



**WEST  
DUNBARTONSHIRE  
COUNCIL**

# **FINANCIAL STATEMENTS**

**Year Ended 31 March 2010**

**(Draft – Subject to Audit)**



**WEST DUNBARTONSHIRE COUNCIL**  
***Financial Statements for the Year Ended 31 March 2010***

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# **WEST DUNBARTONSHIRE COUNCIL**

## **Financial Statements for the Year Ended 31 March 2010**

### **Foreword by the Executive Director of Corporate Services**

#### **Introduction**

The purpose of these Financial Statements is to provide clear information about the Council's financial position as at 31 March 2010. The foreword is intended to give the reader an easy to understand guide to the most significant matters reported in the Financial Statements.

#### **Overview of Core Financial Statements**

The Financial Statements comply fully with the Code of Practice on Local Authority Accounting in Great Britain. Two major categories of expenditure are included in the financial statements: revenue and capital. Revenue expenditure represents the day to day running costs that the Council incurs to provide services. Capital expenditure is the cost of acquiring, constructing and improving the assets which the Council uses to provide services.

**Revenue expenditure** is recorded in a number of accounts with the main purposes of each statement summarised as follows:

- **The Income and Expenditure Account** details the income and expenditure relating to all Council services. It is shown on page 14.
- **The Statement of Movement on the General Fund Balance** shows how the Income and expenditure Account surplus or deficit for the year reconciles to the movement on the General Fund for the year. It is shown on page 15.
- **The Statement of Total Recognised Gains and Losses (STRGL)** shows all gains and losses experienced by the Council, not just those that are reflected in the income and expenditure account. It is now necessary to consider all gains and losses that contribute to the change in the "net worth" of the Council over the course of the financial year when assessing the financial result for that period. It is shown on page 16.
- **Housing Revenue Account** is funded mainly from rents and deals with the costs of managing and maintaining the Council's own housing stock. It is shown on pages 43 to 44 which also includes the statement of movement on the Housing Revenue Account Balance.

Capital expenditure is analysed for each department in the **Capital Account** on page 47 which details the budgetary performance of each department and summarises the sources of finance that have been applied to each programme.

The **Balance Sheet** on pages 17 to 18 brings together the assets and liabilities of the Council. It is a statement of the resources of the Council and the means by which they have been financed. It is also a report on the Council's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms.

The **Statement of Total Movements in Reserves** pages (48 to 49) provides further information about some of the figures in the Balance Sheet.

The **Cash Flow Statement** on page 19 summarises the inflows and outflows of cash arising from transactions with third parties on both day to day revenue transactions and on capital activities. Cash is defined for the purpose of the statement as cash-in-hand and deposits repayable on demand less overdrafts repayable on demand.

**Additional Notes To The Core Financial Statements** are provided on pages 20 to 42 which give further information and analysis relevant to each statement.

#### **Income and Expenditure Account**

This account covers the day to day operational expenditure for each department of the Council. It shows where the money came from and what it was spent on. Income from council tax, non domestic rates and revenue support grant was £237.839m, with a net expenditure on services for the year of £229.366m (as shown on page 14 - Net Cost of Services £204.339m plus precepts £25.027m).

When the overall General Services surplus for the year of £1.612m is added to the brought forward balance from the previous year, the accumulated surplus at 31 March 2010 is £6.648m (as shown on page 15). This includes an earmarked amount of £3.272m leaving £3.376m available for future use. This un-earmarked balance compares with that of £0.258m as at 31 March 2009 and confirms that the reserve position has increased by £3.118m during the year.

The Council received a net refund of £0.989m VAT in leisure areas due to a recent national court case. This sum has been earmarked to partially finance the business transformation programme and to contribute to the restoration of balances.

# **WEST DUNBARTONSHIRE COUNCIL**

## **Financial Statements for the Year Ended 31 March 2010**

### **Foreword by the Executive Director of Corporate Services (cont'd)**

#### **Income and Expenditure Account (cont'd)**

During the year, the Council had to absorb a number of significant budget pressures that arose during the year in relation to the economic downturn but due to tight financial control over service spending, was able to return an in year surplus of £1.380m (2008/09 £0.118m). The Council's budgetary performance for the year is summarised in the following table :

	£m	£m
Un-earmarked balance at 31 March 2009		0.258
Reduction of earmarked balances		<u>1.500</u>
		1.758
Planned surplus for year	0.400	
Less revision of bad debt provision	<u>(0.162)</u>	<u>0.238</u>
		1.996
In year surplus against budget		<u>1.380</u>
Un-earmarked balance at 31 March 2010		<u>3.376</u>

The Council revised its prudential reserves policy during 2009/10. The policy aims to retain a reserve of 2% of net expenditure (excluding precepts) to safeguard assets and services against financial risk. The current target prudential reserves level for the General Fund is £4.100m and the Council is currently aiming to restore its reserve to this level over the medium term.

#### **Housing Revenue Account**

By law, the Council has to maintain a separate account for its housing stock. The number of units owned by the Council at 31 March 2010 was 11,378. The account shows a surplus for the year of £0.803m. In line with the prudential reserves policy, the target reserves level for 2010/11 for the Housing Revenue Account is £0.638m. Taking account of an in year surplus (£0.803m), the brought forward balance from the previous year (£1.839m) and the amount applied to the 2010/11 budget (£0.050m), the balance available to the HRA for future use is £2.592m.

#### **Cash Flow Statement**

The Council's cash flow statement shows a decrease of £21.421m during 2009/10 (note 31, page 42) mainly as a result of a planned reduction in temporary investments held.

#### **Principal Sources of Finance**

The principal sources of finance utilised by the Council in 2009/10 were as follows :

Revenue support grant	£161.267 million	provided by the Scottish Government
Specific Government grants	£19.787 million	provided by the Scottish Government
Non-domestic rate income	£38.338 million	provided by the Scottish Government
Council tax/community charge	£38.234 million	raised from local taxpayers
Housing rents	£29.437 million	raised from tenants

Although the Council received £38.338m non domestic income from the Scottish Government, £59.612 million was paid to the Scottish Government from non domestic rates collected in West Dunbartonshire which represents a net contribution to central government of £21.274 million.

The Council's Council Tax Team increased tax collection to record levels during the year. The in-year collection of Council tax increased to 94.1% which was 1.1 % better than 2008/09.

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

The balance sheet shown on pages 17 to 18 feature an assessed pension fund liability of £182.165m based on a snapshot valuation of the fund at 31 March 2010. Further information on the pension fund is provided in note 11 on pages 23 to 27. The valuation states that assets held at the valuation date were sufficient to cover only 68.75% of accrued liabilities. It is considered appropriate that the Financial Statements should follow a 'going concern' basis of accounting.

# **WEST DUNBARTONSHIRE COUNCIL**

## ***Financial Statements for the Year Ended 31 March 2010***

### **Foreword by the Executive Director of Corporate Services (cont'd)**

#### **Pension Assets and Liabilities (cont'd)**

The pension scheme liability has increased by £132.843m as advised by the appointed actuaries, and this is mainly as a result of the difficult conditions for investment markets of the past year and the consequent reduction in investment returns. 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 increases in employers' contributions provide sufficient security and income to meet future pension liabilities.

#### **Council Assets**

The present economic climate has resulted in more volatile asset values and the Council's valuer found it necessary to carry out further impairment reviews during 2009/10 in respect of particular assets.

#### **Long Term Borrowing**

The Council's Treasury Strategy for 2009/10 was agreed by the Council in February 2009. In accordance with the strategy the Council rescheduled £20.045m of existing debt which was all PWLB. The Council raised new long term loans of £6.500m repaid naturally maturing debt of £0.033m and repaid debt of £6.500m prematurely. The total outstanding long term debt as at 31 March 2010 was £196.562m including £92.384m for the Council's housing stock. The interest and expenses rate charged by the Council's loans fund was 5.91%.

#### **Trading Operations**

The Council now maintains separate accounts for two statutory trading operations under the provisions of the Local Government Scotland Act 2003: Housing Property Maintenance and Grounds Maintenance/Street Cleaning. These two operations returned a total collective surplus of £2.193m. Both operations have achieved a break even performance over the last three years, consistent with their statutory requirements. Further details are provided on pages 20 and 21.

#### **Capital Finance**

The Council is able to regulate its own capital spending limits within the framework recommended by the Chartered Institute of Public Finance and Accountancy and endorsed by the Scottish Government. The necessary treasury indicators and safeguards have been approved by Council and have resulted in increases to both the General Services and Housing Capital programmes for 2009/10 and beyond. Details of the capital budgets and expenditure are shown in the capital account on page 47. Total gross expenditure amounted to £36.624m. Expenditure was less than budget by £5.747m. This was due to General Services slippage (£5.251m) and an underspend in HRA (£0.496m). Slippage is primarily due to the timing of architectural, planning and tendering processes which is recognised in the Council's capital programme. Overspends are offset in future years' programmes.

#### **Public Private Partnership**

The Council entered into a public private partnership for the provision for three new Community Learning Centres. The agreement provides the Council with replacement buildings for three secondary schools which were handed over in 2009/10 with a further primary school due for handover during 2010/11. In accordance with statutory accounting guidance, full details of the agreement is provided within note 18 on page 32.

#### **Group Accounts**

Local authorities are asked to prepare group accounts in addition to their own Financial Statements where they have material interest in other organisations. The group accounts on pages 50 to 58 consolidate the Council's Financial Statements with five other entities, together with the Common Good and Trust Funds. The effect of combining these entities on the group balance sheet is to reduce reserves and net assets by £309.539m, creating an overall net liability of £121.984m. This reflects the combined pension liability of these organisations similar to that of the Council. However, as there is no reason to suggest that future funding to these bodies will not continue, the accounts have been prepared on a going concern basis.

#### **Financial Strategy**

During the course of the year, the Council faced a number of significant financial pressures resulting from general inflationary increases and the overall downturn in the economy. The latest projections for public sector expenditure from the Treasury, as well as various academic institutions outline a scenario where resources continue to decline in real terms over the next five to ten years at the same time as demand for services continues to increase annually driven by demographic change and policy pressures.

**WEST DUNBARTONSHIRE COUNCIL**  
***Financial Statements for the Year Ended 31 March 2010***

**Foreword by the Executive Director of Corporate Services (cont'd)**

**Financial Strategy (cont'd)**

The Council has considered the potential risks for the Council at both a corporate and a service level of the economic downturn and has updated its financial strategy accordingly. The Council now faces significant funding gaps of around £42m in the three year period 2011/14 and is currently reviewing its spending commitments accordingly. The Council at their meeting on 28 April 2010 agreed to take advantage of the borrowing consent of £4.4m, awarded to the Council to compensate for the effect on council balances of meeting its equal pay and single status commitments. This borrowing option will allow for investment into service redesign and business transformation which is crucial to service delivery within the revised financial limits.

**International Financial Reporting Standards (IFRS)**

The government has agreed that from 1 April 2010, local government financial statements should be IFRS compliant. This will mean a complete change to the current format of financial statements.

As 2009/10 will be the comparison year, work is underway to produce a modified set of these statements to ensure IFRS compliance, for use in the Council's 2010/11 financial statements.

**Conclusion**

The financial results show a significant increase in the Council's overall balances after adjusting for a carry-forward of budgeted resources. Considering the significant and exceptional financial pressures faced by the Council, we have successfully managed our affairs within the budget set and the financial objectives prescribed. This is a satisfactory performance and reflects well on both the efforts and professionalism of the staff and on our financial management and monitoring procedures.

**Acknowledgement**

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

Joyce White FCMA Chartered FCIPD  
Executive Director of Corporate Services  
West Dunbartonshire Council  
30 June 2010



**WEST DUNBARTONSHIRE COUNCIL**  
***Financial Statements for the Year Ended 31 March 2010***

**Statement of Responsibilities  
for the Financial Statements**

**The Authority's Responsibilities:**

The Authority is required:

- ☐ to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Corporate Services; and
- ☐ to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

**The Executive Director of Corporate Services' Responsibilities:**

The Executive Director of Corporate Services is responsible for the preparation of the Authority's Financial Statements which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), is required to present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2010.

In preparing these Financial Statements, the Executive Director of Corporate Services has:

- ☐ selected suitable accounting policies and then applied them consistently;
- ☐ made judgements and estimates that were reasonable and prudent; and
- ☐ complied with the Code of Practice.

The Executive Director of Corporate Services has also:

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



# **WEST DUNBARTONSHIRE COUNCIL**

## ***Financial Statements for the Year Ended 31 March 2010***

### **Statement on the System of Internal Financial Control**

This statement is given in response to the financial statements of West Dunbartonshire Council for the year ended 31 March 2010. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources at the Council's disposal.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. In particular, the system includes:

- comprehensive budgeting systems;
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against the forecast;
- clearly defined capital expenditure guidelines;
- an effective Internal Audit service; and
- scrutiny by the Audit & Performance Review Committee of the Council.

The Manager of Audit produces an annual audit plan based on a risk assessment of the Council's systems and processes which is revised on an ongoing basis to reflect evolving risks and changes within the Council. The audit plan is endorsed by the Audit & Performance Review Committee. This Committee meets regularly and receives reports from the Manager of Audit. Our external auditors also attend. The Manager of Audit produces an annual report on the work carried out by Internal Audit during the year. This report contains a view on the effectiveness of the system of internal financial control. Although during the year slippage occurred from the level of audit work planned, the independent opinion reached in the annual internal audit report was that reasonable assurance could be placed on the system of internal financial control.

The Internal Audit service operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government. The Manager of Audit meets regularly with chief internal auditors for other authorities and staff are appropriately trained.

Our review of the effectiveness of the system of internal financial control is informed by:

- the audit work undertaken by Internal Audit during the year to 31 March 2010;
- the assessment of risk completed during reviews of the strategic audit plan;
- reports issued by the Council's external auditors, KPMG LLP, and other review agencies;
- knowledge of the Council's governance, risk management and performance monitoring arrangements; and
- statements of internal financial control produced by those authorities which the Council has determined will be included in the preparation of Group Accounts:
  - Strathclyde Joint Police Board
  - Strathclyde Fire Board
  - Strathclyde Partnership for Transport
  - Strathclyde Concessionary Travel Joint Board

From the above, we are satisfied that the Council has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify any areas of weakness and to take appropriate action.

The Council has recently been the subject of a follow up review by Audit Scotland of their Best Value and Community Planning Audit and the Best Value Improvement Plan has been revised. Progress on the four Best Value workstreams (Strategic Leadership, Competitiveness, Community Engagement and Organisational Culture) will be monitored and reported on by the Head of Audit, Performance and Strategic Planning (formerly Manager of Audit) during 2010/11.

The Council has recently undergone a realignment of the Chief Executive's departmental structure to incorporate audit, risk and performance improvement. Following the finalisation of this, the Council will work towards preparing a Governance Statement for future years.

Signed

**David McMillan**  
Chief Executive

Signed

**Joyce White**  
Executive Director of Corporate Services

Date

**30 June 2010**

Date

**30 June 2010**



**WEST DUNBARTONSHIRE COUNCIL**  
***Financial Statements for the Year Ended 31 March 2010***

**Statement of Accounting Policies**

The general principles adopted in compiling and presenting the Financial Statements are reviewed annually and are those recommended by the Code of Practice on Local Authority Accounting in the UK, issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

**1. Debtors**

All specific and material sums payable to the Council have been brought into account. The Council has made provision, based on past experience, for the loss of local taxation income arising from bad and doubtful debts and for successful valuation appeals. Provision has also been made for bad and doubtful debts for all other items of income.

**2. Creditors**

All salaries and wages earned up to 31 March 2010 have been included in the Financial Statements for 2009/10 irrespective of when actual payments were made.

Sundry Creditors have been accrued on the basis of payments made to 31 March 2010 together with specific accruals in respect of further material items.

**3. Revenue Grants**

All revenue grants are matched with the expenditure to which they relate. Grants made to finance the general activities of a local authority, or to compensate for loss of income, are credited to the revenue account of the financial year to which they relate.

**4. Allocation of Central Support Expenses**

The costs of all central support services are fully allocated to user departments. The method of allocation is determined by the individual support services and in many instances is time based.

Corporate and democratic core and direct service activities have been differentiated as required by the Accounting Code of Practice.

**5. Financing costs**

The Council operates a loans fund and all loans raised are paid into the fund. Advances are made to departments to finance capital expenditure during the year and the advances are repaid by annual annuity, over the estimated life of the asset.

Interest has been calculated and allocated to the Income and Expenditure Account in accordance with LASAAC note 2. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of instrument of the loan.

Included in debtors are interest free loans to community groups. Where material, the interest notionally foregone is recognised in the Income and Expenditure Statement. Scottish Government regulations require that this notional figure is excluded from the General Fund by a transfer to or from the Financial Instrument Adjustment Account in the Statement of Movement on the General Fund Balance.

On the Balance Sheet the carrying value of investments and borrowings includes accrued interest due to/from the Council.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Statement of Accounting Policies (cont'd)**

**6. Repurchase of Borrowing**

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio with substantially the same overall effect when viewed as a whole, gains and losses are recognised on the Balance Sheet and written down to revenue on a straight line basis over the term of the replacement loans. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund balance is managed by a transfer to/from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

**7. Provisions**

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based upon the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision held within the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will now not be required (or a lower settlement is likely) the provision is reversed and credited back to the relevant service revenue account.

**8. Valuation of Assets and Investments**

**(a) Stores and Materials**

In general, consumable stock brought into account has been valued at weighted average cost.

**(b) Work in Progress**

This has been valued at cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

**(c) Investments**

Investments are valued at the lower of cost or market value.

**9. Capital Accounting**

**(a) Accounting Policy Statement**

The Financial Statements have been drawn up in accordance with the appropriate Code of Practice on Local Authority Accounting which is recognised by statute as representing proper accounting practices. The main points of the capital accounting policy followed by the Council include:-

- (i) The definition of capital in relation to the purchase and construction of new assets and the enhancement of existing assets.
- (ii) The type of expenditure that can be capitalised.
- (iii) A summary explanation of the Council's Asset Register and depreciation policies.
- (iv) For 2009/10, there is no de minimis asset value.

**(b) Fixed Assets**

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

Operational assets have been included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Statement of Accounting Policies (cont'd)**

**(b) Fixed Assets (cont'd)**

Non operational assets have been included in the Balance Sheet at open market value.

The valuations of both operational property and surplus properties are as verified by the Executive Director of Housing, Environmental and Economic Development and are certified by her appropriately qualified Estates Officer as complying with the Statement of Asset Valuation Practice and Guidance Notes as published by the Royal Institution of Chartered Surveyors. Other specialised properties such as infrastructure, community assets and listed buildings are included at historic cost.

**(c) Deferred Charges**

All expenditure on improvement grants is charged to the service revenue account – Non HRA housing – in the year in which it is spent.

**(d) Depreciation**

All operational assets, other than non-depreciating land and community assets are being depreciated over their useful economic lives. Services are charged for the use of assets no matter how financed and this charge equates to a provision for depreciation where appropriate. Depreciation is charged on a straight line basis over the pre-determined useful life period as agreed with the Council Valuer (refer to 9(g)).

In the case of the Trading Operations, the charge for the use of assets includes a provision for depreciation plus an interest charge for the actual cost of borrowing for capital expenditure. As permitted by the SORP, the accounting treatment fully complies with the specific reporting requirements under the Local Government in Scotland Act 2003 for the Council's Trading Operations.

In the case of non operational assets, this is not charged to service revenue accounts, but is reflected in the income and expenditure account through non distributed costs.

**(e) Impairment**

The values of each category of assets are reviewed at the end of each financial year for evidence in reduction in value. Where impairment has been identified this is accounted by being charged to the relevant service revenue account or offset against balances held in the Revaluation Reserve. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to/from the Capital Adjustment Account in the Statement of Movement on the General Fund.

**(f) Valuation**

The Balance Sheet brings together all the assets and liabilities of the Council's General Fund, Trading Accounts and Loans Fund and should be read in conjunction with the Statement of Accounting Principles. Assets are valued as follows:

**Council Dwellings** - comparative open market value discounted for potential sales under the Right to Buy legislation, taking account of the size of dwellings.

**Other Land and Buildings** - open market value for existing use or depreciated replacement cost basis as appropriate. A few minor properties have been valued at historic cost or net realisable value.

**Infrastructure** - depreciated historic cost.

**Community Assets** - depreciated historic cost.

**Vehicles, Plant, Furniture and Fittings** - depreciated historic cost.

**Intangible Assets** – depreciated historic cost.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Statement of Accounting Policies (cont'd)**

**9. Capital Accounting (cont'd)**

**(f) Valuation (cont'd)**

<b>Non Operational Assets -</b>	<b>Assets Under Construction</b>	-	historic cost
	<b>Other Than Assets Under Construction</b>	-	open market value

**Valuation** - the Council has a five year rolling programme for valuing all assets other than those valued at historic cost. The planned programme of revaluation for 2009/10 and each of the following four years is as follows:

<b>2009/10</b>	any properties not previously revalued/general re-appraisal
<b>2010/11</b>	halls/public conveniences/leisure/sports centres and libraries
<b>2011/12</b>	crematorium/cemeteries/operational offices & depots
<b>2012/13</b>	all council non-operational properties
<b>2013/14</b>	housing stock/schools/Social Work homes

**(g) Useful Lives**

The useful lives of the assets are as follows:

<b>Council Dwellings</b>	40 years
<b>Other Land and Buildings</b>	operational buildings 20 – 40 years
<b>Infrastructure</b>	20 years
<b>Vehicles, Plant, Furniture and Fittings</b>	5 – 10 years
<b>Intangible Assets</b>	5 – 10 years
<b>Component Assets</b>	5 – 20 years

**10. Receipts arising from the sale of Capital Assets**

All receipts generated within both the Housing Revenue Account and the General Fund Account may be used to finance capital expenditure or to reduce the Council's borrowing requirement.

**11. Profit or loss on Disposal of Assets**

Profits and losses on the disposal of assets are credited or debited to the Income and Expenditure Account within the 'net cost of service'.

**12. Leased Assets**

Leases that do not meet the definition of finance leases are accounted for as operating leases. The rentals for all leases classified as operating leases have been charged to the appropriate service revenue accounts, when they became payable.

**13. Government Grants**

Grants, subsidies and donations have been credited to the appropriate revenue and capital accounts and accruals have been made for the balances known to be receivable for the period to 31 March 2010.

**14. Pension Costs and Retirement Benefits**

The accounting treatment followed by the Council is in accordance with the Financial Reporting Standard 17 (FRS17) which was issued by the Accounting Standards Board in November 2000.

Employees of the Council are members of two separate pension schemes:

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



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Statement of Accounting Policies (cont'd)**

**14. Pension Costs and Retirement Benefits (cont'd)**

Both schemes provided defined benefits to members earned as employees of the Council. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Education Service revenue account is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year.

**15. Group Accounts**

The Council has fully adopted the 2009 SORP accounting requirements for group accounts. Any deviation from the Council's main accounting policies are noted within page 50.

**16. Grants and Contributions**

Amounts credited to the Income and Expenditure Account from Deferred Grants is included within the 'net cost of service'.

**17. VAT**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues and Customs and all VAT paid is recovered from them.

**18. Overheads and Support Services**

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Code of Practice 2009. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional democratic Organisation; and
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

**19. Reserves**

Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is appropriated back into the General Fund Balance statement to ensure no net charge against council tax for the expenditure. Reserves held by the Council are noted on page 48 within the Statement of Total Movement in Reserves

**20. Trading Operations**

The Local Government in Scotland Act 2003 repealed performance duties under the Government's compulsory competitive tendering legislation and replaced them with reporting results of significant trading operations. Details of these operations are detailed in Note 2 in the Notes to the Core Financial Statements. In accordance with the SORP and Council policy, the surplus or deficit on each trading operation has been taken to the Income and Expenditure Account.

**21. Financial Guarantees**

Any financial guarantees the Council has committed to since 1 April 2006 have been recognised at fair value and assessed for probability of the guarantee being called and the likely amount payable under the guarantee. Any material provision for this has been recognised in the Financial Statements.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Statement of Accounting Policies (cont'd)**

**22. Public Private Partnership (PPP)**

The Council has entered into a PPP for the provision of Education buildings, maintenance and related facilities.

2009/10 is the first year that assets constructed under PPP schemes have been required to be reported on the face of the balance sheet and accounting treatment is in accordance with the SORP/Statutory Guidance. Assets have been added to the asset register in the year of completion along with the creation of a corresponding PPP contractual liability in the balance sheet. Unitary charge payments in relation to PPP contractual liabilities have been separated into the following elements:-

- (i) Statutory repayment of debt
- (ii) Interest payments
- (iii) Operating costs
- (iv) Lifecycle replacement costs

The statutory repayment of debt is used to reduce the outstanding liability on the balance sheet. Interest payments are shown within external interest payable and similar charges with operating costs remaining within net cost of services. Lifecycle replacement costs paid during 2009/10 have been charged within net cost of service due to materiality.

**23. Financial Instruments**

Interest due or payable on financial assets (represented by lending and receivables) or liabilities (represented by borrowings and payables) held at 31 March 2010 have been accounted for on an accruals basis calculated using an effective interest rate (EIR) where appropriate. Accrued interest has been included within short term debtors or creditors as required by the SORP.

Financial assets and financial liabilities are carried in the balance sheet at amortised cost, however, the Council is required to disclose the fair value in a note to the accounts. The fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instrument. Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value, the fair value of trade and other receivables is taken to be invoiced or billed amount.

**24. Investments**

Investments held by the Council comprise solely of short term lending of surplus funds to a limited number of high-quality UK banks. All deposits are held in sterling. The carrying amount is the outstanding principal receivable.

**25. Bank Balances**

Bank balances are included in the Balance Sheet at the closing balance in the Council's ledger and include cheques payable, not yet cashed.

**26. Common Good and Trusts**

Accounts are shown separately and are prepared in accordance with the December 2007 guidance from the Local Authority (Scotland) Accounts Advisory Committee "Accounting for the Common Good Fund : a guidance note for practitioners".

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Income and Expenditure Account**

2008/09			2009/10	200910	200910
Net			Gross	Gross	Net
Expenditure			Expenditure	Income	Expenditure
£000	Notes	Service	£000	£000	£000
2,874		Central Services	4,374	2,120	2,254
3,376		Corporate and Democratic Core	3,546	66	3,480
1,179		Non distributed costs	5,113	0	5,113
15,006		Cultural and Related Services	16,026	2,676	13,350
93,401		Educational Services	103,899	7,419	96,480
8,811		Environmental Services	16,844	6,088	10,756
2,437		Housing Services	79,841	76,320	3,521
4,364		Planning and Development Services	5,551	5,750	(199)
8,027		Roads and Transport Services	17,018	9,214	7,804
58,826		Social Work Services	75,280	13,510	61,770
<b>198,301</b>	<b>14</b>	<b>Net Cost of Services</b>	<b>327,492</b>	<b>123,163</b>	<b>204,329</b>
(604)		(Gain)/loss on Disposal of Fixed Assets	0	114	(114)
23,946		Precepts	39,470	14,443	25,027
(1,569)	<b>2</b>	Surpluses on Trading Undertakings not included in net cost of services	0	2,193	(2,193)
12,295		External Interest Payable and similar charges	15,282	0	15,282
150		(Gain)/loss early settlement of borrowing	746	0	746
(1,948)		Interest Earned	0	164	(164)
89	<b>11</b>	Pension Interest Cost and Expected return on Pension Assets	<u>23,334</u>	<u>18,836</u>	<u>4,498</u>
<b>230,660</b>		<b>Net Operating Expenditure</b>	<b>406,324</b>	<b>158,913</b>	<b>247,411</b>
(37,095)		Council Tax			(38,234)
(34,999)		Non-Domestic Rates			(38,338)
(151,074)		Revenue Support Grant			(161,267)
<b>7,492</b>		<b>(Surplus)/Deficit to be met from Balances b/f</b>			<b>9,572</b>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Statement of Movement on the General Fund Balance**

The Income and Expenditure Account highlights the actual financial performance for the year. However, the authority is required to raise council tax on a different accounting basis. The main differences are:

- (a) Capital investment is accounted for as it is financed, rather than when the assets are consumed.
- (b) Interest is accounted for when it is received or paid, rather than on the effective interest rate over the life of the loan.
- (c) Premiums and discounts arising from debt restructuring are amortised over the period of the replacement loan in accordance with Scottish Government regulations, rather than when the original loan is extinguished.
- (d) Retirement benefits are charged when amounts become payable to the pension funds and pensioners, rather than as future benefits are earned.

The Statement of Movement on the General Fund balance is a reconciliation summary.

2008/09 £000	Notes		2009/10 £000	2009/10 £000
7,492		(Surplus)/Deficit for the year on the Income and Expenditure Account		9,572
(9,220)		Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year *		(11,184)
(1,728)		(Increase)/decrease in the General Fund Balance		(1,612)
(3,308)		General Fund Balance brought forward		(5,036)
(5,036)		General Fund Balance carried forward		(6,648)
<b>Amounts included in Income and Expenditure Account but require to be excluded when determining the Movement on the General Fund Balance for the year</b>				
(53)		Amortisation of intangible assets		(52)
(28,390)		Depreciation and impairment of fixed assets		(26,931)
1,330	25	Government Grants Deferred amortisation		1,900
604		Net loss/surplus on Disposal of Fixed Assets		114
3,099	11	Net charges made for retirement benefits in accordance with FRS17		3,233
(23,410)				(21,736)
<b>Amounts not included in Income and Expenditure Account but require to be included by statute when determining the Movement on the General Fund Balance for the year</b>				
13,378		Loans Fund Principal repayments		14,692
0		Capital Expenditure charged in-year to the General Fund Balance		0
13,378				14,692
<b>Transfers to/from General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year</b>				
0	10	Contribution from HRA Balance to General Fund		0
301	5	Surplus transferred to/(from) HRA Account		803
29		Transfers to (from) capital items replacement fund		(100)
482		Movement on pension reserve		(4,843)
812				(4,140)
(9,220)		Net additional amount required to be (credited)/debited to the General Fund balance for the year*		(11,184)



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Statement of Total Recognised Gains and Losses**

This statement brings together all the gains and losses of the Council for the year. In addition to the surplus/deficit on the Income and Expenditure Account, it also includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover retirement benefit costs.

2008/09			2009/10
£000	Note		£000
7,492		Deficit for the year on the Income and Expenditure Account	9,572
(114,418)	17	Deficit/ (Surplus) arising on the revaluation of fixed assets	(37,029)
42,605	11	Actuarial (gains)/losses on pension fund assets and liabilities	131,233
(531)	17	Adjustment made to Balance Sheet relating to Financial Instruments	(899)
<u>(64,852)</u>		<b>Total recognised gains and losses for the year</b>	<u><b>102,877</b></u>





**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Balance Sheet as at 31 March 2010**

2008/09 £000	Note		2009/10 £000	2009/10 £000
		<b>Intangible Assets</b>		
153	17	Software Licenses		100
		<b>Operational Assets</b>		
283,166	17	Council Dwellings	307,282	
174,490	17	Other Land and Buildings	263,041	
12,840	17	Vehicles, Plant and Equipment	11,668	
30,070	17	Infrastructure	31,283	
240	17	Community Assets	240	613,514
500,959				613,614
		<b>Non Operational Assets</b>		
47,487	17	Investment Properties	49,943	
11,943	17	Surplus Assets Held for Disposal	13,894	
2,237	17	Assets under construction	9,164	73,001
61,667				
		<b>Investments</b>		
412	20	Long Term Debtors		331
<b>563,038</b>		<b>Total Long Term Assets</b>		<b>686,946</b>
		<b>Current Assets</b>		
852	21	Stocks and Work in Progress	850	
26,801	22	Sundry Debtors	30,810	
27,748		Short Term Investments	10,713	
48		Cash in Hand	48	42,421
55,449				
		<b>Current Liabilities</b>		
(38,328)	19,23	Sundry Creditors	(28,873)	
(1,575)	19	Bank Overdraft	(5,997)	
(25,485)	19,28	Borrowing repayable on demand or within 1 year	(22,683)	
0	18	PPP Contractual Liability within 1 year	(1,143)	
(65,388)				(58,696)
<b>553,099</b>		<b>Total Assets less Current Liabilities</b>		<b>670,671</b>
(193,810)	19	Borrowing Repayable after 12 Months	(196,562)	
0	18	PPP Contractual Liability after 12 months	(84,327)	
(3,551)	24	Provisions	(3,500)	
(49,322)	11	Liability relating to Defined Pension Scheme	(182,165)	
(22,950)	25	Deferred Grants	(23,528)	
(269,633)		<b>Total Long Term Liabilities</b>		<b>(490,082)</b>
<b>283,466</b>		<b>Total Assets Less Liabilities</b>		<b>180,589</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Balance Sheet as at 31 March 2010 (cont'd)**

2008/09 £000	Notes		2009/10 £000	2009/10 £000
		<b>Represented by:</b>		
		<b>Capital Reserves</b>		
124,484		Revaluation Reserve	149,273	
208,393		Capital Adjustment Account	212,294	
(21,843)		Financial Instruments Adjustment Account	(20,944)	
<u>8,507</u>		Usable Capital Receipts Reserve	<u>7,197</u>	
319,541				347,820
		<b>Revenue Provisions and Reserves</b>		
(49,322)	11	Pension Reserve	(182,165)	
5,036	27	General Fund	6,648	
1,839	27	Housing Revenue Account	2,642	
356		Capital Items Replacement Fund	256	
<u>6,016</u>		School Regeneration Sinking Fund	<u>5,388</u>	
<u>(36,075)</u>				<u>(167,231)</u>
<b><u>283,466</u></b>		<b>Total Net Worth</b>		<b><u>180,589</u></b>

Joyce White FCMA Chartered FCIPD  
Executive Director of Corporate Services  
West Dunbartonshire Council  
30 June 2010

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Cash Flow Statement**

2008/09 £000	Notes		2009/10 £000	2009/10 £000
		<b><u>REVENUE ACTIVITIES</u></b>		
		<b>Cash Outflow</b>		
165,344		Cash paid to and on behalf of employees	164,619	
148,326		Other operating cash payments	152,872	
16,519		Housing Benefit paid out	19,262	
330,189				336,753
		<b>Cash Inflow</b>		
(11,322)		Rents (after rebates)	(11,313)	
(37,244)		Council Tax income	(37,930)	
(128,379)		Revenue Support Grant	(161,267)	
(57,458)		Non Domestic Rates	(37,950)	
(33,056)		DSS Grants for rebates	(34,125)	
(15,307)	29	Other Government Grants	(10,304)	
(47,754)		Cash received for goods and services	(50,491)	
(26,199)		Other operating cash receipts	(15,214)	
(356,719)				(358,594)
(26,530)	30	<b>Net Cash (Inflow) from Revenue Activities</b>		<b>(21,841)</b>
		<b><u>SERVICING OF FINANCE</u></b>		
		<b>Cash Outflow</b>		
12,128		Interest etc. paid		15,599
		<b>Cash Inflow</b>		
(1,948)		Interest received		(303)
10,180		<b>Net Cash Outflow from Servicing of Finance</b>		<b>15,296</b>
		<b><u>CAPITAL ACTIVITIES</u></b>		
		<b>Cash Outflow</b>		
34,212		Purchase/Improvement of fixed assets		37,997
		<b>Cash Inflow</b>		
(7,081)		Sale of fixed assets	(685)	
(10,011)	29	Capital grants received	(9,270)	
0		Other capital cash receipts	(38)	
(17,092)				(9,993)
17,120		<b>Net Cash Outflow from Capital Activities</b>		<b>28,004</b>
770		<b>Net Cash Outflow/(Inflow) before Financing</b>		<b>21,459</b>
		<b>Management of Liquid Resources</b>		
4,100		Net increase/(decrease) in Liquid Resources		(17,018)
4,100		<b>Net Cash (Outflow)/Inflow from Management of Liquid Resources</b>		<b>(17,018)</b>
		<b><u>FINANCING</u></b>		
		<b>Cash Outflow</b>		
25,042		Repayment of amounts borrowed		51,564
		<b>Cash Inflow</b>		
(29,181)		New loans raised		(51,545)
(4,139)	31	<b>Net Cash (Outflow)/Inflow from Financing</b>		<b>(19)</b>
731	31	<b>(Increase)/Decrease in Cash</b>		<b>4,422</b>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements**

**Note 1 : Central Support Services**

Central support services are allocated fully over other services. The total cost of the services is made up as follows:

2008/09				2009/10
Revised Net Allocation		Gross Costs	Income	Net Allocation
£000	Service	£000	£000	£000
199	Chief Executive	205	0	205
258	Executive Director of Corporate Services	209	0	209
1,406	Legal, Administrative & Regulatory Services	1,328	35	1,293
6,520	Finance & ICT	7,152	1,352	5,800
1,485	Human Resources and Organisational Dev.	1,442	8	1,434
544	Policy Unit	847	288	559
275	Corporate Communications	253	5	248
1,841	Architectural and Related Services	1,975	0	1,975
51	Canteen	45	0	45
32	Courier Service	31	0	31
1,680	Office Accommodation	1,631	14	1,617
263	Procurement	317	0	317
333	Risk management	347	0	347
428	Internal Audit	403	0	403
<b>15,315</b>	<b>Total</b>	<b>16,185</b>	<b>1,702</b>	<b>14,483</b>

**Note 2 : Net Surplus on Trading Operations**

The Local Government Scotland Act 2003 repealed the legislation governing compulsory competitive tendering. The Act introduced a requirement for statutory trading accounts to be maintained for "significant trading operations". A service is deemed to be a significant trading account where the service is provided in a competitive environment, it is charged on a basis other than straightforward recharge of cost and the service is deemed to be significant. The figures below include an interest charge for the assets as noted within the accounting policies.

2008/09				2009/10
Surplus/ (Deficit)		Expenditure	Income	Surplus/ (Deficit)
£000	Trading Account	£000	£000	£000
1,211	Housing Property Maintenance	12,848	14,275	1,427
358	Grounds Maintenance/Street Cleaning	7,797	8,563	766
<b>1,569</b>		<b>20,645</b>	<b>22,838</b>	<b>2,193</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 2 : Net Surplus on Trading Operations (cont'd)**

It is the duty of a local authority to conduct each of its significant trading operations so that, taking every year with the two previous years, total revenue is not less than expenditure. The analysis for 2007/08 to 2009/10 is as follows:

Trading Account		Housing Property Maintenance	Grounds Maintenance/ Street Cleaning
		£000	£000
Net surplus/(deficit) reported	2007/08	566	799
	2008/09	1,211	358
	2009/10	<u>1,427</u>	<u>766</u>
		<u>3,204</u>	<u>1,923</u>

Through annual review and evaluation the Council reduced its statutory trading operations to two services in 2007/08, namely grounds maintenance/street cleaning and housing property maintenance. The annual review confirms this is still appropriate.

The above table confirms that both trading accounts which have been statutory for three years have met the break even target.

The Trading Operations require to budget for estimated FRS 17 pension expenditure. In 2008/9 and 2009/10 the actual FRS 17 pension charge resulted in a reduction to expenditure within the services, creating a further surplus. This adjustment does not bring cash into the trading operation, but is a technical adjustment required for accounting regulations.

A brief outline of the services delivered by the statutory trading accounts is provided below:

**Housing Property Maintenance Trading Services** - delivers an economic, efficient and effective housing repairs service to its customers.

**Grounds Maintenance/Street Cleaning Services** – aims to make a positive impact on the health and wellbeing of residents and visitors to the area through cleaner and well maintained Council areas.

**Note 3 : Material Transactions with Related Parties**

A requirement of the Accounting Code of Practice is that a local authority's Financial Statements should disclose material transactions with related parties i.e. organisations that the Council can influence or who can influence the Council. Transactions involving related parties in 2009/10 that are within the Council's group accounts are summarised below:

2008/09 Net Payment	Organisation	Description	2009/10 Receipts	2009/10 Payment	(Debtor)/ Creditor at 31.03.10
£000			£000	£000	£000
733	Dumbarton and Argyll & Bute Valuation Joint Board	Annual running costs	0	762	0
13,959	Strathclyde Police Joint Board	Annual running costs	0	13,939	0
9,800	Strathclyde Fire Joint Board	Annual running costs	0	10,326	0
1,837	Strathclyde Passenger Transport Authority	Annual running costs including concessionary fares scheme	0	1,847	0

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 3 : Material Transactions with Related Parties (cont'd)**

Transactions with other related parties are summarised below:

2008/09 Net Payment/ (receipt) £000	Organisation	Description	2009/10 Receipts £000	2009/10 Payment £000	(Debtor)/ Creditor at 31.03.10 £000
7,441	Scottish Government	Teachers' pension fund contribution	0	8,024	(1)
(129,327)	Scottish Government	Revenue support grant	199,605	0	0
(19,817)	Scottish Government	Government grants	16,834	0	(448)
505	Clydebank Rebuilt	Contribution on regeneration of area	0	1,708	0
14,697	Strathclyde Pension Fund	Employee and employers' pension contributions	0	16,682	1,370
25,414	HM Revenue and Customs	VAT/Income tax and NI	9,342	37,640	1,549

The Council maintains a register of interests for members and reviews this for transactions carried out in the year with entities which members have an interest. In the year ended 31 March 2010, the Council has not had any transactions totalling more than £0.500m for any body in which members have an interest.

**Note 4 : Agency Transactions**

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

2008/09 Net Payment/ (receipt) £000	Organisation	Description	2009/10 Receipts £000	2009/10 Payment £000	(Debtor)/ Creditor at 31.03.10 £000
11,348	Scottish Water	Water and sewerage charges collected by Council and paid over	0	11,876	126
(6,693)	NHS Greater Glasgow and Clyde	Care in the community services by the Council	8,537	1,480	(30)

**Note 5 : Housing Revenue Account Surplus : £0.803m (2008/09 £0.301m)**

The Housing Revenue Account returned a surplus for the year of £0.803m (2008/09 £0.301m surplus) which was transferred to the Housing Revenue Account balance.

**Note 6 : Skillseekers**

This scheme is primarily funded by Dunbartonshire Enterprise and £715,850 (2008/09 £627,770) was received from this agency during 2009/10 after successful completion of predefined training modules by participants in the scheme. The net income to the Council of operating the scheme was £142,710 (2008/09 £1,216).

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 7 : Operating Lease Rentals**

The Council leases a number of assets by operating leases. The cost of lease rentals is shown within service spending but no asset appears in the balance sheet. Operating leases cost £0.126m in 2009/10 (2008/09 £0.287m). The unexpired commitment on these leases totals £1.487m (2008/09 £1.613m). The annual commitment on these leases is £0.126m with all leases ending in more than 10 years, as noted below:

2008/09				2009/10
£000	Maturity Profile:			£000
0	0 – 1 year			0
0	1 - 2 years			0
0	2 - 5 years			0
0	5 – 10 years			0
<u>126</u>	More than 10 years			<u>126</u>
<b>126</b>				<b>126</b>

**Note 8 : Officers' Emoluments**

The number of staff whose emoluments in the year exceeded £50,000 per annum (including severance costs) was as follows:

2008/09				2009/10
64	£50,001	To	£60,000	80
2	£60,001	To	£70,000	7
14	£70,001	To	£80,000	13
0	£80,001	To	£90,000	3
4	£90,001	To	£100,000	3
0	£100,001	To	£110,000	0
1	£110,001	To	£120,000	1

**Note 9 : Members' Salaries**

The total of members' salaries paid in the year was £421,347 (2008/09 £393,992). In accordance with legislation, from 2008/09 members are no longer paid allowances and instead paid on a salaried basis.

**Note 10 : Transfer from Housing Revenue Account**

Under the terms of Schedule 15 (para 9.1) of the Housing (Scotland) Act 1987, local authorities may transfer funds from the HRA to the General Fund. The Council made no transfer (2008/09 – no transfer) from the HRA to the General Fund accordingly.

**Note 11 : Pensions**

The authority 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 authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The employers' contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2009/10 was 17.3%, and 2010/11 is set at 18.2%. In 2009/10, the Council paid an employer's contribution of £13.235m (2008/09 £11.212m) representing 18.67% (2008/09 17.42%) of employees' pensionable pay



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 11 : Pensions (con'td)**

The Teachers' Pension Scheme (Scottish Teachers' Superannuation Scheme (STSS)) which is a defined benefit scheme administered by the Scottish Executive. The employer pays a set contribution rate each year, and this is charged directly to the revenue account for the Education Service. The employer's contribution rate for 2010/11 is set at 14.9%. The amount paid over in respect of employer's contributions was £5.613m (2008/09 £5.049m). In respect of expenditure in respect of teachers added years, £0.007m payments were made (2008/09 £0.007m).

The Council has responsibility for unfunded liabilities in respect of teachers' pensions. These liabilities are administered as part of the Strathclyde Pension Fund and since they are unfunded with no investment assets built up to meet the pensions liabilities, cash has to be generated to meet actual pensions payments as they eventually fall due.

In addition, the Council is responsible for all pension payments relating to added years' benefits which it has awarded together with the related increases. In 2009/2010, these amounted to £2.294m (2008/09 £2.174m) representing 2% (2008/09 2.1%) of employees' pensionable pay. Strain on the Fund costs are charged over the period to which they relate. In 2009/10, the charge was £0.832m (2008/09 £0.955m) and the liability to meet future payments was £1.923m (2008/09 £2.383m).

**(a) Local Government Pension Scheme**

Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Authority. In 2009/2010 the capitalised costs that would have arisen from the early retiral of West Dunbartonshire Council employees and from predecessor authorities were as follows:

	<b>£000</b>
2009/2010	3,894
In earlier years	<u>39,691</u>
<b>Total</b>	<b><u>43,585</u></b>

The council fully complies with the financial reporting standard (FRS 17) concerning the disclosure of information on pension. FRS 17 states that although the pension benefits will not be payable 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 future entitlements'.

The council therefore recognises the cost of the pension commitment within the income and expenditure account when the employees earn their pension entitlement rather than when the benefits are paid as pensions. However, as the cost to the taxpayer is calculated on the basis of pension contribution paid in the year, the cost of retirements benefits under FRS 17 is reversed out within the Statement of Movement on the General Fund Balance to ensure there is no impact on the overall cost to be funded by Council tax and government grants.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 11 : Pensions (cont'd)**

**(a) Local Government Pension Scheme (cont'd)**

The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

2008/09		2009/10
£000	Net cost of services	£000
8,717	Current service cost	8,276
907	Past service cost	4,753
1,017	Curtailments and settlements	359
	<b>Net operating expenses</b>	
25,833	Interest cost	24,325
(25,744)	Expected return on assets	(19,636)
<b>10,730</b>	<b>Net charge to the Income and Expenditure Account</b>	<b>18,077</b>
(10,730)	Reversal of charges made for retirement benefits in accordance with FRS17	(17,886)
11,212	Employer contributions payable to scheme	13,235
<b>482</b>	<b>Net movement through the Statement of Movement on General Fund</b>	<b>(4,651)</b>

Past service costs this year include £2.365m in respect of efficiency and other early retirements and £2.388m in retrospective changes to Members' benefits that came into effect from 1 April 2009.

**(b) Pension Assets and Liabilities**

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

	2009/10	2008/09	2007/08	2006/07
	£000	£000	£000	£000
Share of assets in the Strathclyde Pension Fund	400,833	288,052	361,739	365,895
Estimated liabilities in the Strathclyde Pension Fund	(539,413)	(306,388)	(341,378)	(390,471)
Net assets in the Strathclyde Pension Fund	(138,580)	(18,336)	20,361	(24,576)
<b>Present Value of Unfunded Liabilities</b>				
Non-disaggregation LGPS and Teachers	0	0	0	0
LGPS Unfunded	(16,393)	(10,630)	(10,240)	(10,933)
Teachers' pensions	(16,879)	(11,543)	(11,490)	(10,602)
Pre Local Government Reorganisation	(10,313)	(8,813)	(8,929)	(10,294)
<b>Net pension asset/(liability)</b>	<b>(182,165)</b>	<b>(49,322)</b>	<b>(10,298)</b>	<b>(56,405)</b>

For the Local Government Pension Scheme at 31 March 2010 the Council has a net liability £138.5m and for the unfunded liabilities a net liability of £43.585m. The Council's net liability of £182.165m at 31 March 2010 reflects the future obligations to fund retirement benefits. This represents an increase in the net liability of £132.843m compared to the position at 31 March 2009. This change is a reflection of changed market conditions during 2009/10, as reflected in the different percentages shown in the tables following.

The scheme assets have increased by £112.8m. This is due to investment markets improving which results in higher than expected returns. The expected rate of return on assets increased from 6.5% at 31 March 2009 to 7.2% at 31 March 2010. From 31 March 2009, assets are now held at bid value and the historic figures are at mid market value.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 11 : Pensions (cont'd)**

**(b) Pension Assets and Liabilities (cont'd)**

The estimated liabilities have increased by £233m due to financial assumptions as at 31 March 2010 being less favourable than they were at 31 March 2009 and the mortality assumptions have been strengthened to reflect improvement in life expectancy. The real discount rate (the discount rate after inflation) is the main financial assumption that has changed, the lower the rate the higher the liabilities are. This rate decreased by 57% between 2008-09 and 2009-10 and this was due to the related problems with the banking industry. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The rate used to value liabilities is the basis of long dated high quality corporate bonds.

The actuarial valuation states that assets held at the valuation date were sufficient to cover 68.75% (2008/09 £85.38% of accrued liabilities at that date.

Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The rate used to value liabilities changed in 2004/05 and they are now valued on the basis of long dated high quality corporate bonds. In previous years the liabilities had been valued using the discount rate based on long term gilt yields. The change in rate used to value liabilities has resulted in an increase in past service liabilities and future service costs of approximately 33%.

From 31 March 2009, assets are now held at bid value and the historic figures are at mid market value.

The principal actuarial assumptions used at the balance sheet date are as follows:

	31/03/2010	31/03/2009
Expected rate of return	7.2%	6.5%
Inflation/pension increase rate	3.8%	3.1%
Salary increase rate	5.3%	4.6%
Discount rate	5.5%	6.9%
<u>Breakdown of expected rate of return:</u>		
Equity	7.8%	7.0%
Bonds	5.0%	5.4%
Property	5.8%	4.9%
Cash	4.8%	4.0%

Mortality

Based on these assumptions, the average future life expectancies at the age of 65 are:

	Males	Females
Current pensioners	20.6 years	23.9 years
Future Pensioners	22.6 years	25 years

The above excludes any Net Pension liability that the Council may have to contribute to in respect of the Joint Boards of Police, Fire, Passenger 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 local government pension scheme's assets consist of the following categories. As at 31 March 2010, assets are now held at bid value and the historic figures are at mid market value:

	2009/10	2008/09
Equity	77%	73%
Bonds	13%	16%
Property	7%	8%
Cash	3%	3%

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 11 : Pensions (cont'd)**

**(b) Pension Assets and Liabilities (cont'd)**

The actuarial gains/losses identified as movements on the Pension Reserve in 2009/10 can be analysed into the following categories:

	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000
Actual return less expected return in Pension Scheme Assets	90,099	(101,696)	(37,454)	279
As a percentage of scheme assets	22%	(35.30%)	(10.35%)	0.08%
Experience gains and losses arising on the scheme liabilities	(22,939)	34,375	(1,316)	(1,625)
As a percentage of scheme liabilities	(4%)	10%	(0.4%)	(0.38%)
Changes in financial assumptions underlying the present value of the scheme liabilities	(197,683)	25,695	83,374	32,304
Total actuarial gain/loss recognised in STRGL	(130,523)	(41,626)	44,604	30,958
(Cumulative)	(115,984)	14,539	56,165	11,561

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

	2009/10 £000	2008/09 £000
Opening balance	337,374	372,037
Current service cost	8,276	8,717
Interest cost	23,334	25,833
Contributions by Members	4,346	3,779
Actuarial gains/losses	220,622	(60,070)
Past service costs/(gains)	4,753	907
Losses/(gains) on curtailment	224	1,017
Estimated unfunded benefits paid	(2,331)	(2,120)
Estimated benefits paid	(13,265)	(12,726)
Liabilities extinguished on settlement	(335)	0
	<u>582,998</u>	<u>337,374</u>

The movement during the year regarding the fair value of the employer's assets is noted as:

	2009/10 £000	2008/09 £000
Opening balance	288,052	361,739
Expected return on assets	18,836	25,744
Contributions by Members	4,346	3,779
Contributions by employer	13,235	11,212
Contributions in respect of unfunded benefits	2,331	2,120
Actuarial gains/losses	90,099	(101,696)
Estimated unfunded benefits paid	(2,331)	(2,120)
Estimated benefit paid	(13,265)	(12,726)
Assets distributed on settlement	(470)	0
	<u>400,833</u>	<u>288,052</u>

The total employee contributions expected to be made to the Local Government Pension Scheme for 2010/11 is £13.490m.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 12 : Audit Fees**

In 2009/10 the council incurred the following fees relating to external audit in respect of external audit services undertaken in accordance with the Code of Audit Practice:

2008/09		2009/10
£		£
311,801	Fees payable for external audit services and certification of grant claims.	315,400
(16,400)	Refunds made in respect of past years	0
0	Fees for work completed on Best Value Audit	6,127
<u>295,401</u>		<u>321,527</u>

**Note 13 : Items of Expenditure and Income**

The Income and Expenditure Account on page 14 and the service summary on page 29 are presented below in a different layout to compare actual with budget.

2008/09		2009/10	2009/10
Actual		Budget	Actual
£000	What the money was spent on:-	£000	£000
144,493	Employee Costs	152,516	150,775
27,744	Property Costs	31,336	31,206
54,565	Supplies and Services and administration	48,915	48,599
7,883	Transport	7,959	7,751
57,245	Payment to Other Bodies	61,114	60,430
25,783	Requisitions from Joint Boards	26,878	26,874
34,500	Transfer Payments	<u>35,269</u>	<u>39,090</u>
<b>352,213</b>	<b>Cost of Council Services</b>	<b>363,987</b>	<b>364,725</b>
(9,580)	Appropriations	(10,217)	(6,053)
12,295	External interest Payable	15,911	15,281
(1,948)	Interest Charged on Revenue Balances	<u>(373)</u>	<u>(164)</u>
<b>352,980</b>		<b>Total 369,308</b>	<b>373,789</b>
		<b>2009/10</b>	<b>2009/10</b>
		<b>Budget</b>	<b>Actual</b>
	<b>Where the money came from:-</b>	<b>£000</b>	<b>£000</b>
28,543	Housing Rents	29,708	29,437
68,401	Other Income	67,144	68,185
33	Specific Government Grants	164	362
32,989	Housing Benefit Subsidy	<u>33,728</u>	<u>37,385</u>
<b>129,966</b>	<b>Income From Council Services</b>	<b>130,744</b>	<b>135,369</b>
186,078	Revenue Support Grant and Non-Domestic Rates	198,443	199,605
1,569	Trading Operations Surplus	1,484	2,193
37,095	Council Tax	38,589	38,234
(1,728)	Reserves and Surpluses	<u>48</u>	<u>(1,612)</u>
<b>352,980</b>		<b>Total 369,308</b>	<b>393,789</b>

This note is a restatement of the Income and Expenditure Account (which is shown on page 14). In order to reconcile the note to the Account, the cost of council services (above) of £364.725m less the income from council services (above) of £135.369m equals £229.356m. This is the value of net cost of services within the Income and Expenditure Account of £204.329m and precepts of £25.027m.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 14 : Service Summary**

The service summary at page 14 is in accordance with the Best Value Accounting Code of Practice (BVACOP) and is re-presented below according to the reporting structure of the Council.

2008/09 Actual £000	Services	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	2009/10 Budget £000
0	Central Support Services	16,185	16,185	0	0
96,913	Educational Services	107,606	8,040	99,566	99,483
60,308	Social Work	75,214	13,510	61,704	62,090
35,719	Housing, Environmental and Economic Development	69,336	39,272	30,064	30,561
(301)	Housing Revenue Account (HRA)	31,845	32,648	(803)	380
5,043	Corporate Services	44,603	40,164	4,439	4,942
1,561	Other Services	8,876	780	8,096	7,651
<u>199,243</u>	Net Cost of Services	<u>353,665</u>	<u>150,599</u>	<u>203,066</u>	<u>205,107</u>
<b>Adjustments for items charged to service departments but accounted for below net cost of services in the Income and Expenditure Account</b>					
160	General Services			0	0
<u>(1,102)</u>	HRA			<u>1,264</u>	<u>(380)</u>
<u>198,301</u>	Adjusted Net Cost of Service			<u>204,330</u>	<u>204,727</u>

**Note 15 : Corporate and Democratic Core Costs**

In accordance with BVACOP, costs have been identified in respect of General Services Corporate and Democratic Core comprising of £1.243m (2008/09 £1.191m) for Corporate Management and £2.237m (2008/09 £2.185m) for Democratic Representation and Management.

**Note 16 : Expenditure and Income Details**

The information contained in the Income and Expenditure Account (page 14) is in summary format. Detailed information can be supplied on request by the Finance Service, Council Offices, Garshake Road, Dumbarton G82 3PU, by telephone to 01389 737191 or by e-mail to [finance@west-dunbarton.gov.uk](mailto:finance@west-dunbarton.gov.uk).

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 17: Fixed Assets**

**1) Movement in Assets during 2009/10**

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational* £000	Community £000	Intangibles £000	Total £000
Historic Cost	334,695	221,828	42,220	25,462	70,845	240	266	695,556
Historic Cost Depreciation	(8,988)	(10,722)	(11,677)	(12,519)	(150)	0	(113)	(44,169)
Historic Cost impairment	(42,541)	(36,616)	(473)	(103)	(9,028)	0	0	(88,761)
<b>Depreciated Historic Cost at 1.4.09</b>	<b>283,166</b>	<b>174,490</b>	<b>30,070</b>	<b>12,840</b>	<b>61,667</b>	<b>240</b>	<b>153</b>	<b>562,626</b>
Adjustments/Revaluations	44,484	3,550	0	0	2,476	0	0	50,510
Additions	16,099	6,006	3,357	2,004	9,158	0	0	36,624
PPP Addition	0	86,467	0	0	0	0	0	86,467
Disposals	(1,321)	0	0	0	(259)	0	0	(1,580)
Impairment	(26,258)	(3,710)	(63)	(21)	(41)	0	0	(30,093)
Depreciation	(8,888)	(3,762)	(2,081)	(3,155)	0	0	(53)	(17,939)
<b>Net Book Value at 31.3.10</b>	<b>307,282</b>	<b>263,041</b>	<b>31,283</b>	<b>11,668</b>	<b>73,001</b>	<b>240</b>	<b>100</b>	<b>686,615</b>

\* Further breakdown of non-operational assets shown within (iv)

**Memorandum Notes**

**(i)**

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost	334,695	221,828	42,220	25,462	70,845	240	266	695,556
Adjustments/Revaluations	44,484	3,550	0	0	2,476	0	0	50,510
Additions	16,099	6,006	3,357	2,004	9,158	0	0	36,624
PPP Additions	0	86,467	0	0	0	0	0	86,647
Disposals	(1,321)	0	0	0	(259)	0	0	(1,580)
Impairment	(68,799)	(40,326)	(536)	(124)	(9,069)	0	0	(118,854)
Other Adjustments to Historic Cost	(6,730)	(4,685)	(193)	(3,518)	(147)	0	0	(15,273)
<b>Current Cost at 31.3.10</b>	<b>318,428</b>	<b>272,840</b>	<b>44,848</b>	<b>23,824</b>	<b>73,004</b>	<b>240</b>	<b>266</b>	<b>733,450</b>
Adjustment re Fully Depreciation Historic Cost Assets	0	0	193	3,518	0	0	0	3,711
Cumulative Depreciation	(11,146)	(9,799)	(13,758)	(15,674)	(3)	0	(166)	(50,546)
<b>Net Book Value At 31.3.10</b>	<b>307,282</b>	<b>263,041</b>	<b>31,283</b>	<b>11,668</b>	<b>73,001</b>	<b>240</b>	<b>100</b>	<b>686,615</b>

**(ii)**

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost Depreciation	8,988	10,722	11,677	12,519	150	0	113	44,169
In Year Depreciation	8,888	3,762	2,081	3,155	0	0	53	17,939
Write out HC Depreciation on Revaluation/Disposal	(6,730)	(4,685)	0	0	(147)	0	0	(11,562)
<b>Cumulative Depreciation</b>	<b>11,146</b>	<b>9,799</b>	<b>13,758</b>	<b>15,674</b>	<b>3</b>	<b>0</b>	<b>166</b>	<b>50,546</b>

**(iii)**

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost Impairment	42,541	36,616	473	103	9,028	0	0	88,761
In Year Impairment	26,258	3,710	63	21	41	0	0	30,093
Write out HC Impairment on Revaluation/Disposal	(37,799)	0	0	0	0	0	0	(37,799)
<b>Cumulative Impairment</b>	<b>31,000</b>	<b>40,326</b>	<b>536</b>	<b>124</b>	<b>9,069</b>	<b>0</b>	<b>0</b>	<b>81,055</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 17: Fixed Assets**

**1) Movement in Assets during 2009/10 (cont'd)**

(iv)

	Investment Properties £000	Surplus Assets* £000	Assets under Construction £000	Non operational Total £000
Historic Cost	54,103	14,505	2,237	70,845
Historic Cost Depreciation	(135)	(15)	0	(150)
Historic Cost impairment	(6,481)	(2,547)	0	(9,028)
<b>Depreciated Historic Cost at 1.4.09</b>	<b>47,487</b>	<b>11,943</b>	<b>2,237</b>	<b>61,667</b>
Adjustments/Revaluations	434	2,210	(168)	2,476
Additions	2,063	0	7,095	9,158
Disposals	0	(259)	0	(259)
Impairment	(41)	0	0	(41)
Depreciation	0	0	0	0
<b>Net Book Value at 31.3.10</b>	<b>49,943</b>	<b>13,894</b>	<b>9,164</b>	<b>73,001</b>

\*The total includes £2.670m in relation to former schools which, at sale, are earmarked for the sinking fund

**2) Analysis of Net Assets Employed**

2008/09 £000		General Services £000	Housing Revenue Account £000	Trading Accounts £000	Total £000
283,166	Housing	0	307,282	0	307,282
174,490	Other land and buildings	262,189	590	262	263,041
30,070	Infrastructure	30,955	328	0	31,283
12,840	Vehicles, plant, furniture & fittings	9,106	1,131	1,431	11,668
61,667	Non operational	72,097	904	0	73,001
240	Community	240	0	0	240
153	Intangibles	100	0	0	100
<b>562,626</b>		<b>374,687</b>	<b>310,235</b>	<b>1,693</b>	<b>686,615</b>

**3) Information on Assets Held**

Operational Buildings	Operational Equipment	
Administrative buildings	19 Vehicles and heavy plant	403
Depots	11	
Social Work homes for the elderly	6 Community Assets	
Social Work children's homes	4 Playing fields	13
Social Work centres for learning disabilities	1 Bowling clubs and pavilions	11
Primary schools	34 Parks	14
Secondary schools	5 Pavillions	3
Special schools	3 Boat House	1
Nursery schools	22 Play areas	2
Halls	8 Other grounds	27
Sport centres	3 Works of Art	549
Swimming pools	1	
Libraries	8 Council Dwellings	11,378
Community centres	10	
Crematoriums and Cemeteries	11 Infrastructure Assets	
Public conveniences	2 Traffic light sets	95
Theatres	1 Roads in kilometres	348
Pavilions	2 Bridges	123
Indoor play areas	1 Joint ownership bridges	5
Golf courses	1 Lighting units	16,003
School and lodge houses	16 Illuminated bollards	185
Outdoor education centres	1	



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 18: PPP Analysis**

The Council has entered into a public private partnership for the provision of Education buildings, their maintenance and related facilities. The agreement provides the Council with replacement buildings for three secondary schools (2009/10 handover) and one primary (2010/11 handover). The provider is required to ensure the availability of these buildings to a pre-agreed standard. When the agreement ends, after 30 years, the buildings will be handed back to the Council. The value of the assets and related liability are noted below:-

**Value of Assets held under PPP Contracts**

	2009/10 £000
Opening Balance at 01.04.09	0
Additions:	
Vale of Leven Academy	25,515
Clydebank High School	28,285
St. Peter the Apostle High School	<u>32,667</u>
Closing Balance at 31.03.10	<u>86,467</u>

**PPP Contractual Liability**

	2009/10 £000
Opening Balance at 01.04.09	0
Additions	86,467
Repayments	<u>(997)</u>
Closing Balance at 31.03.10	<u>85,470</u>

**Maturity Structure of Payment due to be made under PPP Contracts**

Under the agreement, the Council is committed to paying the following sums:-

	Repayment of Liability £000	Interest Charges £000	Operating Costs £000	Lifecycle Replacement £000	Total Unitary Payment £000
Less than 1 year	1,143	6,434	1,654	32	9,263
2-5 years	4,916	26,724	8,548	948	41,136
6-10 years	8,550	31,027	11,863	2,940	54,380
11-15 years	12,391	27,309	13,422	4,741	57,863
16-20 years	17,401	21,912	15,185	7,076	61,574
21-25 years	23,563	15,132	17,181	9,643	65,519
26-30 years	<u>28,032</u>	<u>4,996</u>	<u>16,579</u>	<u>9,370</u>	<u>58,977</u>
	<u>95,996</u>	<u>133,534</u>	<u>84,432</u>	<u>34,750</u>	<u>348,712</u>
Less Future Addition to PPP Liability	<u>(10,526)</u>				
PPP Contractual Liability as at 31.03.10	<u>85,470</u>				

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 19: Financial Instruments**

**(a) Types of Financial Instrument**

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the balance sheet are made up of the following categories of "financial instruments".

	Long-term		Current	
	31.03.10	31.03.09	31.03.10	31.03.09
	£000	£000	£000	£000
<b>Lending</b>				
Loans and receivables	331	412	32,301	46,021
<b>Borrowing</b>				
Financial liabilities at amortised cost	196,562	193,810	57,553	65,388

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

- Available for sale financial assets
- Unquoted equity investments at cost
- Financial assets at fair value through profit and loss
- Financial liabilities at fair value through profit and loss

The Council has considered the SORP 2009 requirements for accounting for financial instruments and the following events have not taken place in 2009/10:

- Reclassification of financial assets carrying value between fair value and amortised cost
- Transfer of financial assets where part or all of the financial assets does not qualify for de-recognition
- Pledging of financial assets as collateral or liabilities or contingent liabilities, as a result no carrying or fair value exists
- Recording of impairment losses in a separate account which would require a reconciliation of changes during the year
- Default on any loans payable during 2009/10
- Breaches of long term loan agreements resulting in the liability being classed as current
- Offsetting of financial assets and liabilities where a legally enforceable right exists and intent to settle is on net basis

The Council has considered the SORP 2009 requirements for accounting for financial instruments and the following disclosures are consistent with the SORP:

- Current liabilities are recognised as such even if refinanced post balance sheet or original term greater than 12 months
- If the Council has the discretion (contractually) and expects to roll forward current liabilities for over 12 months, then the obligation can be treated as long term.

**(b) 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. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instrument, using the following assumptions:

- The 2010 fair value of PWLB loans are calculated by reference to the premature repayment set of rates in force on 31 March 2010, the 2009 figure by reference to the set of interest rates in force on 31 March 2009. The fair value market loans and other loans and receivables are calculated using estimated interest rates of 4.26%, which is the average discount rate applied to market loans for calculation of premature repayment.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 19 : Financial Instruments (Cont'd)**

**(b) Fair Value of Assets and Liabilities carried at Amortised Cost (cont'd)**

- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- No guarantees are included in the fair value calculation.

	31.03.10		31.03.09	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Lending</b>				
Loans and receivables	32,632	32,632	46,433	46,433
The fair value is equal to the carrying amount because all loans and receivables are either short term or at a fixed interest rate or a variable rate linked to base rate and without significant transaction costs. The Council does not hold any equity investments in an unquoted market and, therefore, this type of investment is excluded from the above table.				
	31.03.10		31.03.09	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Borrowing</b>				
Financial liabilities	254,115	282,069	259,198	292,723
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.				

**(c) Gains and Losses on Financial Instruments**

The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows:

	Loans & receivables £000	Liabilities at amortised cost £000	Total £000
<b>Income</b>			
Interest and Investment Income	310	0	310
<b>Expenditure</b>			
Interest/expense*	0	(11,659)	(11,659)
Losses on de-recognition	0	(63)	(63)
Impairment losses	(1,687)	0	(1,687)
	<b>(1,687)</b>	<b>(11,722)</b>	<b>(13,409)</b>
Net (Gain)/loss for the year	(1,377)	(11,722)	(13,099)
Reversal via Statement of Movement on Fund balances	0	63	63
<b>Net (gain)/loss for the year</b>	<b>(1,377)</b>	<b>(11,659)</b>	<b>(13,036)</b>

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

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 19 : Financial Instruments (Cont'd)**

**(c) Gains and Losses on Financial Instruments (Cont'd)**

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

- Available for sale financial assets
- Financial assets or liabilities at a fair value through profit and loss

**(d) Nature and Extent of Risks arising from Financial Instruments**

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government (Scotland) Act 2003 and the associated regulations. During 2009/10 these required the Council to comply with the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice. The Local Government Investments (Scotland) Regulations 2010 came into force on 1 April 2010. Overall these procedures require the Council to manage risk in the following ways:

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

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

The 2009/10 annual treasury management strategy which incorporates the prudential indicators was approved by Council on 25 February 2009 and is available on the Council website. The key issues within the strategy were:

- \* The authorised limit for 2009/10 was set at £263.105m. This is the maximum limit of external borrowing.
- \* The operational boundary was expected to be £241.179m. 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 30% based on the Council's net 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.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 19 : Financial Instruments (Cont'd)**

**(d) Nature and Extent of Risks arising from Financial Instruments (cont'd)**

**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 high quality 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 following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amount at 31.03.10	Historical experience of non-payment adjusted for market conditions at 31.03.10	Estimated maximum exposure to default and uncollectibility
	£000	%	£000
Deposits with banks, building societies and local authorities	10,713	0.03	4
Customers and other income	<u>23,602</u>	10.26	<u>1,683</u>
<b>Total Investments</b>	<b><u>34,315</u></b>		<b><u>1,687</u></b>

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

- Collateral as security in case of default of investment
- Financial assets that would otherwise be past due or impaired but have been renegotiated

The historical experience of default has been taken from Moody's (a credit rating organisation used by the Council) and applied to the period 1970 – 2009. Whilst the current credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties. As a result of this high credit criteria, the Council has maintained historical default rates as a good indicator under the current conditions.

The Council does not generally allow credit for customers, such that under the definition of "trade", £6.932m is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months	2,346
Three to six months	324
Six months to one year	838
More than one year	<u>3,424</u>
	<b><u>6,932</u></b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 19 : Financial Instruments (cont'd)**

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

**Credit Risk (Cont'd)**

Provisions are made in accordance with SORP 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.

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

**Liquidity risk**

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

The Council has ready access to borrowing from the Money Markets to cover any day to day cash flow need if required. The Council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures that sufficient risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

**Refinancing and Maturity Risk**

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

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

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

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. No more than 15% of borrowings are due to mature within any financial year and 60% within any rolling five-year period.

The maturity analysis of financial liabilities is as follows:

	<b>Creditors</b>	<b>Bank Overdraft</b>	<b>Borrowing</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than one year	28,873	5,997	22,683	57,553
Between one and two years	0	0	36	36
Between two and five years	0	0	36,988	36,988
More than five years	0	0	159,538	159,538
	<b>28,873</b>	<b>5,997</b>	<b>219,245</b>	<b>254,115</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 19 : Financial Instruments (cont'd)**

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

**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 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 30% 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:

	<b>£000</b>	<b>%</b>
Fixed Interest Debt	218,783	99.8
Variable Interest Debt	<u>462</u>	0.2
	<b><u>219,245</u></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 2010, with all other variables held constant:

	<b>£000</b>
<b>Impact on tax payers and rent payers</b>	
Increase on interest payable on variable rate debt	5
Increase in interest receivable on variable rate investments	(161)
Increase in government grant receivable for 'loan charges'	<u>(51)</u>
Impact on Income and Expenditure Account	<u>(207)</u>
Share of overall impact due credited to the HRA	(97)
<b>Other accounting presentational changes</b>	
Decrease in fair value of fixed rate investments	0
Decrease in fair value of fixed rate debt	(26,780)

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

**Foreign Exchange Risk**

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

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 20 : Long Term Debtors**

2008/09		2009/10
£000		£000
515	Opening balance at 01.04.09	412
(103)	Repayments	(81)
0	Additions	0
<u>412</u>	Closing balance at 31.03.10	<u>331</u>

**Note 21 : Stocks and Work in Progress**

2008/09		2009/10
£000		£000
805	Consumable stores	757
47	Work in progress	93
<u>852</u>		<u>850</u>

**Note 22 : Debtors**

2008/09	2008/09		2009/10	2009/10
£000	£000		£000	£000
27,499		Arrears of local taxation - council tax	28,798	
(19,663)	7,836	less bad debt provision	(20,658)	8,140
2,822		non domestic rates	3,871	
(2,081)	741	less bad debt provision	(2,742)	1,129
9,221		Community charge	8,987	
(9,221)	0	less bad debt provision	(8,987)	0
6,282		Statutory additions	6,554	
(3,891)	2,391	less bad debt provision	(4,166)	2,388
2,425		Housing rents receivable	2,159	
(1,625)	800	Less bad debt provision	(1,420)	739
	1,279	Government grants		3,672
	2,000	VAT recoverable		1,915
12,309		Prepayments and accruals	13,344	
(555)	11,754	Less bad debt provision	(517)	12,827
	<u>26,801</u>			<u>30,810</u>

**Note 23 : Sundry Creditors**

2008/09		2009/10
£000		£000
14,410	Accrued payrolls, PAYE, N. I. & superannuation	9,918
771	Advances from partner agencies	1,237
17	School resources carried-forward	0
23,130	Other creditors and accruals	17,718
<u>38,328</u>		<u>28,873</u>

**Note 24 : Provisions**

	Balance			Balance
	01.04.09	Contributions	Used	31.03.10
	£000	£000	£000	£000
Equal pay claims and single status payments	3,371	0	(224)	3,147
Early severance	180	588	(415)	353
	<u>3,551</u>	<u>588</u>	<u>(639)</u>	<u>3,500</u>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 24 : Provisions (cont'd)**

**Equal pay claims and single status payments** – The Council has implemented a Single Status pay structure. This provision is held for possible future equal pay claims through outstanding tribunal cases and appeals on revised gradings from the new pay structure.

**Early Severance** – This provision is held for those staff accepting a severance or early retiral package with a view to leaving in 2010/11.

**Note 25 : Deferred Grants**

2008/09		2009/10
£000		£000
17,871	Opening balance at 01.04.09	22,950
(1,330)	Annual repayments	(1,900)
0	Additional repayments	(7,535)
6,409	Additions	10,013
<u>22,950</u>	Closing balance at 31.03.10	<u>23,528</u>

**Note 26 : Contingent Assets or Liabilities**

The Council has a potential contingent liability relating to the risk that groups of workers not currently included in the equal pay provision may be successful in claiming compensation under the terms of the equal pay legislation.

**Note 27 : Reserves and Deferred Income**

Reserves and Earmarked Balances

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

- (1) The General Fund balance stands at £6.647m on 31.03.10, none of which was applied to the 2010/11 budget and £3.272m is earmarked for ringfenced purposes, leaving an unearmarked balance of £3.375 m.

Earmarked income held for future specific purposes:-

	£000
Milton community facility	60
Energy efficiency	160
Public Sector Improvement Framework	20
Public Private Partnership (grant funding)	1,445
Budget 2010/11	1,310
Zero Waste Vehicles	<u>277</u>
	<u>3,272</u>

- (2) The HRA balance is currently £2.642m as at 31.03.10, of which £0.050m was applied to the 2010/11 budget, leaving an unearmarked balance of £2.592m.

Deferred Income

The creditors' balance of £28.873m includes deferred income in connection with delays in spending government grants and other income received. The main grants affected by this delay are:-

2008/09		2009/10
£000		£000
0	Fairer Scotland – Telecare	1,294
61	Literacy	0
115	Private Sector Housing	51
0	Activity Pilot	274
59	Telecare	56

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 28 : Net Current Assets/Liabilities**

The Council holds a net current liability to current asset position due to the level of borrowing repayable on demand or within one year. The current level of this debt is primarily due to long term debt of £20.045m which falls payable during 2010/11, due to in year debt management decisions. This debt is funding long term capital spend which, through the Council's Treasury Management Strategy, will be refinanced over a longer period of time during 2010/11.

**Note 29 : Analysis of Other Government Grants (Cash Basis)**

2008/09 £000		£000
	<b>Revenue</b>	
1,380	Housing Benefit Administration	1,515
13	Supported Employment	8
293	Social Work – Mental Illness	114
656	Housing, Environmental and Economic Development – Strategic Waste	0
20	- Other	34
52	Non HRA	0
1,296	Education - Other	1,751
21	Road Safety	0
9,470	Fairer Scotland Fund	6,058
2,087	Private Sector Housing Grant	808
19	Corporate Services	16
<b>15,307</b>		<b>10,304</b>
	<b>Capital</b>	
5,820	General Capital Grant	6,636
0	Town Centre Regeneration Funding	998
0	Cities Growth Fund	388
166	e-Procurement	0
202	20 mph at schools	0
2,518	Contaminated Land	0
12	Alexandria Shop Fronts	9
0	Dumbarton Shop Fronts	13
0	Alexandria Medical Centre	50
0	Sustran	61
0	Argyll Park	196
0	MC Cert Link – HRA	75
168	Balloch Park lottery	0
76	Strategic Waste	0
275	Warm Deal	0
8	Air Quality Monitoring	0
10	Levensgrove Community Growing facility	0
320	Cycle/Walk/Safer Streets grant	0
5	West Trans	0
190	SPT	844
77	Big Lottery	0
32	Rediscovering Dumbarton	0
125	Telecare	0
5	Balloch Interchanges	0
2	Access Improvements	0
<b>10,011</b>		<b>9,270</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Core Statements (cont'd)**

**Note 30 : Reconciliation of Consolidated Revenue Account to Revenue Activities**

2008/09 £000		2009/10 £000
(1,728)	(Surplus)/Deficit for year	(1,612)
	<b>Non Cash Transactions</b>	
(10,201)	Contribution to provisions	(51)
29	Contributions to reserves	(100)
426	Contributions to Capital	558
(13,378)	Non cash movement relating to loans fund	(14,693)
(709)	Adjustment not involving movement of funds	(16,330)
	<b>Items on an Accruals Basis</b>	
3	Increase/(Decrease) in stock and WIP	(2)
(5,660)	Increase/(Decrease) in Debtors	2,641
4,688	(Increase)/Decrease in Creditors	7,748
<u>(26,530)</u>	<b>Net Cash Flow from Revenue Activities</b>	<u>(21,841)</u>

**Note 31 : Analysis of Net Debt**

	Balance at 01.04.09 £000	SORP £000	Cash Flow £000	Balance at 31.03.10 £000
Bank Overdraft	(1,575)	0	(4,422)	(5,997)
Cash in Hand	48	0	0	48
<b>Decrease in Cash</b>	<u>(1,527)</u>	<u>0</u>	<u>(4,422)</u>	<u>(5,949)</u>
Debt due after 1 year	(193,810)	(64)	(2,688)	(196,562)
Debt due within 1 year	(25,020)	92	2,707	(22,221)
<b>Total Debt</b>	<u>(218,830)</u>	<u>28</u>	<u>19</u>	<u>(218,783)</u>
Temporary lending/short term deposits	<u>27,283</u>	<u>(14)</u>	<u>(17,018)</u>	<u>10,251</u>
<b>Total</b>	<u>(193,074)</u>	<u>14</u>	<u>(21,421)</u>	<u>(214,481)</u>

	£000
<b>Reconciliation of Movement in Cash to Net Debt</b>	
Increase/(Decrease) in cash	(4,422)
Increase/(Decrease) in debt financing	19
Increase/(Decrease) in liquid resources <sup>(1)</sup>	(17,018)
Movement in debt in period	(21,421)
SORP Adjustments	14
Net debt as at 31 March 2009	(193,074)
<b>Net debt as at 31 March 2010</b>	<u>(214,481)</u>

<sup>(1)</sup> <b>Definition of liquid resources</b>	
Movement in short term investment loans	(19,725)
Movement in short term on-call borrowings	2,707
<b>Increase/(Decrease) in liquid resources</b>	<u>(17,018)</u>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Housing Revenue Account (Council Housing)**

This account reflects the statutory requirement to account for local authority housing provision, as defined in the Housing (Scotland) Act 1987. It shows the major elements of housing revenue expenditure and capital financing costs, and how these are met by rents and other income.

2008/09 £000		2009/10 £000
	<b>Income</b>	
(28,544)	Dwelling rents	(29,437)
(305)	Other rents	(315)
<u>(1,918)</u>	Other income	<u>(1,823)</u>
<b>(30,767)</b>		<b>(31,575)</b>
	<b>Expenditure</b>	
9,057	Repairs and maintenance	9,172
6,244	Supervision & management	6,498
1,343	Void properties	1,211
11,555	Depreciation and impairment	14,049
306	Bad/doubtful debts	461
<u>809</u>	Other expenditure	<u>594</u>
<b>29,314</b>		<b>31,985</b>
<b>(1,453)</b>	<b>Net costs of HRA services as included in the whole authority income and expenditure account</b>	<b>410</b>
50	HRA share of corporate and democratic core	50
<b>(1,403)</b>	<b>Net cost of HRA services</b>	<b>460</b>
	<b>HRA share of the operating income and expenditure included in the whole authority accounts</b>	
(69)	(Gain) or loss on sale of HRA fixed assets	(140)
5,434	Interest payable and similar charges	4,954
66	Amortisation of premiums and discounts	343
<u>(481)</u>	Interest and investment income	<u>(63)</u>
<b>3,547</b>	<b>(Surplus)/deficit for the year on HRA services</b>	<b>5,554</b>

**Statement of Movement on the HRA Fund Balance**

<b>3,547</b>	<b>(Surplus)/Deficit to be met from Balances b/f</b>	<b>5,554</b>
	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	<u>(6,357)</u>
<u>(3,848)</u>	(Increase)/Decrease in the HRA Fund Balance	<u>(803)</u>
<u>(1,538)</u>	HRA Balance brought forward	<u>(1,839)</u>
<b>(1,839)</b>	<b>HRA Balance carried forward</b>	<b>(2,642)</b>
	<b>Amounts included in Income and Expenditure Account but require to be excluded when determining the Movement on the HRA Fund Balance for the year</b>	
	Difference between the finance costs calculated in accordance with the SORP and the amount calculated in accordance with statute	(29)
(135)	Depreciation and impairment of fixed assets	(14,049)
(11,555)	Net loss/surplus on disposal of fixed assets	140
69	Net charges made for retirement benefits in accordance with FRS17	<u>192</u>
<u>99</u>		<u>(13,746)</u>
<b>(11,522)</b>		
	<b>Amounts not included in Income and Expenditure Account but require to be included by statute when determining the Movement on the HRA Fund Balance for the year</b>	
7,674	Loans Fund Principle repayments	7,389
	<b>Transfers to/from HRA Fund Balance that are required to be taken into account when determining the movement on the HRA Fund Balance for the year</b>	
0	Transfer to the General Fund from the HRA Account	<u>0</u>
<b>(3,848)</b>	<b>Net additional amount required to be credited to the HRA Fund Balance for the year</b>	<b>6,357</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Housing Revenue Account (Council Housing) (cont'd)**

The total of rents lost due to void properties is shown net of the value of those properties that have been earmarked for demolition.

2008/09	Rental Information	2009/10
<b>£47.67</b>	Average weekly rent (52wks)	<b>49.82</b>
<b>£000</b>	Rent arrears (houses only):-	
1,131	Current	1,084
<u>1,294</u>	Former	<u>1,075</u>
2,425		2,159
<u>(1,625)</u>	Less bad debt provision	<u>(1,420)</u>
<b><u>800</u></b>		<b><u>739</u></b>

**Housing Stock as at 31 March 2010**

	Dumbarton/ Alexandria	Clydebank	Total
Houses	1,884	1,677	3,561
High rise	436	1,333	1,769
4-in-a-block	793	640	1,433
Maisonette/Other flat	1,643	1,298	2,941
Tenement	<u>820</u>	<u>854</u>	<u>1,674</u>
	<b><u>5,576</u></b>	<b><u>5,802</u></b>	<b><u>11,378</u></b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Council Tax Account**

Council Tax: £38.234m (2008/09 £37.095m)

2008/09		2009/10
£000		£000
45,082	Gross council tax	45,318
	Less:	
(92)	Council tax benefit (net of government grant)	73
(5,788)	Other discounts and reductions	(5,868)
(1,183)	Provision for bad and doubtful debts	(1,183)
(924)	Adjustments for prior years	(106)
<u>37,095</u>	<b>Transfer to General Fund</b>	<u>38,234</u>

*The calculation of the council tax base*

	No of Dwellings	No of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	Total Dwellings	Ratio to Band D	Band D Equivalent
Band A(Disabled)	0	0	27	17	0	23	5/9	13
Band A	8,128	328	62	4,494	280	6,599	6/9	4,399
Band B	17,159	544	(39)	7,579	200	14,581	7/9	11,341
Band C	7,329	141	(5)	2,568	58	6,512	8/9	5,788
Band D	5,431	62	7	1,538	39	4,972	1	4,972
Band E	4,095	30	(34)	729	21	3,838	11/9	4,691
Band F	1,520	12	(8)	200	11	1,445	13/9	2,087
Band G	564	6	(10)	64	8	528	15/9	880
Band H	36	1	0	1	5	32	18/9	64
						<b>Total</b>		<b>34,235</b>
						Provision for bad debt		<u>1,027</u>
						<b>Council Tax Base</b>		<b><u>33,208</u></b>

*The nature and actual amount of each charge fixed*

**Gross Charges**

Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor. The council tax charge is calculated using the council tax base i.e. band D equivalents. This charge is then decreased/increased dependent on the band. The band D charge for 2009/10 was £1,163.

	2008/09 £ per year	2009/10 £ per year
Band A	775	775
Band B	905	905
Band C	1,034	1,034
Band D	1,163	1,163
Band E	1,421	1,421
Band F	1,680	1,680
Band G	1,938	1,938
Band H	2,326	2,326

**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.





**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Non-Domestic Rates Account**

**Non-Domestic Rates Income £38.338m (2008/09 £34.999m)**

Non-domestic rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. West Dunbartonshire Council received £38.338m (2008/09 £34.999m) from the national pool. The amount deemed to be collected locally was £62.330m (2008/09 £59.903m). The sum actually collected locally and contributed to the pool was £59.612m (2008/09 £57.694m), made up as follows:

2008/09		2009/10
£000		£000
63,270	Gross rates levied	66,020
	Less:	
(3,840)	Reliefs and other deductions	(4,458)
<u>(633)</u>	Provision for bad and doubtful debts	<u>(660)</u>
58,797	Net non-domestic rate income	60,902
<u>(1,103)</u>	Adjustments for prior years	<u>(1,290)</u>
<u>57,694</u>	<b>Contribution to National Non-Domestic Rate Pool</b>	<u>59,612</u>

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

<i>Analysis of rateable Values:</i>	£	<i>An explanation of the nature and amount of each rate fixed</i>
Rateable value at 1/4/09	137,511,717	The amount paid for non-domestic rates is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £ announced each year by the government.
Running roll (full year RV)	(353,583)	The national non-domestic rate poundage set by the First Minister for Scotland for 2009/10 was £0.481.
Rateable value at 31/3/10	137,158,134	
Less: partially exempt	(781,800)	
Less: wholly exempt	<u>(5,804,695)</u>	
<b>Net rateable value at 31/3/10</b>	<b><u>130,571,639</u></b>	



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Capital Account**

**Budgetary Performance**

2008/09 Actual as % of budget		2009/10 Budget £000	2009/10 Actual £000	Actual as a % of budget
124.47%	Chief Executive	50	17	34.00%
59.11%	Corporate Services	1,349	876	64.94%
79.01%	Educational Services	13,148	10,816	82.26%
91.82%	Social Work & Health	1,114	1,047	93.99%
85.26%	Housing, Environmental and Economic Development	9,077	6,643	73.18%
98.25%	Other Services	1,038	1,126	108.48%
84.04%	<b>Total General Services</b>	<b>25,776</b>	<b>20,525</b>	<b>79.63%</b>
105.34%	HRA	16,595	16,099	97.01%
94.73%	<b>Gross Capital Expenditure</b>	<b>42,371</b>	<b>36,624</b>	<b>86.44%</b>

**Service Summary**

	Capital debt at 31/03/09 £000	Net capital Expenditure 2009/10 £000	Repaid during 2009/10 £000	Capital debt at 31/03/10 £000
Chief Executive	348	17	8	357
Corporate Services	2,881	729	184	3,426
Educational Services	29,509	7,663	2,000	35,172
Social Work	7,623	877	764	7,736
Housing, Environmental and Economic Development	73,174	1,230	4,178	70,226
Other Services	1,957	0	236	1,721
<b>Total General Services</b>	<b>115,492</b>	<b>10,516</b>	<b>7,370</b>	<b>118,638</b>
HRA	88,453	14,421	7,468	95,406
<b>Net Capital Debt</b>	<b>203,945</b>	<b>24,937</b>	<b>14,838</b>	<b>214,044</b>

**Financing of Capital Expenditure**

2008/09 £000		General Services £000	Housing £000	Total £000
3,826	Receipts from sale of assets	391	1,482	1,873
6,758	Other receipts	9,308	196	9,504
10,584	Total receipts 2009/10	9,699	1,678	11,377
10,959	Unapplied receipts b/fwd 2008/09	8,507	0	8,507
0	Transfer to Sinking Fund	0	0	0
(1,000)	Transfer to Capital Fund	(1,000)	0	(1,000)
0	Revenue Contributions	0	0	0
20,543	Total resources available 2009/10	17,206	1,678	18,884
(8,507)	Unapplied receipts c/fwd 2009/10	(7,197)	0	(7,197)
12,036	Total receipts used to augment capital 2009/10	10,009	1,678	11,687
19,861	Capital financing requirement for year	10,516	14,421	24,937
31,897	<b>Gross Capital Spend 2009/10</b>	<b>20,525</b>	<b>16,099</b>	<b>36,624</b>

**Commitments under Capital Contracts**

As at 31 March 2010, the Council has commitments on capital contracts for housing and non-housing projects of £1.995m (2008/09 £2.072m) and £7.379m (2008/09 £11.443m) respectively.



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Statement of Total Movement in Reserves**

	Balance at 01.04.2009 £000	Net Movement £000	Balance at 31.03.2010 £000	Purpose of Reserve
Revaluation Reserve	(124,484)	(24,789)	(149,273)	Store of gains on revaluation of fixed assets not yet realised through sales
Capital Adjustment Account	(208,393)	(3,901)	(212,294)	Store of capital resources set aside to meet past expenditure
Financial Instruments Adjustment Account	21,843	(899)	20,944	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and investments.
Usable Capital Receipts Account	(8,507)	1,310	(7,197)	Proceeds of fixed asset sales available to meet future capital investment.
Pension Reserve	49,322	132,843	182,165	Balancing account to allow the inclusion of pension liability in the balance sheet.
General Fund Account	(5,036)	(1,612)	(6,648)	Resources available to meet future running costs for general services.
Housing Revenue Account Balance	(1,839)	(803)	(2,642)	Resources available to meet future running costs of council housing.
Capital Items Replacement Fund	(356)	100	(256)	Resources earmarked for specific purposes within Education.
Capital Reserve	(6,016)	628	(5,388)	Resources earmarked for Schools Regeneration
	<u>(283,466)</u>	<u>102,877</u>	<u>(180,589)</u>	

As the Council does not hold Available for Sale Assets, this related Financial Instrument Reserve is not required.

**Revaluation Reserve**

	2009/2010 £000
Balance as at 01.04.09	(124,484)
Assets previously omitted	(19)
Unrealised Gains on Revaluation of Assets	(52,081)
Impairment due to General Fall in Prices	22,742
Write off Revaluation Reserve Balance re Disposals	1,190
Depreciation due to Revaluation of Assets	3,379
<b>Balance at 31.03.10</b>	<b><u>(149,273)</u></b>

**Capital Adjustment Account**

Balance as at 01.04.09	(208,393)
Repayment of External Loans	(15,755)
Depreciation	14,560
Impairment	8,435
Deficit/Surplus on Revaluations	489
Write off Revaluation Reserve Balance re Disposals	(1,190)
Disposal of Fixed Assets	1,596
Government Grants Deferred Writted Down	(9,435)
Long Term Debt Payment	81
Capital Receipts Applied	(2,682)
<b>Balance as at 31.03.10</b>	<b><u>(212,294)</u></b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Statement of Total Movement in Reserves (cont'd)**

<b>Useable Capital Receipts Account</b>	<b>2009/2010</b>
	<b>£000</b>
Balance as at 01.04.09	(8,507)
Capital Receipts available : General Services	(775)
HRA	(1,597)
Transfer to Capital Fund	1,000
Capital Receipts Applied: General Services	1,085
HRA	1,597
<b>Balance as at 31.03.10</b>	<b><u>(7,197)</u></b>
<b>Pension Reserve</b>	<b>2009/2010</b>
	<b>£000</b>
Balance as at 01.04.09	49,322
Payments to pension fund	(13,235)
Reversal of FRS17 composite entries	17,886
Actuarial Gain	130,523
Contributions for unfunded benefits	(2,331)
<b>Balance as at 31.03.10</b>	<b><u>182,165</u></b>
<b>Capital Items Replacement Fund</b>	<b>2009/2010</b>
	<b>£000</b>
Balance as at 01.04.09	(356)
Unrealised (gains)/losses on investments	100
<b>Closing balance at 31.03.10</b>	<b><u>(256)</u></b>
<b>Schools Regeneration Sinking Fund</b>	<b>2009/2010</b>
	<b>£000</b>
Balance as at 01.04.09	(6,016)
Appropriations	673
Interest Applied	(45)
<b>Balance as at 31.03.10</b>	<b><u>(5,388)</u></b>
<b>Financial Instruments Adjustment Account</b>	<b>2009/2010</b>
	<b>£000</b>
Balance as at 01.04.09	21,843
Premiums and Discounts	
Discount Received in 2009/10	(157)
Annual write off of Premiums and Discounts held at 01.04.09	(837)
Write off re 2009/10 premium on straight repayment	31
Loan Debt	
Annual EIR Adjustment to Stepped Interest Instruments	64
<b>Balance as at 31.03.10</b>	<b><u>20,944</u></b>
<b>Statement of Total Recognised Gains and Losses on the Pension Reserve</b>	<b>2009/10</b>
<b>2008/09</b>	<b>£000</b>
<b>£000</b>	
(101,696) Actual return less expected return on pension scheme assets	90,099
34,375 Experience gains and losses arising on the scheme liabilities	(22,939)
25,695 Changes in financial assumptions underlying the present value of the scheme liabilities	(197,683)
<b><u>(41,626)</u></b> Actuarial gain/ (loss) recognised	<b><u>(130,523)</u></b>

# **WEST DUNBARTONSHIRE COUNCIL**

## ***Financial Statements for the Year Ended 31 March 2010***

### **Group Accounts**

#### **Group Accounting Policies**

##### **Introduction**

The Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (the 2009 SORP) requires local authorities to consider their interests in all types of entities. This includes other local authorities or similar bodies defined in section 106 of the Local government (Scotland) Act 1973 e.g. statutory bodies such as Police, Fire and Valuation Joint Boards. Authorities are required to prepare a full set of group accounts in addition to their own Council's accounts where they have a material interest in such entities. The disclosure requirements of the 2009 SORP are mandatory for accounting periods ending on or after 31 March 2010.

##### **Combining Entities**

The Group Accounts consolidate the results of the Council with five other entities:

- Dunbartonshire and Argyll & Bute Valuation Joint Board
- Strathclyde Police Joint Board
- Strathclyde Fire and Rescue Joint Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Joint Board

In addition to these entities, the Dumbarton Common Good and Sundry Trust Funds have also been consolidated.

The accounting period for all entities is 31 March 2010.

The Council would class an entity as an associate if they have significant influence over the financial and operating policies of the entity. The council would class an entity as a subsidiary if they have a major interest in the entity.

Under accounting standards, this Council includes the results of each of these organisations as 'associates' because it has a significant influence over their financial and operating policies. The council has no shares in nor ownership of any of these organisations which are entirely independent of the Council.

The Joint Boards are independent public bodies formed by an Act of Parliament. All local government functions that relate to these bodies have been delegated from the constituent councils that comprise the area of each Board. The members of each Board are elected councillors and are appointed by the councils in proportions specified by legislation.

##### **Basis of Combination and Going Concern**

The combination has been accounted for on an acquisition basis using the equity method – that is, the Council's share of the net assets and liabilities of each entity is incorporated and adjusted each year by the Council's share of the entities' results (recognised in the Group Income and Expenditure Account), and its share of other gains and losses.

For three of the five entities, the Council has a share in a net liability. The negative balances on Valuation, Police and Fire Boards arise from the inclusion of liabilities related to defined benefit pension schemes as required by FRS17.

The effects of inclusion of these associate bodies and the Common Good and Trust Funds on the Group Balance Sheet is to reduce reserves and Net Assets by £309.539m – representing the Council's share of net liabilities in these entities.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Group Accounts (cont'd)**

**Group Accounting Policies (cont'd)**

All associates consider it appropriate that their Financial Statements should follow the 'going concern' basis of accounting. Statutory arrangements with the Scottish Executive for the funding of the Police Joint Board deficit and with the constituent local authorities for the deficit of Fire and Valuation Joint Boards means that the financial position of these Boards remain assured.

In common with these bodies, the Council's group accounts have been prepared on a going concern basis, as there is no reason to suggest that future funding will not continue.

**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 on Pages 8 to 13 with additions and exceptions noted below:

- **Group Income and Expenditure Account**
- Proceeds from Disposal of Fixed Assets – Profits and losses from the disposal of fixed assets are credited or debited to the Group Income and Expenditure Account within the net cost of services. The proceeds are then appropriated out after net operating expenditure. For those proceeds associated with the disposal of the Council's assets, appropriation is to the Group Reserves. For those proceeds associated with the disposal of associates' assets, appropriation is to the Group Income and Expenditure Reserve.
- **Group Balance Sheet**
- Valuation of Fixed Assets – The basis for valuation across the combining entries is in accordance with UK GAAP and there are no material inconsistencies with the policies adopted by this Council. The Strathclyde Passenger Concessionary Travel Scheme has no fixed assets. The valuation of the land and buildings held by SPT is based upon historic cost, whereas other land and building assets held by the Group are based upon an open market valuation. The difference is unlikely to be material to the group accounts.
- Stock – Valuation methods vary slightly across the Group. The Council uses weighted average cost. 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.



# WEST DUNBARTONSHIRE COUNCIL

## Financial Statements for the Year Ended 31 March 2010

### Group Income and Expenditure Account for the year ended 31 March 2010

Revised 2008/09 £000	Service	Gross Expenditure 2009/10 £000	Gross Income 2009/10 £000	Net Expenditure 2009/10 £000
93,401	Education	103,900	7,419	96,481
2,874	Central Services	4,374	2,120	2,254
4,364	Planning and Development Services	5,552	5,750	(198)
8,027	Roads and Transport Services	17,018	9,214	7,804
58,826	Social Work Services	75,281	13,510	61,771
3,376	Corporate and Democratic Core	3,546	65	3,481
15,006	Cultural and Related Services	16,027	2,676	13,351
8,811	Environmental Services	16,843	6,088	10,755
2,437	Housing Services	79,841	76,320	3,521
1,179	Non Distributed Costs	5,113	0	5,113
32	Share of Operating Results of Common Good and Trusts	273	268	5
(2,732)	Share of Operating Results of Associates	135	4,980	(4,845)
<b>195,601</b>	<b>Net Cost of Services</b>	<b>327,903</b>	<b>128,410</b>	<b>199,493</b>
(1,569)	Surpluses on Trading Undertakings not included in net cost of services	0	2,193	(2,193)
23,946	Precepts and Levies	39,470	14,443	25,027
(585)	Profit or Losses on Disposal of Assets	0	117	(117)
13,086	Interest Payable	15,848	0	15,848
150	Gain on Early Settlement of Borrowing	746	0	746
(2,384)	Interest and Investment Income	0	245	(245)
14,246	Pension interest cost and expected return on pension assets	39,072	19,885	19,187
<b>242,491</b>	<b>Net Expenditure</b>	<b>423,039</b>	<b>165,293</b>	<b>257,746</b>
(151,074)	Revenue support grant			(161,267)
(34,999)	Non-Domestic Rates			(38,338)
(37,095)	Council Tax			(38,234)
<b>19,323</b>	<b>(Surplus)/Deficit to be met from Balances b/f</b>			<b>19,907</b>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Reconciliation of the Single Entity Deficit for the Year to the Group surplus or deficit**

This statement shows how the deficit on the Council's single entity Income and Expenditure Account for the year reconciles to the deficit on the Group Accounts

Revised 2008/09 £000		2009/10 £000
7,492	(Surplus)/Deficit on the authority's single entity Income and Expenditure Account for the year	9,572
(4,780)	Less: associate income and any other distributions from group entities included within the single entity surplus or deficit on the Income and Expenditure account	(6,106)
13	Add: (surplus)/deficit arising from Common Good and Trusts included in the group accounts	1
16,599	Add: (Surplus)/Deficit arising from Associates included in the group accounts	16,440
<u>19,324</u>	<b>Group Account (surplus)/deficit for the year</b>	<u>19,907</u>

**Group Statement of total Recognised Gains and losses**

Revised 2008/09 £000		2009/10 £000
19,323	Net (surplus)/deficit for the year	19,907
(117,404)	(Surplus)/deficit on revaluation of fixed assets	(37,207)
33,590	Actuarial gains and losses on pension assets and liabilities	230,194
(531)	Adjustments to the Balance Sheet relating to Financial Instruments	(919)
<u>(65,022)</u>	<b>Total recognised gains and losses for the year</b>	<u>211,975</u>



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Group Balance Sheet as at 31 March 2010**

Revised 2008/09 £000		2009/10 £000	2009/10 £000
	<b>Intangible Assets</b>		
153	Software Licences		100
	<b>Operational Assets</b>		
283,166	Council Dwellings	307,282	
174,490	Other Land and Buildings	263,041	
12,840	Vehicles, Plant and Equipment	11,668	
30,070	Infrastructure Assets	31,283	
<u>240</u>	Community Assets	<u>240</u>	
500,806			613,514
	<b>Non-Operational Assets</b>		
47,487	Investment Property	49,943	
11,943	Assets surplus to requirements	9,164	
<u>2,237</u>	Assets under construction	<u>13,894</u>	
61,667			73,001
	<b>Long-term Investments</b>		
3,313	Investments in associates	3,940	
464	Investment in Trusts and Common Good	463	
<u>412</u>	Long-term debtors	<u>331</u>	
4,189			4,734
<b>566,815</b>	<b>Total Long-term Assets</b>		<b>691,349</b>
	<b>Current Assets</b>		
852	Stock and work in progress	850	
26,801	Debtors	30,810	
27,748	Short term investments	10,713	
<u>48</u>	Cash in hand	<u>48</u>	
55,449			42,421
	<b>Current Liabilities</b>		
(25,485)	Borrowing repayable on demand or within 12 months	(22,683)	
(38,328)	Creditors	(28,873)	
(1,575)	Bank Overdraft	(5,997)	
<u>0</u>	PPP Contractual Liability	<u>(1,143)</u>	
(65,388)			(58,696)
<b>556,876</b>	<b>Total Assets Less Current Liabilities</b>		<b>675,074</b>
(193,810)	Borrowing repayable within a period in excess of 12 months	(196,562)	
(197,252)	Investments in associates	(306,976)	
(3,551)	Provision	(3,500)	
(49,322)	Liability related to defined pension scheme	(182,165)	
(22,950)	Deferred Grants	(23,528)	
<u>0</u>	PPP Contractual Liability	<u>(84,327)</u>	
(466,855)			(797,058)
<b>89,991</b>	<b>Net Assets Less Liabilities</b>		<b>(121,984)</b>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Group Balance Sheet as at 31 March 2010 (cont'd)**

Revised 2008/09 £000		2009/10 £000	2009/10 £000
<b>Capital Reserves</b>			
131,502	Revaluation Reserve	156,239	
208,393	Capital Adjustment Account	212,294	
(21,843)	Financial Instrument Adjustment Account	(20,944)	
8,507	Usable Capital Receipts Reserve	7,197	
326,559			354,786
<b>Revenue Provisions and Reserves</b>			
(49,322)	Pension reserve	(182,165)	
5,036	General Fund reserve	6,648	
(200,493)	Income and expenditure reserve	(309,539)	
6,372	Other reserves	5,644	
1,839	Housing Revenue Account balance	2,642	
(236,568)			(476,770)
<b>89,991</b>	<b>Total Balances and Reserves</b>		<b>(121,984)</b>

Joyce White FCMA Chartered FCIPD  
Executive Director of Corporate Services  
West Dunbartonshire Council  
30 June 2010

# **WEST DUNBARTONSHIRE COUNCIL**

## **Financial Statements for the Year Ended 31 March 2010**

### **Notes to the Group Accounts**

#### **Note 1 Details of combining entities**

The notes required for the Financial Statements of West Dunbartonshire Council are disclosed separately in the preceding pages. The following notes provide material additional amounts and details in relation to the other combining entities.

**Strathclyde Police Joint Board** is the statutory body established under the Strathclyde Combined Police Area Amalgamation Scheme Order 1995 and provides a vast range of policing services on behalf of the 12 local authorities in the West of Scotland. In 2009/10, the Council contributed (net of specific grant) £13.739m (2008/09 £13.959m) or 5.14% (2008/09 5.14%) of the Board's estimated running costs and its share of the year end net liability of £234.481m (2008/09 £152.691m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Police Joint Board, Glasgow City Chambers, Glasgow G2 1DU.

**Strathclyde Fire and Rescue Joint Board** is the statutory body responsible for overseeing the activities of Strathclyde Fire and Rescue, which provides fire and emergency cover on behalf of the 12 local authorities in the West of Scotland. In 2009/10, the Council contributed £10.326m (2008/09 £9.800m) or 6.53% (2008/09 6.52%) of the Board's estimated running costs and its share of the year end net liability of £71.605m (2008/09 £44.333m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Fire and Rescue Joint Board, Bothwell Road, Hamilton, ML03 0EA.

**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. Most of its funding comes from the Scottish Executive to fund the Rail Franchise payment and to ensure delivery of rail services within the Board's area as specified in the rail franchise agreement. In 2009/10, the Council contributed £1.689m (2008/09 £1.837m) or 4.41% (2008/09 4.41%) of the Board's estimated running costs and its share of the year end net asset of £3.768m (2008/09 £3.037m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, Consort House, West George Street, Glasgow G2 1HN.

**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 2009/10, the Council contributed £1.689m (2008/09 £1.645m) 4.19% (2008/09 4.19%) of the Board's estimated running costs and its share of the year end net asset of £0.172m (2007/08 £0.276m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, Consort House, West George Street, Glasgow G2 1HN.

**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 Boards running costs are met by the three authorities, with surpluses and deficits on the Boards operations also shared between the councils. In 2009/10, the Council contributed £0.762m (2008/09 £0.733m) or 27.04% (2008/09 27.04%) of the Board's estimated running costs and its share of the year end net liability of £0.890m (2008/09 £0.012m net asset) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Valuation Joint Board, Garshake Road, Dumbarton G82 3PU.

**Dumbarton Common Good and Trust Funds** are held in Trust by West Dunbartonshire Council. Although the Council does not contribute to these funds financially, they have been included within the Council's Group through materiality by nature. Net income in 2009/10 was £0.003m (2008/09 deficit £0.023m) for the Common Good and net decrease in funds of £0.004m (2008/09 £0.011m surplus) for the Trust Funds. Copies of the accounts may be obtained from West Dunbartonshire Council, Garshake Road, Dumbarton G82 3PU.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Group Accounts (cont'd)**

**Note 1 Details of combining entities (cont'd)**

The following disclosures are required under accounting regulations because the Council's share of the net asset of the Valuation Joint Board exceeds 25%.

2008/09		2009/10
£000		£000
(8)	Net Surplus/(deficit)	28
191	Fixed Assets	211
91	Current Assets	128
(91)	Current Liabilities	(123)
2	Loans outstanding	Nil
189	Capital Reserves	216
Nil	Contingent Liabilities	Nil
Nil	Capital commitments	Nil

**Note 2 Non-Material Interest in Other Entities**

The Council has an interest in a number of other organisations. The Council's share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the Council. Accordingly, the Group Accounts do not include these organisations. Under Accounting Regulations, the Council is required to disclose the business nature of each organisation.

**Scotland Excel** is a joint committee established through Section 57 of the Local Government (Scotland) Act 1973. The main purpose of the committee includes co-ordination of collaborative buying initiatives, representation of interests in public sector contracts, and the development and operation of a centre of procurement expertise for Local Government in Scotland.

**Clydebank Municipal Bank** is a company limited by shares set up based upon the Companies Act 1908 and 1913. It acts as banker for a number of private individuals/organisations. The Council provides services to the bank and funds any annual losses incurred. The bank's year end is 5 April.

**Note 3 Financial Impact of Consolidation**

The effect of inclusion of the entities on the Group Balance Sheet is to decrease reserves and net assets by £309.053m (2008/09 £200.277m) respectively representing the Council's share of the realisable surpluses/deficits in these organisations. This leaves the group account with an overall net liability of £121.984m (2008/09 net asset of £90.207m).

**Note 4 Reporting Authority Adjustments to align with UK GAAP**

In accordance with UK accounting standards, no adjustments have been made for transactions carried out and balances held between the Council and its associates in the Group Accounts.

To align with UK GAAP, it has been necessary to include the surplus of £0.003m (2008/09 £0.023m deficit) for the Dumbarton Common Good and the deficit of £0.004m (2008/09 £0.011m surplus) for the trust funds administered by the Council as sole trustee.



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Notes to the Group Accounts (cont'd)**

**Note 5 Analysis of Material Amounts in Income and Expenditure Account**

The following table provides an analysis of the Council's share of the material amounts as a result of the inclusion of the associates.

**Contribution to Group Income and Expenditure Reserve:**

Revised 2008/09 £000		2009/10 £000
(153,380)	Police Joint Board	(235,172)
(46,949)	Fire Joint Board	(74,124)
(676)	Passenger Transport Authority	12
276	Concessionary Travel Board	172
(12)	Valuation Joint Board	(890)
464	Common Good and Trust Funds	463
<u>(200,277)</u>	<b>Total</b>	<u><b>(309,539)</b></u>

**Note 6 Group Cash Flow Statement**

The impact of the incorporation of the associates within the group cash flow statement is nil, therefore, no cashflow statement is noted within the Group Accounts. The cashflow of the group is equal to the cashflow of the Council, as shown on page 19.

**Note 7 Local Government Pension Reserve Fund (Scotland) Regulations 2003 – Implication on Joint Boards**

The Local Government Pension Reserve Fund (Scotland) Regulations 2003 (the 2003 Regulation) provides the statutory basis for local authorities to remove FRS17 based costs from the General Fund and replace them with the actual pension contributions made during the year.

However, the 2003 Regulation does not currently apply to the new pension schemes established by the Police Pensions (Scotland) Regulations 2007 and the Firefighters Pension Scheme (Scotland) Order. Although the Scottish Government intends amending the Regulation to include these new schemes, there is currently no statutory basis for reversing the impact of the FRS17 based costs on the Joint Board's General Fund balances.

The accounts of Strathclyde Police Board have been qualified due to the accounting treatment of FRS17 pension costs. Strathclyde Fire Board has complied with the statutory provisions and, therefore, their accounts have not been qualified. However, the financial impact is within the accounts of each Board only and is not consolidated within the results of the Council's group. Therefore there is a nil net impact on the net assets of the Council's group.



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Common Good Fund**

The Council administers the Dumbarton Common Good Fund Account. The figures below summarise the income and expenditure for the year as well as the assets and liabilities as at 31 March 2010. The fund does not represent assets of the Council and has not been included within the Balance Sheet on pages 15 and 16.

**Summary Income and Expenditure Account**

2008/09 £000		2009/10 £000	2009/10 £000
	<b>Expenditure</b>		
111	Payments to Other Bodies		136
10	Municipal Buildings		0
56	Denny Tank		57
46	Libraries – Book Fund		46
30	General Expenditure		28
253			267
	<b>Income</b>		
224	Rent – Sites and Offices	268	
5	Interest on Revenue Balances	1	
1	Other Income	1	
230			270
(23)	Net surplus/(deficit) for year		3
152	Balance brought forward		129
129	Balance carried forward		132

**Balance Sheet as at 31 March 2010**

2008/09 £000		Note	2009/10 £000
	<b>Fixed Assets</b>		
2,586	Investment properties	1	2,586
	<b>Current Assets</b>		
0	Debtors		
131	Investments – West Dunbartonshire Council		132
	<b>Current Liabilities</b>		
(2)	Creditors falling due within one year	2	0
2,715	Total assets less liabilities		2,718
	<b>Funds Available</b>		
762	Revaluation Reserve		762
1,824	Capital Adjustment Account		1,824
129	Reserves		132
2,715			2,718

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Common Good Fund (cont'd)**

**Notes to the Financial Statements**

**Note 1 Tangible fixed assets and depreciation**

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

**Note 2 Analysis of Sundry Creditors**

2008/09		2009/10
£000		£000
<u>2</u>	Prepayment of Rent	<u>0</u>
<u>2</u>		<u>0</u>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Sundry 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 pages 15 and 16. 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 have 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 has been delegated to the Executive Director of Corporate Services.

**Income and Expenditure Account**

2008/09			2009/10		
Receipts £000	Payments £000	Net Fund Increase/ (decrease) £000	Receipts £000	Payments £000	Net Fund Increase/ (decrease) £000
3	0	3	1	0	1
1	0	1	0	0	0
6	0	6	1	2	(1)
1	0	1	0	0	0
1	0	1	0	0	0
0	0	0	0	0	0
1	3	(2)	0	4	(4)
1	0	1	0	0	0
<u>14</u>	<u>3</u>	<u>11</u>	<u>2</u>	<u>6</u>	<u>(4)</u>

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Sundry Trust Funds (cont'd)**

**Statement of Balances as at 31 March 2010**

	Note	Balance as at 1/4/09 £000	Surplus/ (deficit) for year £000	Balance as at 31/3/10 £000
<b>Bank and Cash</b>				
Dunbartonshire Educational Trust Scheme 1962		77	1	78
McAuley Prize for Mathematics		21	0	21
Alexander Cameron Bequest		153	(1)	152
Dr A K Glen Fund		25	0	25
War Memorial Dumbarton		15	0	15
Halkett Memorial Trust		2	0	2
Vale of Leven Fund		13	(4)	9
UIE Award		<u>23</u>	<u>0</u>	<u>23</u>
<b>Total</b>		<b><u>329</u></b>	<b><u>(4)</u></b>	<b><u>325</u></b>
<b>Reserves</b>				
Dunbartonshire Educational Trust Scheme 1962	1	<u>6</u>	<u>0</u>	<u>6</u>
<b>Total</b>		<b><u>6</u></b>	<b><u>0</u></b>	<b><u>6</u></b>
<b>Grand Total</b>		<b><u>335</u></b>	<b><u>(4)</u></b>	<b><u>331</u></b>

**Notes to Financial Statements**

**Note 1 Market value of shares held**

Market Value of Shares Held	Purchase Price £	Market Value £
Dunbartonshire Educational Trust Scheme 1962		
3 ½% War Stock	2,710	2,015
2 ½% Consolidated Stock	753	387
3 ½% Conversion Stock	2,504	1,791
4% Clydeport Authority	289	130
3% Clydeport Authority	<u>35</u>	<u>16</u>
	<b><u>6,291</u></b>	<b><u>4,339</u></b>

**WEST DUNBARTONSHIRE COUNCIL**  
***Financial Statements for the Year Ended 31 March 2010***

**Glossary of Terms**

While much of the terminology used in this report is self explanatory, the following additional definitions and interpretation of the terms used are provided for assistance. The Glossary of Terms does not comprise part of the audited financial statements.

**1. Employee Costs**

This includes salaries, wages, overtime, bonus, enhancements, pensions, employer's national insurance, travelling and subsistence expenses and other staff allowances.

**2. Property Costs**

This includes rent and rates, property insurance, repair and maintenance of property, upkeep of grounds, heating and lighting, furnishings and fittings.

**3. Supplies and Services**

This includes food, materials, books, uniforms and protective clothing, the purchase and maintenance of equipment and tools and various services carried out by external contractors.

**4. Transport and Plant Costs**

This includes the costs of operating vehicles and plant such as fuel, repairs and maintenance, tyres, licences, insurance and procurement of transport for school children.

**5. Administration Costs**

This includes printing and stationery, advertising, postages, telephone costs and central support services allocations for administration.

**6. Payments to Other Bodies**

This includes grants to individuals and organisations, bursaries and payments to other local authorities, health boards, organisations and agencies providing services complementing or supplementing the Council's work.

**7. Other Expenditure**

This heading covers items of expenditure which cannot be accommodated in any of the above categories.

**8. Loan Charges**

This represents the annual costs of financing the sums borrowed by the Council to finance its capital repayment of loans, finance leasing charges, interest charges and debt management expenses.

**9. Specific Government Grants**

This includes grants received from Central Government in respect of a specific purpose or service, usually calculated as a predetermined percentage of the expenditure actually incurred e.g. National Priority Action Fund, Benefits Administration.

**10. General Income**

This includes the charges to persons and bodies for the direct use of the Council's services.

**11. Capital Expenditure**

This is expenditure incurred in creating, acquiring or improving assets where the expenditure is normally financed by borrowing over a period of years, finance leases, or utilising the income from the sale of existing assets.

**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Glossary of Terms (cont'd)**

**12. 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.

**13. Fixed Assets**

Fixed Assets are created as a result of the capital expenditure incurred by the Council. As such they comprise buildings and property, vehicles, plant and machinery, computer equipment, etc.

**14. Deferred Asset**

The deferred asset represents the net value of the premium paid/discounts received by the Council on the early repayment of external long term loans.

**15. Fixed Asset Restatement Account**

The Fixed Asset Restatement Account represents the balance between the historic cost or purchase price of a fixed asset and its market value as at 31 March 2010.

**16. Useable Capital Receipts Reserve**

The Useable Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.

**17. Pension Interest Cost**

The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.

**18. Expected Return of Pension Assets**

The average rate of return expected over the remaining life of the related obligation on the actual assets held.

**19. CIPFA**

Chartered Institute of Public Finance and Accountancy

**20. LASAAC**

Local Authority (Scotland) Accounts Advisory Committee

**21. Budget**

The original revenue budget as set by Members at an appropriate Council meeting.

**22. Precepts**

Annual payments made to other government bodies for public services given in the local area (e.g. Police, Fire, Transport).

**23. SORP/ACOP**

Statement of Recommended Practice – Accounting Code of Practice.



**WEST DUNBARTONSHIRE COUNCIL**  
**Financial Statements for the Year Ended 31 March 2010**

**Glossary of Terms (cont'd)**

**24. Intangible Assets**

Expenditure on assets such as software licences that do not have physical substance but are identifiable and controlled by the Council.

**25. Corporate and Demographic Core Costs**

This includes costs relating to policy making and other councillor based activities. Also includes costs relating to the general running of the Council.

**26. Non Distributing Costs**

These costs represent costs which cannot be easily allocated to services and under Best Value Accounting Code of Practice are excluded from total cost relating to service activity.

**27. Revaluation Reserve**

This fund is a store of gains on the revaluations of fixed assets. It is a reserve held for technical accounting purposes and is not available for distribution.

**28. Capital adjustment account**

This fund is a store of capital resources set aside to meet past expenditure. It is an account held for technical accounting purposes and is not available for distribution.

**29. Financial Instrument Adjustment Account**

This account is used to balance for differences in statutory requirements and proper accounting practices for borrowing and lending. It is an account held for technical accounting purposes and is not available for distribution.

**30. Associate Body**

An entity other than a subsidiary or a joint venture in which the Council has an interest and over whose operating and financial policies the Council is able to exercise significant influence.

**31. Entity**

A body that is delivering a service or carrying on a business. It should have a separate legal personality and is legally obliged to prepare its own financial statements.

**32. Statutory Additions**

Additional charges levied for late payment of Council Tax and Non Domestic rates.

**33. Capital Items Replacement Fund**

Reserve earmarked for specific purposes within Education.

**34. Available for Sale Reserve**

Assets that have a quoted market price and/or do not have fixed or determinable payments.

**35. Current Service Costs (Pension)**

This relates to the real cost of benefit entitlement earned by employees.

**WEST DUNBARTONSHIRE COUNCIL**  
***Financial Statements for the Year Ended 31 March 2010***

**Glossary of Terms (cont'd)**

**36. Past Service Costs/Gains (Pension)**

This relates to posts/gains from years prior to the current year and arise from decisions made in year. In 2009/10 this relates to the capitalised cost of early retirements on efficiency grounds.

**37. Curtailments (Pension)**

Used to reduce the number of expected years of future service for employees. In 2009/10 this relates to the capitalised cost of early retirements on efficiency grounds.

**38. Interest Cost (Pensions)**

The amount needed to unwind the discount applied in calculating current service cost.

**39. Expected Return on Assets (Pensions)**

A measure of the return on the investment assets held by the scheme for the year.

**40. Public Private Partnership (PPP)**

A contract between the Council and a private organisation for the provision of new Educational buildings maintenance and related facilities.