastructure, Regeneration & Economic			
61,498	(13,044)	48,454	Development	62,625	(14,114)	48,511
39,614	(31,853)	7,761	Housing and Communities	38,209	(32,211)	5,998
58,847	(44,363)	14,484	Housing Revenue Account	43,183	(45,927)	(2,744)
7,035	(8,501)	(1,466)	Miscellaneous Services	10,665	(8,964)	1,701
191,943	(107,449)	84,494	Health and Social Care Partnership	214,612	(122,556)	92,056
2,517	0	2,517	Requisitions	2,215	0	2,215
8,150	(3,050)	5,100	Subsidiaries	9,250	(3,782)	5,468
<b>573,647</b>	<b>(262,946)</b>	<b>310,701</b>	<b>Net Cost of Service</b>	<b>580,141</b>	<b>(286,469)</b>	<b>293,672</b>
			Other Operating Expenditure and (income) - (Gain)			
			998 / loss on Disposal of non-current assets			(365)
			22,573 Financing and Investment (Income) and Expenditure (Note 5)			24,082
			(258,637) Taxation and Non-specific Grant Income (Note 6)			(267,663)
			<b>75,635 Group (Surplus)/Deficit on Provision of Services</b>			<b>49,726</b>
			Share of other Comprehensive Income and			
			(7,210) Expenditure of Associates and Joint Ventures			4,386
			(6,051) (Surplus)/Deficit arising from revaluation of non-current assets			(52,872)
			(300) (Surplus)/Deficit on revaluation of assets held at			0
			fair value through other comprehensive income			
			(143,519) Remeasurement of the net defined benefit pension liability			(66,962)
			<b>(157,080) Other Comprehensive (Income) and Expenditure</b>			<b>(115,448)</b>
			<b>(81,445) Total Comprehensive (Income) and Expenditure</b>			<b>(65,722)</b>

\*The 2021/22 balances have been restated to reflect changes to the Group consolidation as detailed in Note 36.

# Group Balance Sheet

## 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 34 provides a further explanation). Details of the movement in the balances as a result of consolidation are shown on pages 97 and 98.

Restated* Opening Balance as at 1 April 2021 £'000	Restated* 31/03/2022 £'000		Note	31 March 2023 £'000
1,049,247	1,052,257	Property, Plant and Equipment	11	1,132,159
7,377	7,390	Investment Properties		6,967
282	623	Intangible Assets	12	723
22	21	Long Term Debtors		20
1,406	1,485	Heritage Assets	13	1,518
216	212	Long Term Investments		199
10,904	17,827	Investment in Associates & Joint Ventures		13,513
<b>1,069,454</b>	<b>1,079,815</b>	<b>Long Term Assets</b>		<b>1,155,099</b>
7,755	5,417	Non-Current Assets Held for Sale	14	5,417
1,355	1,311	Inventories		1,378
66,490	67,099	Short Term Debtors	23	61,047
15,735	5,987	Cash and Cash Equivalents (net)	26	5,782
<b>91,335</b>	<b>79,814</b>	<b>Current Assets</b>		<b>73,624</b>
(73,106)	(75,319)	Short Term Creditors	28	(75,717)
(53)	(76)	Donated Inventories		
0	0	Provisions		(3,428)
(3,677)	(3,370)	PPP	22	(3,032)
(263,105)	(269,923)	Short Term Borrowing	27	(318,727)
<b>(339,941)</b>	<b>(348,688)</b>	<b>Current Liabilities</b>		<b>(400,904)</b>
(92,615)	(89,115)	PPP and Finance Lease Liabilities	22	(86,084)
(284,798)	(307,485)	Long Term Borrowing	27	(300,471)
(166,842)	(55,517)	Net Pensions Liability	13	(16,042)
(1,263)	(2,093)	Capital Grants Receipts in Advance	10	(3,398)
(747)	(702)	Liabilities in associates		(72)
<b>(546,265)</b>	<b>(454,912)</b>	<b>Long Term Liabilities</b>		<b>(406,067)</b>
<b>274,583</b>	<b>356,029</b>	<b>Net Assets</b>		<b>421,752</b>
<b>Represented by:</b>				
(39,925)	(41,074)	Usable Reserves	MIR/30	(50,636)
(234,658)	(314,955)	Unusable Reserves	MIR/31	(371,116)
<b>(274,583)</b>	<b>(356,029)</b>	<b>Total Reserves</b>		<b>(421,752)</b>

\*The Balance Sheet has been restated to reflect changes to the Group consolidation as detailed in Note 36.

The unaudited annual accounts were issued on 30 June 2023 and the annual accounts were authorised for issue on 19 December 2024.

Laurence Slavin  
Laurence Slavin (Dec 19, 2024 15:08 GMT)

Laurence Slavin  
Chief Officer – Resources  
Date: 19 December 2024



## Group Movement in Reserves Statement

### 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.

	Council Usable Reserves								Group usable reserves	Unusable Reserves	Share of Subsidiaries, Associates & Joint Ventures Unusable Reserves	Group Unusable Reserves	Total Reserves
	General Fund balance £'000	HRA Balance £'000	Capital Fund £'000	Capital Reserve £'000	Capital Grants and Receipts Unapplied Account £'000	Other Reserves £'000	Usable Reserves £'000	Share of Subsidiaries, Associates & Joint Ventures Usable Reserves £'000					
<a href="#">2022/23</a>													
Balance at 31 March 2022 Carried Forward	(15,020)	(2,734)	0	(758)	(72)	(468)	(19,052)	(22,022)	(41,074)	(308,070)	(6,885)	(314,955)	(356,029)
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility*	(29,734)						(29,734)		(29,734)	29,734		29,734	0
Opening Balance at 1 April 2022	(44,754)						(48,786)	(22,022)	(70,808)	(278,336)	(6,885)	(285,221)	(356,029)
<a href="#">Movement in Reserve 2022/23</a>													0
Total Comprehensive Expenditure and Income	49,009	262					49,271	4,764	54,035	(120,425)	667	(119,758)	(65,723)
Adjustments between accounting basis and funding basis under regulations (Note 6)	(32,629)	(432)	(702)		0		(33,763)	(100)	(33,863)	33,763	100	33,863	0
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	16,380	(170)	(702)	0	0	0	15,508	4,664	20,172	(86,662)	767	(85,895)	(65,723)
Transfers to/from other statutory reserves	(1,935)	269	702	758	0	206	0	0	0	0	0	0	0
Closing Balance at 31 March 2023	(30,309)	(2,635)	0	0	(72)	(262)	(33,278)	(17,358)	(50,636)	(364,998)	(6,118)	(371,116)	(421,752)
<a href="#">2021/22</a>													
Balance at 31 March 2021 Carried Forward (Restated*)	(15,028)	(7,364)		(1,469)	(42)	(308)	(24,211)	(15,714)	(39,925)	(231,721)	(2,936)	(234,657)	(274,582)
<a href="#">Movement in Reserve 2021/22</a>							0						
Total Comprehensive Expenditure and Income	55,921	19,269					75,190	(6,308)	68,882	(146,380)	(4,093)	(150,473)	(81,591)
Adjustments between accounting basis and funding basis under regulations (Note 6)	(53,525)	(14,944)	(403)	0	(1,867)		(70,739)	0	(70,739)	70,739	144	70,883	144
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	2,396	4,325	(403)	0	(1,867)	0	4,451	(6,308)	(1,857)	(75,641)	(3,949)	(79,590)	(81,447)
Transfers to/from other statutory reserves	(2,388)	305	403	711	1,837	(160)	708		708	(708)	0	(708)	0
Closing Balance at 31 March 2022	(15,020)	(2,734)		(758)	(72)	(468)	(19,052)	(22,022)	(41,074)	(308,070)	(6,885)	(314,955)	(356,029)

\*The balance as at 31 March 2021 has been restated to reflect changes to the Group consolidation as detailed in Note 36.

# Group Cash Flow Statement

## Group Cash Flow 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.

2021/22 £'000	2022/23 £'000	2022/23 £'000
<b>Operating Activities</b>		
<b>75,635 Net deficit on the provision of services</b>		<b>49,726</b>
(65,954) Depreciation, amortisation and impairment	(36,639)	
(1,006) Net gain/loss on fixed assets	365	
(32,809) Movement in pension liabilities	(26,935)	
(44) Movement in inventories	64	
609 Movement in debtors	(6,052)	
(6,332) Movement in creditors and provisions	(3,802)	
272 Other non-cash movements	66	
<b>(105,264)</b>		<b>(72,933)</b>
<b>Adjustments to net deficit on the provision of services for non-cash movements</b>		
15 Financing movements	876	
7,746 Investing movements	17,263	
<b>Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities</b>		<b>18,139</b>
<b>(21,868) Net cash (inflow)/outflow from Operating Activities</b>		<b>(5,068)</b>
66,167 Purchase of property, plant and equipment and intangible assets		62,697
(2,262) Proceeds from sale of property, plant and equipment and intangible assets		(702)
4 Movement on long term investments		(411)
(6,943) Other receipts from investing activities		(18,568)
0 Group Investment transactions		137
<b>56,966 Net cash (inflow)/outflow from investing activities</b>		<b>43,153</b>
(350,501) Cash receipts of short-term and long-term borrowing		(322,950)
3,808 Repayment of PPP liabilities		3,370
320,751 Repayment of short-term and long-term borrowing		281,700
(888) Debtors held for agency payments		
1,480 Creditors held for agency payments		
<b>(25,350) Financing Activities</b>		<b>(37,880)</b>
<b>9,748 Net cash (inflow)/outflow from financing activities</b>		<b>205</b>
15,735 Cash and cash equivalents at the beginning of the reporting period		5,987
5,987 Cash and cash equivalents at the end of the reporting period		5,782
<b>9,748 Movement – (Increase)/ Decrease in Cash</b>		<b>205</b>

## Reconciliation of Liabilities arising from Financing Activities

	31 March 2021	Financing Cash flows	Non-cash adj to FIAA	31 March 2022	Financing Cash flows	Non-cash adj to FIAA	31 March 2023
				£'000	£'000	£'000	£'000
<b>Long term Borrowing</b>	284,798	22,687		307,485	(7,014)		300,471
<b>Short term Borrowing</b>	263,105	6,833	(15)	269,923	49,680	(876)	318,727
<b>PPP Liability</b>	96,293	(3,808)		92,485	(3,370)		89,115
	<b>644,196</b>	<b>25,712</b>	<b>(15)</b>	<b>669,893</b>	<b>39,296</b>	<b>(876)</b>	<b>708,313</b>

# Notes to the Group's Principal Financial Statements

## Note 31 - Details of Combining Entities

The notes required for the Financial Statements of the Council are disclosed separately in the preceding pages.

### Associates and Joint Ventures

**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 2022/23, the Council contributed £0.779m (2021/22 £0.738m) or 25.93% of the Board's estimated running costs and its share of the year end net asset of £1.369m (2021/22 £2.110m) 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 the 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 2022/23, the Council contributed £83.737m (2021/22 £74.925m) towards estimated running costs and its share of the year end net asset of £13.091m (2021/22 £17.280m) 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.

# Notes to the Group's Principal Financial Statements

The Council's share of its associates and joint ventures are as follows:

	Dunbartonshires and Argyll and Bute Valuation Joint Board	West Dunbartonshire Health & Social Care	Total
	£'000	£'000	£'000
<b>2022/23</b>			
Surplus/ (Deficit) on Operating Activities	127	(4,193)	<b>(4,066)</b>
Non Current Assets	187	0	<b>187</b>
Current Assets	273	13,236	<b>13,509</b>
Non Current Liabilities	(48)	0	<b>(48)</b>
Current Liabilities	(28)	(145)	<b>(173)</b>
<b>Restated</b>			
<b>2021/22</b>			
Surplus/ (Deficit) on Operating Activities	(63)	6,377	<b>6,314</b>
Non Current Assets	296	0	<b>296</b>
Current Assets	258	17,364	<b>17,622</b>
Non Current Liabilities	0	0	<b>0</b>
Current Liabilities	(17)	(84)	<b>(101)</b>

## 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 asset at 31 March 2023 was £3.201m (2021/22 £3.295m net asset) and its loss for the year was £0.094m (2021/22 £0.104m surplus). 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 2023 was £3.243m (2021/22 £3.636m) and its loss for the year before payment of a dividend was £0.343m (2021/22: £0.176m). 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.

**West Dunbartonshire Energy Limited Liability Partnership** is a company established in April 2021 and was Scotland's first large-scale water source heat pump district heating scheme. The ESCo is a Limited Liability Partnership (LLP) structure and is 99.9% controlled by WDC, with 0.1% being owned by Clydebank Property Company. The Company has a net asset at 31 March 2023 of £0.024m (2021/22 £0.124m) funded as working capital advance from the Council. Its deficit for the year was £0.407m (2021/22 £0.273m). The accounts of the Company are published separately and can be obtained from the Company's Headquarters, 16 Church Street, Dumbarton G82 1QE.

**Dumbarton Common Good** is held in Trust by the 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 2022/23 was £0.044m (2021/22 £0.060m net usable spend).

**Trust Funds** are held in Trust by the 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 decrease in funds of £0.005m (2021/22 £0.017m) 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

# Notes to the Group's Principal Financial Statements

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 Leisure Trust	Clydebank Property Company	WD Energy LLP	Common Good	Trust Funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2022/23</b>						
Surplus/ (Deficit) on Operating Activities	(94)	(343)	(407)	44	(5)	<b>(805)</b>
Non Current Assets	147	3,890	0	3,487	0	<b>7,524</b>
Current Assets	4,763	345	194	633	154	<b>6,089</b>
Non Current Liabilities	0	(856)	(705)	0	0	<b>(1,561)</b>
Current Liabilities	(1,709)	(136)	(169)	(8)	0	<b>(2,022)</b>
<b>2021/22</b>						
Surplus/ (Deficit) on Operating Activities	104	(176)	(273)	60	(17)	<b>(302)</b>
Non Current Assets	360	4,376	0	3,485	0	<b>8,221</b>
Current Assets	4,963	355	196	589	184	<b>6,287</b>
Non Current Liabilities	0	(975)	(397)	0	0	<b>(1,372)</b>
Current Liabilities	(1,855)	(121)	(72)	(8)	0	<b>(2,056)</b>

## Note 32 – Non-Material Interests 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.

[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 2022/23, the Council contributed £2.243m (2021/22 £2.188m) or 3.94% of the Board's estimated running costs.

[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 2022/23, the Council contributed £0.163m (2021/22: £0.185m) or 4.03% of the Board's estimated running costs.

[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.

[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 the Council, and the remaining five 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).

# Notes to the Group's Principal Financial Statements

## Note 33 – Financial Impact of Consolidation

The effect of inclusion of the entities on the Group Balance Sheet is to increase reserves and net assets by £23.475m (2021/22 £28.905m) respectively representing the Council's share of the realisable surpluses/deficits in these organisations. The group account has an overall net asset of £421.752m (2021/22 £356.029m).

## Note 34 – Material Items of Group Income and Expenditure

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:

2021/22	2022/23
£'000	£'000
547 Valuation Joint Board	2,481
17,280 West Dunbartonshire Health & Social Care	13,088
3,468 West Dunbartonshire Leisure Trust	15,255
3,635 Clydebank Property Company	3,212
(273) WD Energy LLP	(400)
4,066 Common Good	4,112
184 Trust Funds	180
<b>28,907 Total</b>	<b>37,928</b>

## Note 35 - 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 37-48 with additions and exceptions noted below:

### Group Income and Expenditure Account

**Proceeds from disposal of non-current assets** – profits and losses from the disposal of non-current 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 Comprehensive Income and Expenditure Statement 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.

## Note 36 – Prior Year Adjustment

### Error on consolidation of Group Accounts – Restatement 2021-22

A review of the relationship between the Council and SPT and SCTSJB has identified that these entities do not meet the definition of an associate. In recognition of this, these entities have been removed from the Group Financial Statements as associates.

# Notes to the Group's Principal Financial Statements

When an authority makes a retrospective restatement, the CIPFA Code of Practice on local Authority Accounting in the United Kingdom requires that an authority present a balance sheet at the beginning of the preceding period. As the entities were consolidated in 2021-22, a restated opening balance sheet for the relevant extracted lines is presented below. The following table demonstrates the effect on the line items in the Balance sheet for the opening balance as at 1 April 2021 and for the financial year 2021-22. The restated prior period Balance sheet is provided with the current year information on page 34 of the financial statements.

## Effect on line items in the Comprehensive Income and Expenditure Statement as at 31 March 2022

	Originally Stated	Restated	Amount of Restatement
Share of other Comprehensive Income and Expenditure of Associates and Joint Ventures	(6,614)	(7,210)	(596)
Actuarial (gains)/losses on pension fund assets and liabilities	(145,797)	(143,519)	2,278

## Effect on line items in the Balance Sheet as at 31 March 2022

	Opening Balance Sheet 1 April 2021 £'000	Restated opening Balance Sheet 1 April 2021 £'000	Amount of Restatement	Originally stated 2021-22 £'000	Restated 2021-22 £'000	Amount of Restatement
Investment in Associates	28,860	10,904	(17,956)	37,199	17,827	(19,372)
Total Assets less Current Liabilities	838,804	820,848	(17,956)	830,313	810,941	(19,372)
Total Assets less Liabilities Usable	292,539	274,583	(17,956)	375,401	356,029	(19,372)
Reserves	(46,753)	(39,925)	6,828	(47,984)	(41,074)	6,910
Unusable Reserves	(245,786)	(234,658)	11,128	(327,417)	(314,955)	12,462
Total Reserves	(292,539)	(274,583)	17,956	(375,401)	(356,029)	19,372



# Notes to the Group's Principal Financial Statements

## Movement in reserves Statement - Usable and Unusable Reserves

	Group Usable Reserves			Group Unusable Reserves		
	Originally Stated £'000	Restated £'000	Amount of Restatement £'000	Originally Stated £'000	Restated £'000	Amount of Restatement £'000
Balance as at 31 March 2021	(22,443)	(15,714)	6,729	(13,898)	(2,936)	10,962
Total Comprehensive Expenditure and Income	(6,298)	(6,307)	(9)	(5,690)	(3,950)	1,740
Net Increase/(Decrease) before Transfers to Other Statutory Reserves	(6,298)	(6,307)	(9)	(5,690)	(3,950)	1,740
Transfers to/from other statutory reserves *	(191)	0	191	241	0	(241)
Closing Balance at 31 March 2022	(28,932)	(22,021)	6,911	(19,347)	(6,886)	12,461

# Independent Auditor's Report

## Independent auditor's report to the Members of West Dunbartonshire council and the Audit Commission

### Report on the audit of the financial statements

#### Opinion on the financial statements

We certify that we have audited the financial statements in the annual accounts of West Dunbartonshire Council and its group ("the Council") for the year ended 31 March 2023 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, Balance Sheets, and Cash Flow Statements, the council-only Movement on the Housing Revenue Account Statement, the Housing Revenue Account Income and Expenditure Statement, the Council Tax Account, the Non-Domestic Rates Account and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Council as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the Council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Council. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the Council and its group. However, we report on the Council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland Website](#).

#### Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

# Independent Auditor's Report

## Responsibilities of the Chief Financial Officer and the Audit Committee 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 ability of the Council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the Council and its group. The Audit Committee is responsible for overseeing the financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Reporting on other requirements

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

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

# Independent Auditor's Report

## Other information

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

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

## Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the 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 we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

## Conclusions on wider scope responsibilities

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

## Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Tom Reid, Audit Director  
For and on behalf of Forvis Mazars LLP  
100 Queen Street  
Glasgow  
G1 3DN  
19 December 2024

## Glossary of Terms

**Accounting Period:** The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

**Accruals:** The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

**Actuarial Gains and Losses (Pensions):** For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

**Asset:** An item having value to the Council in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non-current asset provides benefit to the Council and to the Services it provides for a period of more than one year.

**Associates:** These are entities (other than a subsidiary or a joint venture) in which the Council has a participating interest or over whose operating and financial policies the Council is able to exercise significant influence.

**Audit of Accounts:** An independent examination of the Council's financial affairs.

**Balance Sheet:** A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

**Capital Adjustment Account:** This account absorbs the timing differences arising from the different arrangements for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

**Capital Expenditure:** Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to

and not merely maintains the value of an existing non-current asset.

**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.

**Capital Financing:** Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, capital receipts and grants, and revenue funding.

**Capital Grants Unapplied Account:** Holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

**Capital Receipt:** The proceeds from the disposal of land or other non-current assets.

**CIES:** The Comprehensive Income & Expenditure Statement (CIES) shows the accounting cost of providing services and managing the Council during the year. It includes, on an accruals basis, all of the Council's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that Councils need to take into account when setting the annual Council Tax. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

**CIPFA:** The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the major accountancy bodies in the United Kingdom. It develops and sets accounting standards for the public sector.

## Glossary of Terms

**The Code:** The Code of Practice on Local Authority Accounting in the United Kingdom (The Code) is the basis on which local authority accounts are prepared. The Code is based on European Union adopted International Financial Accounting Standards (that are primarily drafted for the commercial sector) and where required it interprets and adapts these standards to address all the accounting issues relevant to local government in the UK.

**Community Assets:** Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are municipal parks.

**Consistency:** The concept that the accounting treatment of like items within an accounting period and from one period to the next, are the same.

**Contingent Liability:** A contingent liability is either

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain event, not wholly within the Council's control; or A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

**Creditor:** Amounts owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

**Current Service Cost (Pensions):** The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period.

**Debtor:** Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

**Defined Benefit Pension Scheme:** Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

**Depreciation:** The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

**Discretionary Benefits (Pensions):** Retirement awards, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

**Employee Statutory Adjustment Account:** The Employee Statutory Adjustment Account absorbs the difference that would otherwise arise on the General Fund from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

**Entity:** A corporate body, partnership, trust, unincorporated association, or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

**Equity:** The Council's value of total assets less liabilities.

**Events after the Balance Sheet Date:** Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

**Exceptional Items:** Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.



## Glossary of Terms

**Fair Value:** The fair value of an asset is the price at which it could be exchanged for in an arm's length transaction, less where applicable, any grants receivable towards the purchase or use of the asset.

**Finance Lease:** A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

**Financial Instruments Adjustment Account:** The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the income and expenses relating to certain financial instruments, and for bearing losses or benefitting from gains, per statutory provisions.

**General fund Balance:** This contains the net surplus on the provision of Council services combined with balances from previous years and any contributions from other funds made during the year.

**General Revenue Grant:** A grant paid by the Scottish Government to Councils, contributing towards the general cost of their services.

**Going Concern:** The concept that the Annual Accounts are prepared on the assumption that the Council (and its Associate bodies) will continue in operational existence for the foreseeable future.

**Government Grants:** Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

**Gross Expenditure:** This includes all expenditure attributable to the service and activity including employee costs, premises and transport costs, supplies and services, third party payments, support services and depreciation

**Gross Income:** This includes grant income and all charges to individuals and organisations for the direct use of the Council's services.

**Heritage Asset:** A tangible or intangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

**IFRS:** International Financial Reporting Standards (IFRS) are a set of accounting standards developed by the International Accounting Standards Board (IASB) that is becoming the global standard for the preparation of public company financial statements and has been extended into the public sector in the UK. 43. Impairment A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

**Infrastructure Assets:** Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

**Intangible Assets:** An intangible (non-physical) asset may be defined as such when access to the future economic benefits it represents are controlled by the Council. This Council's intangible assets are comprised solely of computer software licenses.

**Interest Cost (Pensions):** For a defined benefit scheme, the expected increase during the period of the scheme's liabilities because the benefits are one period closer to settlement.

**Inventories:** Items the Council has procured and holds in expectation of future use. Examples are consumable stores and raw materials.

**Liability:** A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year, at some point in the future, or is to be paid off by an annual sum over a period of time.



## Glossary of Terms

**MIRS:** The Movement in Reserves Statement (MiRS) shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (those reserves that can be applied to fund expenditure or to reduce taxation) and unusable reserves.

**National Non-Domestic Rates Pool:** All Non-Domestic Rates collected by local authorities are remitted to the national pool and thereafter distributed to Councils by the Scottish Government.

**Net Carrying Value:** The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Non-current Assets:** non-current Assets are not expected to be realised within 12 months and are held to provide future economic benefit to the Council.

**Operating Leases:** A lease where the ownership of the non-current asset remains with the lessor.

**Past Service Cost (Pensions):** For a defined benefit scheme, the increase in the present value of the scheme's liabilities relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**Pension Reserve:** The Pension Reserve recognises the Council's share of the actuarial gains and losses in the Strathclyde Pension Fund and the change in the Council's share of the net liability chargeable to the CIES.

**Pension Scheme Liabilities:** The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. The scheme's liabilities, measured using the "project unit method", reflect the benefits that the employer is committed to provide for service up to the valuation date.

**Post-Employment Benefits:** All forms of consideration given by an employer in exchange for services rendered by employees that are

payable after the completion of employment e.g. pensions in retirement

**Prior Year Adjustment:** Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**Provision:** An amount put aside for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

**Public Works Loan Board (PWLb):** A Central Government Agency which provides loans for one year and above to Councils at interest rates based on those at which the Government can borrow itself.

**Rateable Value:** The annual assumed rental of land or property, which is for national Non-Domestic Rates purposes.

**Related Parties:** Bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. For the Council's purposes related parties are deemed to include the Elected Members, the Chief Executive and its Corporate Directors.

**Remuneration:** All sums paid to or receivable by an employee and sums due by way of expenses or allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

**Reserves:** The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

**Residual Value:** The net realisable value of an asset at the end of its useful life.

## Glossary of Terms

**Revaluation Reserve:** Records unrealised gains arising since 1 April 2007 on the revaluation of non-current assets not yet realised through sales.

**Revenue Expenditure:** The day-to-day expenses of providing services.

**Short-term Borrowing:** Money borrowed where repayment is due in the following financial year.

**Significant Interest:** The reporting authority is deemed to have Significant Interest if it is actively involved and is influential in the direction of an entity through its participation in policy decisions.

**Unusable Reserves:** Reserves which hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold and reserves that hold a timing differences.

**Usable reserves:** Those reserves which the Council may use to provide services, subject to the need to maintain a prudential level of reserves and any statutory limitations on their use.

**Trust Funds:** Funds administered by the Council for such purposes as awards and specific projects. Some of the Council's Trust Funds are Charities.

**Useful Economic Life:** The period over which the local authority will derive benefits from the use of a non-current asset.

