

Supplementary Agenda

Audit & Performance Review Committee

Date: Wednesday, 28 September 2016

Time: 14:00

Venue: Council Chambers,
Clydebank Town Hall, Dumbarton Road, Clydebank

Contact: Craig Stewart, Committee Officer
Tel: 01389 737251 craig.stewart@west-dunbarton.gov.uk

Dear Member

TO FOLLOW ITEMS

With reference to the agenda for the above Meeting of the Audit & Performance Review Committee which was issued on 16 September 2016, I now attach for your attention a copy of the items which were not available for issue at that time.

Yours faithfully

JOYCE WHITE

Chief Executive

Note referred to:-

5 AUDITED ANNUAL ACCOUNTS 2015/16 3 – 146

Submit report by the Strategic Lead – Resources submitting the audited Financial Statements for 2015/16 for both the Council and the Charitable Trusts managed by the Council; and highlighting matters of interest, as delegated to this Committee by Council on 29 June 2016.

6 AUDIT SCOTLAND: ANNUAL REPORT 147 - 201

Submit report by the Strategic Lead – Resources advising of the findings of the Council's external auditors in relation to (a) the audit of the Council and its Annual Accounts for 2015/16; and (b) the Financial Statements for the charities managed by the Council.

7 AUDIT ACTION PLANS 203 - 225

Submit appendices to report by the Strategic Lead - Resources on the above.

Distribution:

Councillor J McColl (Chair)
Councillor G Black
Councillor J Brown
Councillor P McGlinchey
Councillor I Murray (Vice Chair)
Councillor T Rainey
Councillor G Robertson
Councillor M Rooney
Mr SJ Doogan
Ms E McKerry

All other Councillors for information

Chief Executive
Strategic Director – Transformation & Public Service Reform
Strategic Director – Regeneration, Environment & Growth
Chief Officer of West Dunbartonshire Health & Social Care Partnership

Date of issue: 21 September 2016

WEST DUNBARTONSHIRE COUNCIL**Report by Strategic Lead - Resources****Audit and Performance Review Committee – 28 September 2016**

Subject: Audited Annual Accounts 2015/2016**1. Purpose**

- 1.1** The purpose of this report is to submit to Committee the audited Financial Statements for 2015/2016 for both the Council and the Charitable Trusts managed by the Council; and to highlight matters of interest, as delegated to this Committee by Council on 29 June 2016.

2. Recommendations

- 2.1** Members are asked to note the contents of this report and approve the audited Annual Accounts for 2015/16.

3. Background

- 3.1** The draft, unaudited annual accounts (including Group Accounts) for 2015/16 were reported to Council on 29 June 2016 and passed to the Accounts Commission before the statutory deadline on 30 June 2016.
- 3.2** The report submitted to Council identified a draft position of an unearmarked General Service reserve of £4.665m and provided Members with information as to variances for the year. The draft unearmarked position for the Housing Revenue Account reserve was £0.855m.
- 3.3** Council, on 29 June 2016, agreed to delegate authority to the Audit and Performance Review Committee to formally approve the audited accounts on 28 September 2016, prior to submission to the Accounts Commission by 30 September 2016.
- 4. Main Issues**
- 4.1** The audit of the Annual Accounts has now been completed by the Council's external auditor (Audit Scotland) and the audited Annual Accounts for the Council and the Charitable Trusts are appended to this report for consideration and approval. Thereafter, the Annual Accounts will be reported to full Council on 26 October 2016 for noting.

The Council's Accounts

- 4.2** A number of presentational and monetary adjustments were identified within the draft Annual Accounts during the course of the audit, the effect of which results in a net increase in the Council's General Fund reserve balance of £0.023m and a net decrease in the reserves position in the Housing Revenue Account (HRA) of £0.023m.
- 4.3** I am pleased to report that a clean audit opinion has been given in relation to these Accounts.
- 4.4** A report from David McConnell, Director, Audit Scotland detailing the main issues arising from the audit of the Council and its Annual Accounts has been reported elsewhere on the agenda for this Committee.
- 4.5** The management commentary on pages 1 to 12 of the Annual Accounts summarises the major matters contained within the document and provides an explanation of the Council's financial position as at 31 March 2016. In particular:
- 4.5.1** In relation to the General Fund:
- The accounts show a General Fund balance of £11.203m as at 31 March 2016. Of this balance, £6.515m is earmarked for ring-fenced purposes, leaving an unearmarked balance of £4.688m. This is an increase from the draft position reported to Council in June 2016 of £0.023m, the movement being the change noted at 4.2 above;
 - The level of unearmarked balance of £4.688m compares with that of £5.731m at 31 March 2015 and confirms that the reserve position has decreased by £1.043m during the year. This is summarised as follows:

	Budget £000	Spend Against Budget £000	Variance £000	£000
Total General Fund Reserves Held as at 31/3/15				(9,623)
Earmarked Balances as at 31/3/15				3,892
Unearmarked balance as at 31/3/15				<u>(5,731)</u>
Corporate Services/Chief Executive	19,140	18,591	(549)	
Education	92,671	91,261	(1,410)	
Community Health and Care Partnership	15,119	15,387	268	
Housing Environment and Economic Development	31,482	32,084	602	
Miscellaneous Services	6,048	6,893	845	
Loan Charges/IRB	10,173	9,879	(294)	
Requisitions	47,963	47,963	0	
Non GAE Allocation	(5,667)	(5,205)	462	
Contingency/ Contribution to Reserves	1,964	0	(1,964)	
Total Expenditure	218,893	216,853	(2,040)	
Council Tax/ CTRS / RSG	(39,865)	(40,098)	(233)	
Revenue Support Grant	(179,028)	(178,994)	34	
Total Income	(218,893)	(219,092)	(199)	
Net Budgetary Control Position			(2,239)	
Provision top up			2,870	
Net commitment to future budgets			412	
Movement in Unearmarked Reserves from 1/04/15 to 31/03/16				<u>1,043</u>
Unearmarked Balances held as at 31/3/16				<u>(4,688)</u>
Earmarked Balances held as at 31/3/16				<u>(6,515)</u>
Total General Fund Reserves Held as at 31/3/16				<u>(11,203)</u>

- The unearmarked balance of £4.688m compares to the targeted prudential level of reserve of £4.195m which is considered necessary to safeguard assets and to protect services against financial risk; and
- In addition to the above reserves a sum of £4.643m has been set aside as provisions for future equal pay claims and further service re-design.

4.5.2 In relation to the Housing Revenue Account, the accounts show an HRA balance of £6.240m as at 31 March 2016. Of this balance £5.385m is earmarked, leaving a free balance of £0.855m. This compares with the recommended prudential level of HRA reserve of £0.855m.

4.5.3 The Council maintains statutory accounts for two trading operations under the provisions of the Local Government Scotland Act 2003: Housing Maintenance and Grounds Maintenance/Street Cleaning. These operations returned a collective surplus in the year of £2.727m and both operations have achieved a break even performance over the last three years in line with their statutory requirements.

4.5 On pages 14 to 17 of the accounts is the Annual Governance Statement. This Statement provides assurance that the Council has in place a sound system of governance control. The Governance Statement identifies a number of areas where officers have identified improvements can be made.

Charitable Trusts' Accounts

- 4.6 I am pleased to report that a clean audit opinion has been given in relation to these Accounts.
- 4.7 A report from David McConnell, Director, Audit Scotland detailing the main issues arising from the audit of these Annual Accounts has been reported elsewhere on the agenda for this Committee.
- 4.8 Page 6 of the Accounts details the Statement of Balances and highlights an increase in the balances held from £0.341m to £0.343m as at 31 March 2016.

5. People Implications

- 5.1 There are no people implications.

6. Financial and Procurement Implications

- 6.1 Other than as described above there are no financial or procurement implications.

7. Risk Analysis

- 7.1 No risk analysis was required.

8. Equalities Impact Assessment (EIA)

- 8.1 No equalities impact was required in relation to the preparation of this report.

9. Consultation

- 9.1 The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns with the report.

10. Strategic Assessment

- 10.1 The report is in relation to a statutory function. As such, it does not directly affect any of the strategic priorities.

.....
Stephen West
Strategic Lead - Resources
Date: 19 September 2016

Person to Contact: Stephen West, Strategic Lead - Resources, Garshake Road,
Dumbarton

Telephone (01389) 737191
E-mail: [stephen.west @west-dunbarton.gov.uk](mailto:stephen.west@west-dunbarton.gov.uk)

Appendices: 1 – Audited Annual Accounts 2015/16 – West
Dunbartonshire Council
2 - Audited Annual Accounts 2015/16 – Charitable Trust
Funds

Background Papers: 1. Draft Financial Statements for the year ended 31
March 2016; and
2. Report to Council of 29 June 2016: Draft Annual
Accounts 2015/2016;

Wards Affected: All

Annual Accounts for Year Ended 31 March 2016

Table of Contents

	Page
Management Commentary	1
Statement of Responsibilities	13
Annual Governance Statement	14
Remuneration Report	18
Core Financial Statements	26
Movement in Reserves Statement	27
Comprehensive Income and Expenditure Statement	28
Balance Sheet	29
Cash Flow Statement	30
Note 1 Accounting Policies	31
Note 2 Accounting Standards that have been issued but have not yet been adopted	50
Note 3 Critical Judgement in Applying Accounting Policies	51
Note 4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	52
Note 5 Material Items of Income and Expense	54
Note 6 Adjustments between funding accounting basis and funding basis under regulations	55
Note 7 Events After the Balance Sheet Date	59
Note 8 Trading Operations	59
Note 9 Related Parties	60
Note 10 Agency Services	61
Note 11 Grant Income	62
Note 12 Operating Leases	64
Note 13 Termination Benefits	65
Note 14 Defined Benefit Pension Schemes	65
Note 15 External Audit Costs	71
Note 16 Amounts Reported for Resource Allocation Decisions	71
Note 17 Property, Plant and Equipment	78
Note 18 Intangible Assets	81
Note 19 Assets Held for Sale	82
Note 20 Heritage Assets	82
Note 21 Capital Expenditure and Capital Financing	83
Note 22 Impairment Losses	83
Note 23 Private Finance Initiatives and Similar Contracts	83
Note 24 Inventories	84
Note 25 Debtors	85
Note 26 Net Cash Outflows from Operating, Financing and Investing Activities	85
Note 27 Net Cash and Cash Equivalents	86
Note 28 Financial Instruments	86
Note 29 Creditors	93
Note 30 Provisions	93
Note 31 Reserves and Earmarked Balances	94

Table of Contents (Cont'd)

	Page
Note 32 Usable Reserves	95
Note 33 Unusable Reserves	96
Note 34 Contingent Assets or Liabilities	98
Note 35 Financial Guarantee	99
Movement on the Housing Revenue Account Statement	100
Housing Revenue Account Income and Expenditure Statement	101
Notes to the Housing Revenue Account Income and Expenditure Statement	102
Council Tax Account	103
Non Domestic Rates Account	104
Common Good Fund	105
Sundry Trust Funds	106
Group Accounts	107
Group Movement in Reserves Statement	109
Group Comprehensive Income and Expenditure Statement	110
Group Balance Sheet	111
Group Cashflow Statement	112
Notes to the Group Accounts	113
Glossary of Terms	118
Auditor's Certificate	123

Management Commentary

Introduction

The purpose of this Management Commentary is to inform all users of these Financial Statements and help them assess how the Council has performed its duty to promote the success of the Council. It is to provide clear information about the Council's performance (including its financial position) during the year 2015/16 and as at the financial year end being 31 March 2016. The Management Commentary is intended to give an easy to understand guide to the most significant matters of the Council's business during the year - including progress against key performance indicators, a description of the principal risks and uncertainties facing the Council and the likely impact of the actions to mitigate these risks. In addition, it provides some detail on the Council's future plans.

The Council

Following local government reorganisation in Scotland, under the Local Government (Scotland) Act 1994, West Dunbartonshire Council was established in 1996.

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

The Council employs approximately 5,500 staff across a range of locations within the Council area, serving a population of approximately 90,000 (1.7% of the overall population in Scotland). The Council is generally accepted to suffer from economic deprivation, for example, the percentage of total population who are income deprived is 22% (Scotland 16%); the percentage of economically active people at a working age is 66% (Scotland 71%); and life expectancy is 74.7 years (Scotland 77.1 years). It is an average sized Council in Scotland at around 98 square miles and has many strengths including significant sites of natural beauty and heritage, good transport links and close proximity to Glasgow and its airport. The area has a rich past, shaped by its world-famous shipyards along the Clyde, and boasts many attractions ranging from the iconic Dumbarton Rock and the Titan Crane, to the beauty of Loch Lomond and the Trossachs National Park and its historic whisky warehouses.

As at 31 March 2016, the Council was led by 22 councillors, elected every five years to represent the residents within the area. At the beginning of the financial year the Council's senior management (the Corporate Management Team) consisted of the Chief Executive, four Executive Directors and the Section 95 Officer (Head of Finance and Resources). From 1 April 2016, this senior management structure was revised and now consists of Chief Executive, two Strategic Directors and eight Strategic Leads, including the Section 95 Officer (Strategic Lead - Resources), with the Health and Social Care Partnership (HSCP) being managed at a senior level by the Chief Officer and four Heads of Service.



Management Commentary (Cont'd)

The Strategic Plan

Nationally, the Scottish Government sets out its joint priorities with local authorities through an agreed Single Outcome Agreement (SOA). The Council's SOA, covering the period from 2014 to 2017 feeds through into its Strategic Plan. Within the Council's 2012/17 Strategic Plan, the Council committed to improving outcomes in key areas in order to deliver on its vision of 'a prosperous West Dunbartonshire recognized as a dynamic area within a successful Scotland'.

At the start of 2015/16 the Council has four departmental plans, each highlighting priorities and objectives which are set out and designed to support the delivery of the Council's Strategic objectives. On 1 July 2015 the HSCP was formed and generated its own Strategic Plan.

The Strategic Performance Scorecard (SPS) underpins performance and sets out the Council's three strategic themes and underpinning priorities, these are:

Theme 1: Social Mission

- Improve economic growth and employability;
- Improve life chances for children and young people;
- Improve care for and promote independence with older people;
- Improve local housing and environmentally sustainable infrastructure; and
- Improve the wellbeing of communities and protect the welfare of vulnerable people.

Theme 2: Organisational Capabilities

- Strong financial governance;
- Fit-for-purpose estate and facilities;
- Innovative use of Information Technology; and
- Committed and dynamic workforce.

Theme 3: Legitimacy and Support

- Constructive partnership working and joined up service delivery; and
- Positive dialogue with local citizens and communities.

Performance Reporting

The Council monitors and reports its performance against these key themes through the SPS; where progress within these areas are monitored through a suite of key performance indicators with 2017 targets set within the Strategic Plan. Performance is reported to Council and Committees for scrutiny and identification of any required remedial action. The Council also publishes an annual Public Performance Report which provides residents with a summary of progress being made.

In conjunction with this internal SPS, the Council (together with all Scottish local authorities) is measuring a common set of performance indicators called the Local Government Benchmarking Framework. Using the same indicators across all councils allows comparisons of performance, identification of best practice and to enable councils to learn from each other.

Full details of the most up to date performance information is available on the Council's website at:

<http://www.west-dunbarton.gov.uk/council/performance-and-spending/>

Management Commentary (Cont'd)

Events after the Balance Sheet date

Events from the Balance Sheet date (31 March 2016) until the date of signing the Statement of Accounts (30 June 2016) have been taken into consideration (Note 7 on page 59).

Overview of Core Financial Statements

The Statement of Accounts contains the financial statements of the Council and its group for the year ended 31 March 2016. The Council operates two main Funds in running its services:

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

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

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

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

- **the Movement in Reserves Statement** shows how the Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the General Fund for the year. It also highlights movement on all other reserves held on the Council's Balance Sheet (including the Housing Revenue Account). It is shown on page 27. Further information on each of the reserves held and how it may be used is also detailed within note 32 on page 95;
- **the Comprehensive Income and Expenditure Statement** shows the income and expenditure for all Council services. It is shown on page 28; and
- **Housing Revenue Account** shows the income and expenditure for Council housing services for the year. It is shown on pages 100 to 102 which also includes the statement of movement on the Housing Revenue Account Balance.

Capital expenditure is analysed in note 21 on page 83 which details the capital expenditure and summarises the sources of finance that have been used to fund the programme.

The **Balance Sheet** on page 29 summarises the assets and liabilities of the Council. It is a statement of the resources of the Council and the means by which they have been financed. It is also a report on the Council's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms.

The **Cash Flow Statement** on page 30 shows the inflows and outflows of cash arising from transactions with third parties on both day to day revenue transactions and on capital activities. Cash is defined for the purpose of the statement as cash-in-hand and deposits repayable on demand less overdrafts repayable on demand.

Notes to the Core Financial Statements are provided on pages 31 to 99 which give further information and analysis relevant to each statement.

Management Commentary (Cont'd)

Comprehensive Income and Expenditure Statement

This account covers the day to day operational income and expenditure for each department of the Council. Income from council tax, non-domestic rates and revenue support grant was £220.862m with a net expenditure on services for the year of £223.559m (as shown on page 28 - Net Cost of Services £226.848m less non distributed costs of £3.289m).

Due to tight financial control over service spending, the Council was able to return an in year surplus from services of £2.239m against original budget (2014/15 £1.544m). The Council's budgetary performance for the year is summarised in the following table. The table also highlights how the in-year surplus affects the overall reserves balance held for future use.

	Budget £000	Spend Against Budget £000	Variance £000	£000
Total General Fund Reserves Held as at 31/3/15				(9,623)
Earmarked Balances as at 31/3/15				3,892
Unearmarked balance as at 31/3/15				(5,731)
Corporate Services/Chief Executive	19,140	18,591	(549)	
Education	92,671	91,261	(1,410)	
Community Health and Care Partnership	15,119	15,387	268	
Housing Environment and Economic Development	31,482	32,084	602	
Miscellaneous Services	6,048	6,893	845	
Loan Charges/IRB	10,173	9,879	(294)	
Requisitions	47,963	47,963	0	
Non GAE Allocation	(5,667)	(5,205)	462	
Contingency/ Contribution to Reserves	1,964	0	(1,964)	
Total Expenditure	218,893	216,853	(2,040)	
Council Tax/ CTRS / RSG	(39,865)	(40,098)	(233)	
Revenue Support Grant	(179,028)	(178,994)	34	
Total Income	(218,893)	(219,092)	(199)	
Net Budgetary Control Position			(2,239)	
Provision top up			2,870	
Net commitment to future budgets			412	
Movement in Unearmarked Reserves from 1/04/15 to 31/03/16				1,043
Unearmarked Balances held as at 31/3/16				(4,688)
Earmarked Balances held as at 31/3/16				(6,515)
Total General Fund Reserves Held as at 31/3/16				(11,203)

Many of the favourable variances are due to specific management action in areas such as: control of vacancies and staff cover; general process and efficiency review; specific restructuring of service delivery; spending control; and implementation of agreed savings targets, including early implementation of efficiencies originally identified for 2016/17. Although, there is an element of demand led favourable variances, particularly within the pre 5 sector of Educational Services. The level of favourable variance has been partially offset due to some areas of overspend.

The Council's council tax in-year collection of council tax reduced from 95.00% in 2014/15 to 94.45% in 2015/16. Uncollected council tax is pursued for collection after the end of the financial year.

Management Commentary (Cont'd)

Comprehensive Income and Expenditure Statement (Cont'd)

After taking account of the spend against earmarked balances held at 31 March 2015, then the overall movement for the year of £1.580m is added to the brought forward balance from the previous year, resulting in an accumulated surplus at 31 March 2016 of £11.203m (as shown on page 27). This includes an earmarked amount of £6.515m leaving £4.688m available for future use.

This un-earmarked balance compares with that of £5.731m as at 31 March 2015 and shows that the un-earmarked reserve position has decreased by £1.043m during the year. The Council's Prudential Reserves Policy is to retain a prudential reserve of 2% of net expenditure (excluding requisitions to Valuation, SPT, etc.) in order to safeguard assets and services against financial risk. The current target prudential reserves level for the General Fund is £4.195m and the position at financial year end exceeds this level of reserve by £0.493m.

Housing Revenue Account

By law the Council has to maintain a separate account for the running and management of its housing stock. The number of units owned by the Council at 31 March 2016 was 10,748 (2014/15 10,803). Following the impact of earmarked balances, the account shows an overall surplus for the year of £1.647m (see page 100). In line with the prudential reserves policy (2% of expenditure), the target reserves level for the Housing Revenue Account for 2015/16 is £0.855m. Taking account of the in-year surplus (£1.647m) the brought forward balance from the previous year £4.570m and taking account of earmarked amounts (£5.362m) the balance available to the HRA for future use is £0.855m.

Reserves

As at 31 March 2016, the usable reserves currently held by the Council are noted below, with further information on the future use of such reserves detailed within note 32 on page 95.

	£000
General Services	11,203
Housing Revenue Account	6,217
Capital Receipts Reserve	0
Capital Grants Unapplied	484
Capital Reserve	3,824
Other Reserves	527
Total Usable Reserves	<u>22,255</u>

Provisions

The Council has two main provisions held on its Balance Sheet, with a total value of £4.643m (see Note 30 on page 93). The Council holds funds for future equal pay claims and for further service re-design which will allow for a number of early terminations of contracts (through early retirement and severance).

Cash Flow Statement

The Council's cash flow statement shows a decrease of cash and cash equivalents of £0.766m during 2015/16 (see page 30) mainly as a result of the use of internal reserves to fund capital expenditure.

Trading Operations

The Council maintains separate accounts for two statutory trading operations under the provisions of the Local Government Scotland Act 2003:

1. Housing Property Maintenance; and
2. Grounds Maintenance and Street Cleaning.

Management Commentary (Cont'd)

Trading Operations (Cont'd)

These two operations returned a total collective surplus of £2.721m. Both operations have achieved a break even performance over the last three years, consistent with their statutory requirements. Further details are provided in note 8 on pages 59 to 60.

Balance Sheet

The Balance Sheet shows that during 2015/16, the net assets have increased by £61.546m (from £137.882m to £199.428m). The main movement is due to the decrease in the pension liability of £62.939m which is explained further below. There also has been movement within non current assets and borrowing, in line with the spend and funding agreed for the capital plan.

Pension Assets and Liabilities

The balance sheet shown on page 29 shows an assessed pension fund liability of £153.740m based on a snapshot valuation of the fund at 31 March 2016. Further information on the pension fund is provided in note 14 on pages 65 to 71. The valuation states that assets held at the valuation date were sufficient to cover 79.71% of accrued liabilities (73.06% in 2014/15).

The pension scheme liability has decreased by £62.939m as advised by the appointed actuaries, and this is mainly as a result of the movement in the discount rate. The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers together with planned recent increases in employers' contributions provide sufficient security and future income to meet future pension liabilities.

Non Current Assets

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

In addition to the normal cycle of rolling programme valuations of these assets, the Council's valuer found it necessary to carry out further valuation reviews during 2015/16 in respect of particular assets due to extensive enhancement works and changes in occupancy levels/use related on ongoing Educational capital projects.

The Council requires to assess the value of assets held based on current market conditions and, while in the current year particular assets have increased in value by £6.275m. At the same time, impairment and downward revaluations have reduced the value of other assets held by the Council by £10.359m, with a net impact of £4.084m. These movements adjust either the revaluation reserve in the Balance Sheet or are included within the Net Cost of Service within the Income and Expenditure Statement, depending on the history of the asset.

Borrowing

The Council's Treasury Strategy for 2015/16 was agreed by the Council on 4 February 2015. The Council raised new long term loans of £25.620m (2014/15 £46.000m) and short term loans of £69.500m (2014/15 £57.100m) and repaid naturally maturing debt of £63.029m (2014/15 £70.120m). The total outstanding long term debt (excluding PPP debt) as at 31 March 2016 was £241.009m (2014/15 £228.088m) including £137.665m (2014/15 £131.060m) for the Council's housing stock. The total outstanding short term debt was £85.067m (2014/15 £65.677m), including £48.591m (2014/15 £37.740m) for the housing stock. The interest and expenses rate charged by the Council's loans fund was 4.28% (4.72% in 2014/15).

The 10 year capital plan and the Council's Treasury Management Strategy 2015/16 were agreed by Council on 4 February 2015. These reports highlight the projected capital spend and it's required resourcing. Also detailed is the impact on the Council's ongoing revenue finance and borrowing levels which the Council has committed to, through its capital plans. The Council's revenue budget is agreed following the consideration and approval of these documents.

Management Commentary (Cont'd)

Capital Finance

The Council is able to regulate its own capital spending limits within the framework recommended by the Chartered Institute of Public Finance and Accountancy and endorsed by the Scottish Government. The necessary treasury indicators and safeguards have been approved by Council and have resulted in increases to both the General Services and Housing capital programmes for 2015/16 and beyond. Details of the capital expenditure and financing are shown in note 21 on page 83. Total gross capital expenditure amounted to £68.511m.

The main capital projects progressed during 2015/16 were:

General Services

Building upgrades
ICT modernisation
Replacement of elderly care homes
Vale of Leven workshops
Roads infrastructure works
Clydebank leisure centre
Clydebank Crematorium works
Office rationalisation
New build school projects
Street Lighting

HRA

New build council houses
Multi-storey improvements
Void housing upgrades
EESH compliance work
Non-traditional improvement works
Roofing works

During 2015/16, the Council had anticipated capital expenditure of £103.094m with an actual in year spend of £68.511m. The unspent amount (£34.583m) includes overspends, underspends and slippage, as noted within the table below. The total spend slippage is £33.728m – 32.7% of the overall capital programme:

	Original Budget £000	Actual Spend £000	Overspend £000	Underspend £000	Slippage £000
Service					
Corporate Services	2,131	1,410	(15)	2	734
HEED	41,808	24,816	(747)	1,027	16,712
Education	21,996	15,872	(1,190)	39	7,275
CHCP	8,245	4,819	(114)	0	3,540
General Services	74,180	46,917	(2,066)	1,068	28,261
HRA	28,914	21,594	(1,855)	3,708	5,467
Total	103,094	68,511	(3,921)	4,776	33,728

The majority of the slippage has occurred within a small number of larger capital projects and is mainly due to the timing of starting individual projects, for various reasons, not all within Council control, and these projects have now fallen into capital budgets for 2016/17 and those with more significant slippage include:

Management Commentary (Cont'd)

Capital Finance (cont'd)

General Services

ICT Modernisation	Supplier delays resulted in some locations still to transfer to the new infrastructure
Clydebank Crematorium	Additional works were required to allow completion of the project (including asbestos works and repairs to collapsed drains)
Replacement of Elderly Care Homes / Day Care Centres	Delays in achieving financial close were primarily associated with the affordability of the project and the impact of the original contractor withdrawing
Office Rationalisation	Delayed following the discovery and removal of an oil storage tank on the site
Clydebank Leisure Centre	Ground obstructions and adverse weather conditions impacted on the construction programme
Queens Quay Regeneration	Delays primarily due to finalising legal agreements
New Build School Projects	Kilpatrick School - Delay in foundation works due to weather. Aitkenbar/St Peter's Co-location - all weather pitch and associated earth works delays due to weather

HRA

Regeneration/demolition of surplus stock	Delays due to both tenant relocations and the timing of asbestos tenders returned
Non-traditional Improvement works	Delay due to finalisation of scope of works and obtaining owner agreement
Integrated Housing Management System	The timetable was altered to allow investigation for the potential of sharing systems or services
EESH compliance work	Delay due to finalisation of scope of works and obtaining owner agreement

Public Private Partnership and other Long Term Liabilities

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 handed over during 2011/12. In accordance with statutory accounting guidance, full details of the agreement is provided within note 23 on pages 83 to 84.

On 31 March 2016, the Council entered into a 25 year 'Design, Build, Finance and Maintain' (DBFM) contract with Scottish Futures Trust, for the provision of a further new secondary school. The school is due to be handed over for use by the Council during 2017/18.

Group Accounts

Local authorities are required to prepare group accounts in addition to their own Financial Statements where they have material interest in other organisations. The group accounts on pages 107 to 117 consolidate the Council's Financial Statements, the Common Good and Trust Funds and six other entities (including two subsidiaries – West Dunbartonshire Leisure Trust and Clydebank Property Company). The effect of combining these entities on the Group Balances Sheet is to increase reserves and net assets by £17.089m creating an overall net asset of £216.517m. This includes the combined pension liability of these organisations similar to that of the Council. However, as there is no reason to suggest the future funding to these organisations will not continue, the accounts have been prepared on a going concern basis.

Management Commentary (Cont'd)

The Financial Outlook and the Annual Budget process

During the course of the year, the Council faced a number of significant financial pressures resulting from reducing central government funding, inflationary and service demand increases and the ongoing impact of the economic position and welfare reform. The latest projections for public sector expenditure from the Treasury, as well as various financial institutions, outline a scenario where resources continue to decline in real terms over the next five years at the same time as demand for services continues to increase driven by demographic change and policy pressures. In the short to medium term the Scottish Government settlement for 2012/13 to 2015/16 was provided as a "flat cash" settlement and provided a relatively steady level of known funding for the Council over these three years, though the 2015/16 settlement for the Council was a reduction due to CoSLA and the Scottish Government agreeing to update the Grant Aided Expenditure indicators. The settlement for 2016/17 reduced funding to the Council due to Scottish Government reducing general funding levels to Councils.

The Council has agreed a Long Term Financial Strategy which is reviewed annually and provides some detailed analysis of issues for the next three financial years and some potential higher level issues and risks over the next 10 years. The financial strategy aims to allow the Council to plan ahead and take appropriate action to maintain budgets within expected levels of funding.

The Council refreshed the Long Term Financial Strategy in August 2015 and in setting the Council budget for 2016/17 in February 2016. Following the setting of the budget in February 2016, the projections have identified current expected gaps of £2.500m in 2017/18 and a further £4.821m for 2018/19. The strategy will be reviewed by Council later in 2016 and in setting the budget for 2017/18.

At Council in February 2016, the Council also updated the General Fund and HRA capital plan. This included agreement of funding for a number of projects over the next three years and the revenue impact of these investments will be built into future revenue plans.

Management of Risk

The main financial risks identified by the Council over the medium and long term are highlighted within the Council's Long Term Financial Strategy and includes assumptions around the, as yet, unknown position from the national government on local funding for the next three financial years, particularly given the projected decline in Council population and the likelihood of continued austerity measures; the impact on the welfare reform agenda (introducing changes to the welfare benefits systems); changing demands and needs for Council services (particularly in relation to health and social care services). The Council also plans major investment in a number of significant capital projects which will change the way in which some services are delivered and are partially funded through projected revenue savings. Risks are identified with actions to minimize and/or mitigate those risks (where possible) through the Council's performance monitoring IT system (covalent), which is reported to Members on a regular basis. The Scottish Government has stated that it plans to change the funding of councils over the next few years and it is not clear as to what impact this may have on individual councils.

The Council maintains a risk register which sets out key corporate and departmental risks, with operational risk registers established within departments. Risks are aligned to the objectives of each department with mitigating actions.

Ongoing and Future Events

In recognition of the projected ongoing financial position, the Council continues to identify service redesign and business transformation options and these will be reported to appropriate Committees during 2016/17. Significant cost reductions have been generated through planned actions to generate savings and more efficient ways of working. A number of major projects have been underway during 2015/16 as follows:

Management Commentary (Cont'd)

Ongoing and Future Events (Cont'd)

- Glasgow City Region City Deal – the Council, together with a number of other Scottish local authorities, is participating in the Glasgow Region City Deal. The City Deal consists of a number of significant capital projects across the area together with employability projects – in order to generate economic regeneration and additional jobs. The project within the City Deal specific to the Council is an infrastructure project at the Exxon site at Bowling to regenerate that site and to create a relief road along the A82 at Milton. The project was approved in principle during 2014/15 with development of the business case continuing into 2016/17;
- Welfare Reform – during 2014/15 and 2015/16 the Council implemented a number of changes to support residents in relation to the UK Government's approach to welfare reform. From 1 April 2013 a significantly increased scheme of Discretionary Housing Payments commenced, as did a new service in relation to the Scottish Welfare Fund. From July 2013 the benefits cap started to be implemented by the Department of Work and Pensions. The introduction of the Universal Credit started in the Council area in February 2015 and is now gradually being rolled-out to a wider set of residents as the DWP continue to implement. The projections of future financial pressures included in the Long Term Financial Strategy include estimates of the financial impact of the further implementation of welfare reform. The Council Will continue to monitor and consider the financial impact of the UK Government's policies under their Welfare Reform agenda through the Welfare Reform Working Group;
- Strategic Programmes – In setting the budgets for 2015/16 and 2016/17 Council approved a range of efficiencies which will be implemented over the period to 2018/19. Some of these are capital funded projects where funding has been approved by Council. The CMT together with Heads of Service monitor progress on agreed efficiency projects through the Change Board and budgetary control reports provide updates on progress to Members. Where appropriate, business cases will be developed, and where required reports will come to future Council and Committees for consideration; and
- Capital Projects – A new approach to capital planning for the General Fund was developed and approved during 2012/13. This approach produced the first ten year capital plan and a new approach to monitoring capital projects' progress. This was implemented in 2013/14, updated in February 2014 and February 2015, and is now leading to improvements in how capital projects are managed and monitored. In setting the capital budget for 2016/17 the 10 year plan was refreshed.

Remuneration Report

This report presents information on the remuneration of senior elected members and senior officers within the Council (pages 18 to 25).

Financial Performance Indicators

This commentary includes information on a set of financial performance indicators. These are aimed at providing the reader with a summary of key information.

Management Commentary (Cont'd)

Financial Performance Indicators (Cont'd)

2014/15			2015/16
	Housing Performance		
£0.097m	Total rent owed by tenants leaving their tenancies with arrears	Demonstrates the Council's effectiveness in collecting local housing rents	£0.105m
£321.44	Average rent owed by tenants leaving their tenancies with arrears	Demonstrates the Council's effectiveness in collecting local housing rents	£430.10
8.03%	Percentage of current tenants owing more than 13 weeks rent, excluding those owing less than £250	Demonstrates the Council's effectiveness in collecting local housing rents	10.37%
812	number of current tenants owing more than 13 weeks rent, excluding those owing less than £250	Demonstrates the Council's effectiveness in collecting local housing rents	1,038
9.41%	Current / former / total tenant arrears as a percentage of net rent due in year	Demonstrates the Council's effectiveness in collecting local housing rents	8.59%
£3.346m	Amount of current/ former/ total tenant rent arrears	Demonstrates the Council's effectiveness in collecting local housing rents	£3.261m
100%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the HRA has, in comparison to the agreed minimum	100%
2.14%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by free reserves (2% minimum target)	2.00%
(£0.054m)	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	(£0.034m)
97.60%	Revenue budget compared to actual outturn at year end	Demonstrates actual spend as a percentage of the planned budget (less than 100% indicates an underspend)	96.51%

2014/15			2015/16
	General Services Performance		
£11.79	Cost of collecting council tax (per dwelling)	Demonstrates the Council's effectiveness in collecting local taxation	£10.26
16.08%	Council tax as a percentage of overall funding	Demonstrates the amount of budget raised through council tax	16.15%
95.00%	In-year council tax collection rate	Demonstrates the Council's effectiveness in collecting local taxation	94.45%
£29.672m	Amount of income due from council tax for the year that was received	Demonstrates the Council's effectiveness in collecting local taxation	£30.133m
136%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the HRA has, in comparison to the agreed minimum	111%
2.64%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by free reserves (2% minimum target)	2.19%
(£0.796m)	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	(£1.043m)
99.42%	Revenue budget compared to actual outturn at year end - including top up of provisions	Demonstrates actual spend as a percentage of the planned budget (less than 100% indicates an underspend)	100.31%

	Prudence And Affordability – Capital		
4.69%	Ratio of financing costs to net revenue stream – General Services	Demonstrates how much of the General Fund revenue budget is used to support previous capital investment	4.77%
35.36%	Ratio of financing costs to net revenue stream – HRA	Demonstrates how much of the HRA revenue budget is used to support previous capital investment	33.67%
£25.44	Impact of prudential borrowing on council tax – General Services	Illustrates the impact of new borrowing during the last financial year on council tax	£53.98
£3.17	Impact of prudential borrowing on housing rents – HRA	Illustrates the impact of new borrowing during the last financial year on housing rents	£1.59
£377.806m	Capital Financing Requirement	The amount of planned capital expenditure not yet funded	£412.449m
£289.867m	External Debt Levels	The amount of external debt held by the Council. Increases due to funding of the capital programme	£321.958m

Management Commentary (Cont'd)

Conclusion

The financial results show the Council's finances in a fairly healthy position and, considering the significant and exceptional financial pressures being faced by the Council, we have successfully managed our affairs within the budget set and the financial objectives prescribed. This is a satisfactory outcome and reflects well on both the efforts and professionalism of management, budget holders and on the Council's financial management and monitoring procedures.

Acknowledgement

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

Councillor Martin Rooney
Leader of the Council
Date: 28 September 2016

Joyce White
Chief Executive
Date: 28 September 2016

Stephen West
Strategic Lead - Resources
Date: 28 September 2016

Statement of Responsibilities

The Authority's Responsibilities:

The Authority is required:

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

I confirm that these Annual Accounts were approved for signature by the Council at its meeting on 29 June 2016.

Signed on behalf of West Dunbartonshire Council

Councillor Martin Rooney
Leader of the Council
Date: 28 September 2016

The Head of Finance and Resources Responsibilities:

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

In preparing this Statement of Accounts, the Strategic Lead - Resources has:

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

The Strategic Lead - Resources has also:

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

I certify that the Financial Statements give a true and fair view of the financial position of the local authority (and its group) at the reporting date and the transactions of the local authority (and its group) for the year ended 31 March 2016.

Stephen West
Strategic Lead - Resources
Date: 28 September 2016

Annual Governance Statement

The Annual Governance Statement is included within the Financial Statements to assure stakeholders on how the Council directs and controls its functions and how it relates to communities which will enhance transparency and scrutiny of the Council's activities.

Scope of Responsibility

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

In discharging this overall responsibility, the Council's Members and Corporate Management Team (CMT) is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance (the Local Code), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government. A copy of this Code is available from the Council website at:

<http://www.west-dunbarton.gov.uk/media/2455272/wdc-local-code.pdf>

This statement explains how West Dunbartonshire Council expects to comply with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements of the Statement on the System of Internal Financial Control.

The Local Code evidences the Council's commitment to achieving good governance and demonstrates how it complies with the governance standards recommended by CIPFA.

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

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of the strategic objectives set out in the Strategic Plan.

The Governance Framework

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

- the overarching strategic vision and objectives of the Council are detailed in the Strategic Plan 2012/17, which sets out the key priorities of the Council;
- West Dunbartonshire Council Financial Statements for the Year Ended 31 March 2016;
- the Council operates within an established procedural framework which incorporates a scheme of delegation, standing orders and financial regulations. The Council facilitates policy and decision making through the agreed Committee structure;

Annual Governance Statement (Cont'd)

The Governance Framework (cont'd)

- services are able to demonstrate how their own activities link to the Council's vision and priorities through their plans. Performance management and monitoring of service delivery is reported through service committees regularly. The CMT monitors performance information regularly. The Council regularly publishes information about its performance;
- the Council has adopted a Code of Conduct and associated employment policies for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members in a localised format. In addition, the Council has in place a protocol on member/officer relations and in inter-party protocol;
- the Council's approach to risk management is set out in the risk management framework. A strategic risk register is in place and an update report on this is regularly submitted to the Audit and Performance Review Committee. Further embedding of risk management across the Council is required to ensure that there are fully developed service risks and operational risks within departments;
- comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development; and
- a governance framework has been in place at West Dunbartonshire Council for the year ended 31 March 2016 and up to the date of approval of the Financial Statements.

Review of Effectiveness

The Council has a responsibility for ensuring the continuing effectiveness of its governance framework and its system of internal financial control. An annual assessment of the Council's compliance with the Code of Good Governance was undertaken by a group of senior officers and the outcome of this assessment was reported to the Audit & Performance Review Committee on 8 June 2016. The Council's Code of Good Governance was approved in 2010, and it was reviewed in December 2013.

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services. Each member of the Council's Corporate Management Team presents an annual statement of assurance on the adequacy and effectiveness of control (including financial control), governance and risk management arrangements in their department. The Council's Audit & Risk Manager (who is the Council's Chief Internal Auditor) has responsibility for reviewing independently and reporting to the Audit and Performance Review Committee annually, to provide assurance on the adequacy and effectiveness of the code and the extent of compliance with it.

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

The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) 2013 and reports to the Audit and Performance Review Committee. An annual programme of work is determined and undertaken by Internal Audit, approved by the Audit and Performance Review Committee, based upon an established risk based methodology. The Audit & Risk Manager provides an independent opinion on the adequacy and effectiveness of the Council's System of Internal Financial Control.

It is our view that the Council has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify areas of weakness. This is corroborated by an annual assurance statement prepared by the Audit & Risk Manager stating that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control systems.

Annual Governance Statement (Cont'd)

Governance Issues and Improvements

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

- PSIAS (Public Sector Internal Audit Standards): implement improvement actions arising from a recently completed external review of a validated self-assessment process which concluded that the Council's internal audit service generally conforms with PSIAS;
- Further enhancement of the workforce management system with additional managers' reports and new functionality;
- Implementation of eBilling for Council Tax along with myAccount functionality;
- Develop new approaches to detecting fraud within the Corporate Fraud team;
- Complete the implementation of the new Health & Safety and Insurance System;
- Implement Category Strategies for procurement activity;
- Enhance performance monitoring and scrutiny across the Council;
- Within Education, implement national Improvement Framework;
- Improve procurement processes within Building Services;
- Enhance compliance with Strategic Environmental Assessment Legislation; and
- Ensure compliance with commitments within Health and Social Care Integration Scheme for West Dunbartonshire with respect to participation and engagement of stakeholders.

As stated above a self-evaluation review of the Council's Code of Good Governance has recently been carried out. This has identified that current practice within the Council is mainly compliant although there are some areas for improvement, as follows:

- Ensure learning from customer feedback, including complaint information is embedded in the Strategic Planning and Performance Framework;
- Develop an approach to embed outcome-focused Performance Indicators into the Planning and Performance Framework and processes;
- Establish and monitor customer satisfaction of Council services;
- Review the effectiveness of the continuous improvement strategy focusing on reporting and benchmarking of performance;
- Improve annual reporting process to include information on service user feedback and lessons learned;
- Implementation of self-evaluation framework corporately where existing models of evaluation currently do not exist, including approach to embedding benchmarking processes and corporate monitoring of outcomes; and
- Review approach to Strategic Risk management following management restructure.

The Council welcomes the approach taken by external inspection agencies, through the Local Area Network to develop a comprehensive annual Local Scrutiny Plan (LSP) which is proportionate and based upon risks identified. The 2015/16 LSP identified a number of areas of risk which the Council has been working on over the last year. A recently published update to the LSP, covering 2016/17, was reported to Council in April 2016 notes that the Council continues to demonstrate a strong commitment to best value and has strong leadership, a clear vision and a focus on continuous improvement. The LAN noted that the Council are in the process of implementing a new leadership structure which reduces the number of strategic directors from four to three and establishes twelve strategic leads, formally Heads of Service, with specific areas of responsibility for the Council and the health and social care partnership (HSCP). The LAN also noted that the Council should monitor the impact of these changes to ensure it continues to deliver the anticipated strategic leadership and service delivery improvements. However, four areas were identified where further information is required, these being:

Annual Governance Statement (Cont'd)

Governance Issues and Improvements (Cont'd)

- Housing & Homelessness – monitoring progress against the findings of its enquiry carried out in 2013 coupled with recent changes in strategic leadership ;
- Staff Absence – requires ongoing oversight and monitoring;
- Efficiency – monitoring the delivery of efficiency savings; and
- Delivery of Education - monthly quality assurance meetings with Education Scotland Area Lead Officer to review educational provision.

Strategic Leads have already identified through their service planning process actions to deliver on these four areas and the strategic / high level elements of these have been brought together in an action plan which will be separately monitored. We are satisfied that these steps address the need for improvements and we will monitor their implementation and operation as part of our next annual review.

A continuing area of risk relates to the ongoing implementation of the UK Government's Welfare Reform agenda which is anticipated to continue until 2020, and the potential impact on the Council's finances.

Financial Considerations

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

CIPFA published this statement in 2010 and under the Local Code the Council is required to state whether it complies with the statement, and if not, to explain how their governance arrangements deliver the same impact. The full statement is that the Chief Financial Officer in a public organisation:

- is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and
- must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

The Council considers that it complies with the above Statement.

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2015/16 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principle objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Martin Rooney
Leader of the Council
Date: 28 September 2016

Joyce White
Chief Executive
Date: 28 September 2016

Stephen West
Strategic Lead - Resources
Date: 28 September 2016

Remuneration Report

Introduction

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

Remuneration - Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration and Severance Payments) Regulations 2015 (SSI No. 2015/7). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Civic Head (Provost), Senior Councillors and Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure. The regulations stipulate that in addition to the Leader of the Council and the Provost, West Dunbartonshire can appoint a maximum of ten Senior Councillors. The level of remuneration paid to the Leader of the Council, Provost and Senior Councillors is detailed in Table 1 below.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2015/16 the salary for the Leader of West Dunbartonshire Council was £33,454. The Regulations also state that the maximum yearly amount that may be paid to the Provost (£25,090) is 75% of the total yearly amount payable to the Leader of the Council.

The Regulations also state the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor (£25,090) is 75% of the total yearly amount payable to the Leader of the Council. For 2015/16 the total yearly amount payable by the Council for remuneration of all of its Senior Councillors shall not exceed £209,090. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The Council policy is to pay Senior Councillors a salary of £20,909.

During 2015/16, the Council agreed the appointment of a Council Leader, Provost and 10 Senior Councillors and the remuneration paid to the 10 Senior Councillors totalled £209,090 per annum. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme. The pension entitlements for the year to 31 March 2016 are shown in Table 5 on page 24.

The Scheme of Members Allowances which encompasses the salaries of all elected members including the Leader, Provost and Senior Councillors was agreed at a meeting of the full Council on 16 May 2012. The report to Council and the Register of Members' Expenses is available at:

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

The regulations also set out the amounts a Councillor may be paid for being a convener or vice-convener of a Joint Board. For 2015/16 the remuneration for the post of Convener of the Valuation Joint Board is £20,909 per annum.

Remuneration Report (Cont'd)

a) Table 1: Remuneration of Senior Councillors

Name	Position	Year ended 31 March 2016				2014/15
		Salary, Fees & Allowances	Taxable Expenses	Non-cash Expenses, Benefits-in kind	Total Remuneration	Total Remuneration
		£	£	£	£	£
Martin Rooney	Leader of Council Convener of Recruitment & Individual Performance; Community Alliance Committee	33,454	0	0	33,454	33,123
Douglas McAllister	Provost (Civic Head)	25,090	0	0	25,090	24,842
John Millar	Depute Provost	20,909	0	0	20,909	20,702
Patrick McGlinchey	Depute Leader Convener Infrastructure Regeneration & Economic Dev Community; Joint Consultative Forum	20,909	0	0	20,909	20,702
Gail Casey	Convener of Community Health Care Partnership; Argyll, Bute & Dunbartonshire Criminal Justice; Integrated Joint Board (HSCP)	20,844	0	0	20,844	20,776
Lawrence O'Neill	Convener of Licensing Committee; Planning Committee	20,909	0	0	20,909	20,702
Kathleen Ryall	Convener of Corporate Services Committee	20,844	0	0	20,844	20,776
Thomas Rainey	Convener of Appeals Committee	20,909	0	0	20,909	20,702
John Mooney	Convener of the Licensing Board	20,909	0	0	20,909	20,702
Michelle McGinty	Convener of Education Services Committee; Education, Grievance & Disciplinary Committee	20,909	0	0	20,909	20,702
David McBride	Convener of Housing and Communities Committee; Tendering Committee	20,909	0	0	20,909	20,702
Jonathan McColl	Leader of Opposition Convener of Audit & Performance Review Committee	20,909	0	0	20,909	20,702
James Brown	Convener of Valuation Joint Board	20,909	0	0	20,909	20,702

Note:

1. The term *Senior Councillor* means a Leader of the Council, the Civic Head or a Senior Councillor, all as defined by regulation 2 of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007(3).
2. Salaries allowances and expenses in 2015/16 have been included only for senior Councillors. For those Councillors still active and no longer senior, the allowances are, therefore, noted as £0.

Remuneration Report (Cont'd)

b) Remuneration paid to Councillors

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

2014/15 £000	2015/16 £000
435,053 Salaries	439,282
0 Allowances	0
25,146 Expenses	23,922
460,199 Total	463,204

Note:

- The annual return of Councillors' salaries and expenses for 2015/2016 is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council's website at www.west-dunbarton.gov.uk.

c) Remuneration of Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/148 sets the amount of salary for the Chief Officials of West Dunbartonshire Council for the period 2015 to 2017. The post of Chief Officer Health and Social Care Partnership is a joint post between West Dunbartonshire Council and NHS Greater Glasgow and Clyde.

The only benefits received by employees are salary and employer contributions to the pension fund. There were no bonuses, compensation for loss of office or other benefits paid to senior employees during the year. The salary details for senior employees are noted in table 2.

Table 2: Remuneration of Senior Employees

Name	Position at 31/03/16	Salary, Fees and Allowances 2015/16 £	Total Remuneration 2014/15 £
Joyce White	Chief Executive	124,615	123,878
Terence Lanagan	Executive Director of Educational Services (until 31/1/16)	113,260	103,175
Angela Wilson	Executive Director of Corporate Services	104,451	103,175
Richard Cairns	Executive Director of Housing, Environmental and Economic Development Services	104,451	103,175
Keith Redpath	Director of Community Care and Health Partnership (to 30/06/15) Chief Officer WD Health and Social Care Partnership (from 01/07/15)	51,536 (full time equivalent £103,072)	49,878 (full time equivalent £99,757)*
Jackie Irvine	Head of Children's Healthcare & Criminal Justice	84,618	83,585
Stephen West	Head of Finance & Resources	84,197	83,657

* The remuneration for Keith Redpath for 2014/15 has been re-stated since the audited Financial Statements 2014/15. This was previously reported as £61,261 (full time equivalent £96,549).

Remuneration Report (Cont'd)

c) Remuneration of Senior Employees (Cont'd)

* Details of Mr. Redpath's remuneration are included within the accounts of the National Health Service Greater Glasgow & Clyde. The figure shown for Mr. Redpath under Salary, Fees and Allowances, represents the contribution made by West Dunbartonshire Council to NHS Greater Glasgow and Clyde towards Mr. Redpath's salary.

Notes

1. The term *senior employee* means any local authority employee:
 - who has responsibility for the management of the local authority to the extent that the person has the power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
 - who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
 - whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.
2. The figure for gross salary, fees and allowances shown for the Chief Executive for the year ended 31 March 2016 would include any amounts received as the Returning Officer for West Dunbartonshire in elections. For the year to 31 March 2016 there was a general election and, therefore, amounts are included.
3. The Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement. There were no discretionary payments made to senior employees during the year.

d) Remuneration of Employees receiving more than £50,000

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

Table 3: Remuneration of Employees

Remuneration Bands	Number of Employees	
	2015/16	2014/15
£50,000 - £54,999	51	39
£55,000 - £59,999	32	45
£60,000 - £64,999	12	5
£65,000 - £69,999	3	1
£70,000 - £74,999	3	1
£75,000 - £79,999	7	8
£80,000 - £84,999	3	4
£85,000 - £89,999	1	0
£100,000 - £104,999	2	3
£105,000 - £109,999	0	0
£110,000 - £114,999	1	0
£115,000 - £119,999	0	0
£120,000 - £125,999	1	1
Total	116	107

Remuneration Report (Cont'd)

Pension Benefits

Pension benefits for Councillors and most local government employees are provided through the Local Government Pension Scheme (LGPS). Councillors' pension benefits are based on career average pay. The Councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits. The pension entitlements for the year to 31 March 2016 are shown in Table 5 on page 23. The table details the pension entitlement and contributions made by West Dunbartonshire Council in respect of all senior Councillors and senior officers of the Council who have opted to join the LGPS.

For local government employees, the LGPS 2015 is a career average pension scheme. This means that pension benefits from 01/04/2015 are based on pensionable pay with inflation added. Pension is accrued at a rate of 1/49 of pensionable pay for each scheme year. Pension benefits can be accessed from age 60 but are reduced if taken earlier than Normal pension Age (State Pension Age). Pension benefits accrued before 1 April 2015 are protected and are based on final pay on retiring.

From 1 April 2009, a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Table 4 provides information on these tiered contribution rates.

Table 4: Contribution Rates

	Contribution rate 2015/16	Contribution rate 2014/15
The tiers and members contribution rates for 2015/16 whole time pay:		
<u>Local Government employees</u>		
On earnings up to and including £20,500 (£23,335)	5.50%	5.50%
On earnings above £20,500 (£20,335) and up to £25,000 (£24,853)	7.25%	7.25%
On earnings above £ 25,000 (£24,853) and up to £34,400 (£34,096)	8.50%	8.50%
On earnings above £34,400 (£34,096) and up to £45,800 (£45,393)	9.50%	9.50%
On earnings above £45,800 (£45,393)	12%	12%
The tiers and members contribution rates for 2015/16 actual pay:		
<u>Teachers</u>		
On earnings up to and including £25,999	7.20%	
On earnings above £ 25,999 and up to £34,999	8.70%	
On earnings above £ 34,999 and up to £41,499	9.70%	
On earnings above £41,499 and up to £54,999	10.40%	
On earnings above £54,999 and up to £74,999	11.50%	
On earnings above £74,999	11.90%	
The tiers and members contribution rates for 2014/15 whole time pay:		
<u>Teachers</u>		
On earnings below £15,000 (£15,000)		6.40%
On earnings above £15,000 (£15,000) and up to £25,999 (£25,999)		7.20%
On earnings above £ 25,999 (£25,999) and up to £31,999 (£31,999)		8.30%
On earnings above £31,999 (£31,999) and up to £39,999 (£39,999)		9.50%
On earnings above £39,999 (£39,999) and up to £44,999 (£44,999)		9.90%
On earnings above £44,999 (£44,999) and up to £74,999 (£74,999)		11.00%
On earnings above £74,999 (£74,999) and up to £99,999 (£99,999)		11.60%
On earnings above £99,999 (£99,999)		12.40%

Remuneration Report (Cont'd)

Pension Benefits (Cont'd)

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of pay from 1 April 2015. Prior to this the accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

The pension entitlements for the year to 31 March 2016 for Senior Councillors are shown in table 5, together with the contribution made by West Dunbartonshire Council to each Senior Councillor's pension during the year:

Remuneration Report (Cont'd)

Pension Benefits (Cont'd)

e) Table 5: Pension Benefits of Senior Councillors and Senior Employees

		In-year pension contributions		Accrued pension benefits	
Name	Position at 31/03/16	For year to 31/3/16	For year to 31/3/15	As at 31/3/16	As at 31/3/15
Senior Councillors		£	£	£	£
Martin Rooney	Leader of Council Convener of Recruitment & Individual Performance Committee and Community Alliance Committee	6,457	6,393	6,096	5,162
Gail Casey	Convener of Community Health Care Partnership and Argyll, Bute & Dunbartonshire Criminal Justice; Integrated Joint Board (HSCP)	4,023	3,983	4,428	3,935
Kathleen Ryall	Convener of Corporate Services Committee	4,023	3,983	1,435	1,042
John Mooney	Convener of Licensing Board	4,035	3,996	1,446	1,002
Michelle McGinty	Convener of Education Services Committee; Education, Grievance & Disciplinary Committee	4,035	3,996	1,446	1,002
David McBride	Convener of Housing and Communities Committee and Tendering Committee	4,035	3,996	4,269	3,731
Jonathan McColl	Leader of Opposition Convener of Audit & Performance Review Committee	4,035	3,996	4,260	3,782
Lawrence O'Neill	Convener of Licensing Committee and Planning Committee	4,035	3,996	776	345
Senior Employees					
Joyce White	Chief Executive	23,893	23,382	21,905	19,035
Terence Lanagan	Executive Director of Educational Services (until 31/3/16)	14,616	15,337	205,911	197,952
Angela Wilson	Executive Director of Corporate Services	20,159	19,866	134,546	130,450
Richard Cairns	Executive Director of Housing, Environmental and Economic Development	20,159	19,866	53,376	50,480
Keith Redpath	Director of Community Care and Health Partnership (to 30/06/15) Chief Officer WD Health and Social Care Partnership (from 01/07/15)	0	0	0	0
Jackie Irvine	Head of Children's Healthcare & Criminal Justice	16,331	16,094	48,632	43,485
Stephen West	Head of Finance & Resources	16,331	16,108	106,983	97,588

Remuneration Report (Cont'd)

Pension Benefits (Cont'd)

All employees in table 5 above, with the exception of Mr. Lanagan and Mr. Redpath are members of the Local Government Pension Scheme. Mr. Lanagan is a member of the Scottish Teachers' Superannuation Scheme and Mr. Redpath is a member of the NHS Superannuation Scheme (Scotland). Details of Mr Redpath's pension are included within the accounts of the National Health Service Greater Glasgow & Clyde and are therefore noted as zero in the Council accounts. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total public sector service, and not just their current appointment.

f) Table 6: Exit Packages

Banding	Number of compulsory packages		Number of other departures		Total Number		Total cost	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
							£	£
£0 - £20,000	0	0	72	26	72	26	302,962	69,895
£20,001 - £40,000	0	0	7	5	7	5	188,836	147,379
£40,001 - £60,000	0	0	5	1	5	1	251,629	40,718
£60,001 - £80,000	0	0	2	4	2	4	139,959	283,769
£80,001 - £100,000	0	0	1	0	1	0	91,579	0
£100,001 - £150,000	0	0	2	0	2	0	239,142	0
£150,001 - £600,000	0	0	5	0	5	0	904,349	0
Total	0	0	94	36	94	36	2,118,456	541,761

The total cost of £2.118m for 2015/16 in Table 6 above includes £1.785m for exit packages that have been agreed, accrued for and charged to West Dunbartonshire Council's Comprehensive Income and Expenditure Statement.

Martin Rooney
Leader of the Council
Date: 28 September 2016

Joyce White
Chief Executive
Date: 28 September 2016

Core Financial Statements

The financial statements comprise the following primary statements:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cashflow Statement; and
- Summary of significant accounting policies and other explanatory notes.

Movement in Reserves Statement

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

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost, for 2015/16, of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

Balance Sheet

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

1. Usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt); and
2. Non-usable reserves, i.e. those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line 'adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

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

Movement in Reserves Statement

Note	Usable Reserves								
	General Fund balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Reserve £000	Other Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
2015/16									
Opening Balance at 1 April 2015	(9,623)	(4,570)	0	(421)	(4,012)	(433)	(19,059)	(118,823)	(137,882)
Movement in reserve 2015/16									
(Surplus) or deficit on provision of services	12,876	2,113	0	0	0	0	14,989	0	14,989
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	(76,535)	(76,535)
Total Comprehensive Expenditure and Income	12,876	2,113	0	0	0	0	14,989	(76,535)	(61,546)
Adjustments between accounting basis and funding basis under regulations	(14,362)	(3,760)	0	(63)	0	0	(18,185)	18,185	0
Net Increase/(Decrease) before Transfers to Other Statutory Reserves	(1,486)	(1,647)	0	(63)	0	0	(3,196)	(58,350)	(61,546)
Transfers to/from other statutory reserves	(94)	0	0	0	188	(94)	0	0	0
Closing Balance at 31 March 2016	(11,203)	(6,217)	0	(484)	(3,824)	(527)	(22,255)	(177,173)	(199,428)
2014/15									
Opening Balance at 1 April 2014	(10,113)	(3,647)	0	(305)	(4,198)	(368)	(18,631)	(207,563)	(226,194)
Movement in reserve 2014/15									
(Surplus) or deficit on provision of services	42,954	1,108	0	0	0	0	44,062	0	44,062
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	44,250	44,250
Total Comprehensive Expenditure and Income	42,954	1,108	0	0	0	0	44,062	44,250	88,312
Adjustments between accounting basis and funding basis under regulations	(42,343)	(2,031)	0	(116)	0	0	(44,490)	44,490	0
Net Increase/(Decrease) before Transfers to Other Statutory Reserves	611	(923)	0	(116)	0	0	(428)	88,740	88,312
Transfers to/from other statutory reserves	(121)	0	0	0	186	(65)	0	0	0
Closing Balance at 31 March 2015	(9,623)	(4,570)	0	(421)	(4,012)	(433)	(19,059)	(118,823)	(137,882)

Comprehensive Income and Expenditure Statement

2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000		2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net Expenditure £000
			Service			
12,334	2,160	10,174	Central Services	9,165	1,448	7,717
22,571	1,582	20,989	Cultural and Related Services	16,829	881	15,948
120,120	4,073	116,047	Educational Services	105,277	4,111	101,166
17,132	4,940	12,192	Environmental Services	17,471	4,591	12,880
35,165	37,853	(2,688)	Housing Revenue Account	37,451	40,118	(2,667)
54,359	51,165	3,194	Housing Services	50,995	47,951	3,044
11,807	8,089	3,718	Planning and Development Services	10,273	7,195	3,078
16,048	5,648	10,400	Roads and Transport Services	14,575	5,439	9,136
93,029	17,796	75,233	Social Work - Provision of Services	89,173	64,716	24,457
0	0	0	Social Work - Contribution to IJB	45,319	0	45,319
3,756	137	3,619	Corporate and Democratic Core	3,701	220	3,481
808	0	808	Non distributed costs	3,289	0	3,289
387,129	133,443	253,686	Net Cost of Service (1)	403,518	176,670	226,848
		(339)	(Gain) / loss on Disposal of Fixed Assets			861
		(339)	Other Operating Expenditure (2)			861
		(30,431)	Council Tax			(30,714)
		(78,548)	Non-Domestic Rates			(84,053)
		(110,643)	Revenue Support Grant			(106,095)
		(14,313)	Recognised Capital Income (Grants, Contributions & Donations)			(15,738)
		(233,935)	Taxation and Non-specific Grant Income (3)			(236,600)
		(137)	Interest Earned			(203)
		18,660	External Interest Payable / Similar Charges			18,909
		836	(Gain)/Loss early settlement of borrowing			836
		(2,189)	Surplus on Trading Undertakings not included in net cost of services			(2,721)
		7,480	Pension Interest Cost/Expected Return on Pension Assets			7,059
		24,650	Finance/Investment Income and Expenditure (4)			23,880
		44,062	(Surplus)/Deficit on Provision of Services (5) = (1)+(2)+(3)+(4)			14,989
		12,400	(Surplus)/Deficit arising from revaluation of property, plant and equipment			2,180
		(836)	(Surplus)/Deficit on revaluation of available for sale assets			(863)
		32,686	Actuarial (gains)/losses on pension fund assets and liabilities			(77,852)
		44,250	Other Comprehensive (Income) and Expenditure (6)			(76,535)
		88,312	Total Comprehensive (Income) and Expenditure (5) + (6)			(61,546)

Balance Sheet

£000	Notes		2015/16 £000
730,088	17	Property, Plant and Equipment	760,302
53	18	Intangible Assets	45
77		Long Term Debtors	58
1,370	20	Heritage Assets	1,406
273		Long Term Investments	501
731,861		Long Term Assets	762,312
2,541	19	Asset Held for Sale	653
937	24	Inventories	922
35,248	25	Short Term Debtors	35,413
14,640	27	Cash and Cash Equivalents	12,357
53,366		Current Assets	49,345
(3,507)	30	Provisions	(4,643)
(38,268)	29	Short Term Creditors	(36,642)
(67,175)		Short Term Borrowing	(86,724)
(6,305)	27	Cash and Cash Equivalents	(4,788)
(115,255)		Current Liabilities	(132,797)
669,972		Net Assets	678,860
(314,681)		Long Term Borrowing	(325,649)
(216,679)	14	Net Pensions Liability	(153,740)
(730)	11	Capital Grants Receipts in Advance (conditions)	(43)
(532,090)		Long Term Liabilities	(479,432)
137,882		Total Assets Less Liabilities	199,428
Represented by:			
19,059	MIR	Usable Reserves	22,255
118,823	MIR	Unusable Reserves	177,173
137,882		Total Reserves	199,428

The unaudited Financial Statements were issued on 30 June 2016 and the audited accounts were authorised for issue on 28 September 2016.

Stephen West
Strategic Lead - Resources
West Dunbartonshire Council
Date: 28 September 2016

Cash Flow Statement

2014/15 £000	Notes		2015/16 £000
		Operating Activities	
44,062		Net deficit on the provision of services	14,989
(70,854)		Adjustments to net surplus or deficit on the provision of services for non-cash movements	(48,460)
14,483		Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financial activities	15,759
<u>(12,309)</u>	26	Net cash inflow from Operating Activities	<u>(17,712)</u>
36,992	26	Investing Activities	48,774
<u>(31,314)</u>	26	Financing Activities	<u>(30,296)</u>
<u>(6,631)</u>			<u>(766)</u>
1,704	27	Cash and cash equivalents at the beginning of the reporting period	8,335
8,335	27	Cash and cash equivalents at the end of the reporting period	7,569
<u>6,631</u>	27	Movement – Decrease in Cash	<u>(766)</u>

Notes to the Financial Statements

Note 1 - Accounting Policies

1. General Principles

The Financial Statements summarises the Council's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. The Council is required to prepare an Annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ("the code") and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Financial Statements is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of Income and Expenditure

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

- revenue from sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and when it is probable that the economic benefits associated with the transaction will flow to the Council;
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and when it is probable that the economic benefits associated with the transaction will flow to the Council;
- expenses in relation to services received are recorded as expenditure when the services are received, rather than when payment is made;
- supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption their value is carried as inventories on the Balance Sheet;
- interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than on cash flows fixed or determined by the contract; and
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and charged to revenue for the income that might not be collected.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in three months or less from date of acquisition and that are readily convertible to known cash amounts, with insignificant risk of change of value.

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

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

4. Changes in Accounting policies, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, events or conditions on the Council's financial position or performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative figures, as if the new policy has always been applied.

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

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

5. Charges to Revenue for Property, Plant and Equipment

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

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

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

6. Intangible assets

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

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

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

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

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

Where expenditure qualifies as capital for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance and are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

7. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the asset can be measured reliably. Expenditure that maintains, but does not add to the asset's potential to deliver future economic benefits or service potential, is charged as an expense when it is incurred.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

7. Property, Plant and Equipment (Cont'd)

Measurement

Initially measured at cost, comprising of:

- purchase price;
- any costs associated with bringing the asset to the location or condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of costs for dismantling and removing the item and restoring the site on which it is located to its original state.

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

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

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

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

7. Property, Plant and Equipment (Cont'd)

Assets included in the Balance Sheet at fair value are re-valued regularly to ensure their carrying amount is not materially different from the fair value at the year end, as a minimum every 5 years. The programme of revaluation for 2015/16 and planned each of the following four years is as follows:

- 2015/16 Any properties not previously re-valued / general re-appraisal;
- 2016/17 Crematorium/ cemeteries/ operational offices/ depots/stores/car parks/non HRA residential properties;
- 2017/18 All Council non-operational properties; and
- 2018/19 Schools/school houses/ social work homes/adult training centres/ community education centres/early education centres.
- 2019/20 Halls/Public conveniences/libraries/outdoor centres/golf course/recycling centres/pavilions/ sports centres/swimming pools;

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

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

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

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

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

7. Property, Plant and Equipment (Cont'd)

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes apparent that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is re-classed as either a surplus asset or an Asset Held for Sale. The asset is re-valued immediately before re-classification and then carried at the lower of this amount and the fair value less sale costs. Where there is a subsequent decrease to fair value less sale costs, the loss is posted to the Surplus and Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

When an asset is disposed of or decommissioned, the carrying amount in the Balance Sheet is written off to the Surplus and Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Statement as part of a gain or loss on sale. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can only be used for new capital investment or set aside to reduce the Council's underlying borrowing requirement. Receipts are appropriated to the Reserve from the General Fund balance in the Movement in Reserves Statement.

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

Depreciation

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

7. Property, Plant and Equipment (Cont'd)

The useful lives of assets, as estimated and advised by a suitably qualified officer, are as follows:

• Council dwellings	40 years	straight line
• Other buildings*	20-60 years	straight line
• Infrastructure	20 years	straight line
• Vehicles, plant, equipment	5-10 years	straight line
• Intangibles	5-10 years	straight line

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

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

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

8. Assets Held for Sale

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

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

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

9. Heritage assets

Heritage assets are tangible and intangible assets with historic, artistic, scientific, technological, geographical or environmental qualities that are held and maintained primarily for their contribution to knowledge and culture.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

9. Heritage assets (Cont'd)

The authority holds heritage assets of six main types:

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

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

- Council Offices, Garshake Road;
- Municipal Buildings; and
- Clydebank Town Hall.

Ships models, works of art and silver and commemorative ware are included in the balance sheet based on the last formal valuations by Bonhams, Sotheby's and Phillips respectively. Further formal valuations will be commissioned where it is considered that there could potentially be a material change in the value of the assets held and where the value of the asset is estimated to be in excess of £10,000.

Civic chains relates to the chains of office held at Council Headquarters at Garshake Road, Dumbarton and worn by office bearers (such as the Provost and Deputy Provost) at ceremonial and civic events.

Listed buildings and scheduled ancient monuments are the responsibility of Housing, Environmental and Economic Development. These assets include memorial structures and buildings as well as statues and fountains.

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

The carrying amounts are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

9. Heritage assets (Cont'd)

The proceeds from any disposal of heritage assets are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Models of Ships

The models included within this collection include MV Rangitane, MV Essex and HMS Vanguard. Assets are reported in the balance sheet based on the last formal valuation by Bonhams.

Works of Art

There are 470 paintings within the works of art collection. The paintings are reported in the balance sheet based on the last formal valuation by Sotheby's and Bonhams. Where a lower and upper valuation has been provided the mid valuation has been used

Acquisitions are made by purchase or donation. Purchased assets are initially recognised at cost and donations are recognised at valuation where that value is estimated to be greater than the threshold of £10,000 as specified above.

Silver and Commemorative Ware

The items included within this collection are reported in the balance sheet based on the last formal valuation by Phillips.

Civic Regalia

Civic regalia predominately relates to the collection of provost robes and chains of office. The robes are not recognised on the balance sheet as they are considered to have no significant value. However the chains are reported in the balance sheet at insurance value. It would be relatively rare for the authority to purchase, or dispose of, items of civic regalia.

Sewing Machine Collection

There are 806 sewing machines (of various models) included within the sewing machine collection. These collections are not recognised on the balance sheet as cost information is not readily available. Nearly all the items are believed to have an immaterial value.

Listed Buildings and Scheduled Ancient Monuments

The authority holds and maintains listed buildings and ancient monuments of historic significance, many of which are tributes to the war dead. These assets are not recognised on the balance sheet as it is considered that there is a lack of available, comparable market values to establish a 'fair value'.

It is unlikely that the authority would procure such assets but is more likely to refurbish or enhance existing structures. In this respect, the cost of those works will be capitalised at cost.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

10. Construction Contract (Work in Progress)

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

11. Employee Benefits

Benefits payable during employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

Both schemes provide 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 line in the Comprehensive Income and Expenditure Account Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

11. Employee Benefits (Cont'd)

Post Employment Benefits (Cont'd)

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

- the liabilities of the pension fund attributable to the Council are included within the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based upon assumptions about mortality rates, employee turnover rates, projection of earnings for current employees, etc.;
- liabilities are discounted to their value at current prices using a discount rate based upon the indicative return rate on long dated high quality corporate bonds; and
- the assets of the local government pension fund attributable to the Council are included in the Balance Sheet at bid value and are split into quoted prices in active markets and prices not quoted in active markets. They are now shown in the notes in more detail split by:-
 - equity securities;
 - debt securities;
 - private equity;
 - real estate;
 - investment funds; and
 - derivatives cash.
- the change in the net pensions liability is analysed into seven components:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked;
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - Net interest expense – the expected increase in the present value of liabilities during the year as they move one year closer to being paid less the fair value of plan assets – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

11. Employee Benefits (Cont'd)

Post Employment Benefits (Cont'd)

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve; and
- Contributions paid to the local government pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities is not accounted for as an expense.

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

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) arising from the use of these discretionary powers are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the local government pension scheme

12. Events after the reporting period

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

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

13. Exceptional items

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

14. Financial liabilities

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

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

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

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

Modified Loans

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

Unmodified Loans

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

Straight Repayment

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

15. Financial Assets

The reconciliation of amounts is charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

15. Financial Assets (Cont'd)

Financial assets are classified into two types:

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

Loans and receivables

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

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

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

15. Financial Assets (Cont'd)

Instruments entered into since 1 April 2006

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

16. Fair Value Measurement

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

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

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

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

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

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

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

17. Government grants and contributions

Whether paid on account, by instalments or arrears, government grants and third party contributions and donations are recognised as due by the Council when there is reasonable assurance that:

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

17. Government grants and contributions (Cont'd)

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

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

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

18. Inventories

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

19. Leases

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

Council as Lessee

Finance Leases

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

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

The Council is not required to raise council tax to cover depreciation/ revaluation or impairment losses arising on leased assets. Assets recognised under the finance lease are accounted for using the policies applied generally to Council owned assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

19. Leases (Cont'd)

Operating Leases

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

Council as Lessor

Finance Leases

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

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

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

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

Operating Leases

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

20. Overhead and support services

The costs of overheads and support services are charged to those services that benefit from the supply in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16. 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:

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

20. Overhead and support services (Cont'd)

- 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, and any depreciation and impairment losses chargeable on surplus assets in property, plant and equipment.

21. Public private partnership (PPP) and similar contracts

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

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

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

22. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal obligation, either legal or constructive, as a result of a past event that results in a probable outflow of resources embodying economic benefits or service potential being required to settle the obligation, and a reliable estimate can be made of the amount of that obligation.

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

When the effect of the time value of money is material, the amount of the provision recognised is the present value of the expenditures expected to be required to settle the obligation.

When payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less probable that a transfer of economic benefits is now required; the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle the provision is expected to be recovered from a third party, this is recognised as income for the relevant service if it is almost certain that reimbursement will be received if the authority settles the obligation.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

22. Provisions, contingent liabilities and contingent assets (Cont'd)

Contingent assets and liabilities

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

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed as a note to the accounts, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

23. Reserves

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

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

24. Revenue expenditure funded from Capital under statute (deferred charges)

Expenditure incurred that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement.

25. VAT

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

26. Carbon Reduction Commitment Scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in phase 2 which started on 1 April 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions (i.e. Carbon dioxide is produced, as energy is used). As carbon dioxide is emitted, a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the liability which is normally at the current market price for the number of allowances required at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services.

27. Interest in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of associates/ subsidiaries and require it to prepare group accounts. In the Council's own single entity accounts, the interests of one company is recorded, as the Council has shares and full ownership of the Clydebank Property Company (purchased during 2014/15). No other interests are recorded in the Council's single entity accounts of any of other organisation.

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

For 2016/17, the Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code.

IAS16 Property Plant and Equipment includes clarifications on the treatment of accumulated depreciation and impairment, following the consideration of the Annual Improvements 2010 to 2012.

IAS19 Employee Benefits (Defined Benefit Plans: Employee Contributions) provides guidance on the attribution of employee benefits.

IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations) provides guidance on the acquisition of interests in joint operations.

IAS1 Presentation of Financial Statements provides guidance on the form of the financial statements and will result in changes to the format of the main statements and will introduce a new Expenditure and Funding Analysis. These changes are as a result of the 'Telling the Story' review of local authority statements and changes to the IAS1 Disclosure Initiative.

Under the CIPFA Code of Practice on Transport Infrastructure Assets, transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment and measured at depreciated replacement cost.

There are also revisions due to the annual improvements to the IFRSs (2012- 2014 cycle), which principally provide clarification.

It is not anticipated that the above changes will have a material impact on the information provided in the financial statements.

The Code requires implementation of these from 1 April 2016 and therefore there is no impact on the 2015/16 Statement of Accounts.

Notes to the Financial Statements (Cont'd)

Note 3 – Critical Judgement in Applying Accounting Policies

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies set out in Note 1. Where a critical judgement has been made, this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect are detailed below:

Holiday Entitlement - Unused holiday entitlement earned at 31 March 2016 but not taken at that date has been quantified on the basis of a 40% sample of all non term time staff. The sample is proportionate to the number of staff within each grade. The calculation in respect of unused annual leave for term time employees is based upon entitlement earned at the year end and no estimation was required for these staff.

Public Private Partnership (PPP) - The Council has entered into a PPP for the provision of educational buildings, their maintenance and related facilities. The Council controls the services provided under the scheme and ownership of the schools will pass to the Council at the end of the contract for no additional charge. The assets used to provide services at the schools are recognised on the Council's Balance Sheet.

Notes to the Financial Statements (Cont'd)

Note 4 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the authority's balance sheet as at 31 March 2016, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Potential effect
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will incur in relation to those assets. The current economic climate makes it uncertain that the Council will be able to sustain its current level of spending on maintenance, bringing into doubt the useful lives assigned to assets.	If the useful lives of assets are reduced, depreciation will increase and the carrying amount of assets will fall. It is estimated that the annual depreciation charge for buildings would increase by £0.785m for every year that useful lives had to be reduced.
Provision – severance and early retiral	The Council has set aside a provision of £2.400m for future early retiral or voluntary severance costs, based upon an average historic settlement figure and estimated leavers. It is not certain that the estimate accounts for all possible voluntary leavers or that the estimated average historic cost will be applicable.	An increase over the forthcoming year of 10% in either the total number of voluntary leavers or the estimated average cost would have an effect of adding £0.240m to the provision needed.
Provision – equal pay	The Council has set aside a provision of £2.243m for the settlement of claims arising from the Equal Pay Initiative, based upon the number of claims received and an average settlement amount. It is not certain that all valid claims have been received by the Council or that precedents set elsewhere on settlement values will be applicable.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would have an effect of adding £0.224m to the provision needed.
Pension liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase by, changes to retirement ages, mortality rates and expected returns on pension assets held. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions applied.	The effect on the net liability can be measured. However, the assumptions interact in complex ways. During 2015/16 the appointed actuaries advised that the net liability had decreased by £62.939m as a result of estimates being updated and an update to the assumptions.
Arrears and bad debts	As at 31 March 2016, the Council had a balance of various debtors (including council tax, sundry debtors, housing rents) of £35.413m with a sliding scale of bad debt provision written against this, depending on the age of the debt.	If collection rates were to deteriorate, the provision for bad debts would require to be reviewed to consider the appropriate level of provision. However, based upon prior experience, the bad debt provision is considered adequate.

Notes to the Financial Statements (Cont'd)

Note 4 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (Cont'd)

Item	Uncertainty	Potential effect
Fair Value Measurements	<p>When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model).</p> <p>Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council utilises relevant experts to identify the most appropriate valuation techniques (for example for surplus assets and non-current assets held for sale, the Council's estates valuer and for financial instruments the Council's treasury advisors). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 17, 19 and 28.</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of financial instruments. Surplus assets and non-current assets held for sale have been based on the market value approach. Market conditions are such that similar properties are marketed, purchased and sold actively.</p> <p>The significant observable inputs used include current market conditions and recent sales prices and other relevant information for similar assets in the West Dunbartonshire area together with evidence across the wider West of Scotland for surplus assets and non-current assets held for sale and discount rates for financial instruments.</p> <p>Significant changes in any of these would result in significantly lower or higher fair value measurement for financial instruments as detailed in note 28 (4) on page 92. Significant changes to the key inputs for non-financial assets would have a significant impact on the value of the properties. However as the properties are valued annually and form a small proportion in relation to the value of the Council's overall portfolio the impact of any changes would be limited.</p>

Notes to the Financial Statements (Cont'd)

Note 5 - Material Items of Income and Expense

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

Item	Nature	£000
Unitary Charge Payment	Public Private Partnership agreement for the provision of 3 secondary schools and one primary school	11,212
Insurances	Insurance premiums for all policies	2,283
Landfill Tax	A tax paid on the disposal of waste. It is payable to Her Majesty's Revenue and Customs (HMRC)	1,853
Housing Benefit paid	Benefit paid to support customers on low incomes with housing rent costs	44,386
Housing Benefit received	Benefit received to support customers on low incomes with housing rent costs	(42,099)
Care Homes	Cost of providing care home services by external providers	7,057
NHS Resource Transfer	Income received from NHS to support care in the community	(8,682)
Supplementation	Residential Accommodation for adults and children with disabilities	12,045
Supplementation – supporting people	Support to allow clients to stay in their own homes	4,714

Notes to the Financial Statements (Cont'd)

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

This note provides further breakdown of the adjustments summarised in the Movement in Reserves Statement on page 27. It is identified under the headings Usable and Unusable Reserves. Further detail of the reserves identified under the classification of usable is given in note 32 on page 95 and unusable is given in note 33 on page 96.

2015/16

	General Fund Balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Reserve £000	Other Reserves £000	Total Usable Reserves £000
Usable Reserves							
Reversal of previous impairment loss re current years revaluation	(2,229)	0	0	0	0	0	(2,229)
Depreciation and impairment of non current assets	22,559	13,973	0	0	0	0	36,532
Disposal of Fixed Assets	0	0	3,675	0	0	0	3,675
Capital Grants and Contributions credited to the Comprehensive Income & Expenditure Statement (if applied credit to CAA, if unapplied credit to Cap Grants Unapplied Account)	(13,204)	(2,534)	0	0	0	0	(15,738)
Net gain or loss on sale of non-current assets	831	30	(861)	0	0	0	0
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(9)	(12)	0	0	0	0	(21)
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	14,534	379	0	0	0	0	14,913
Statutory Repayment of Debt (Loans Fund Advances)	(4,963)	(5,623)	0	0	0	0	(10,586)
Statutory Repayment of Debt (PFI)	(1,795)	0	0	0	0	0	(1,795)
Capital expenditure charged to the General Fund balance (CFCR)	(547)	(2,434)	0	0	0	0	(2,981)
Net transfer to and from earmarked reserves required by legislation (i.e.holiday pay accrual)	(815)	(19)	0	0	0	0	(834)
Capital grants unapplied transferred to Capital Adjustment Account	0	0	0	63	0	0	63
Capital receipts applied to fund Capital Expenditure (i.e. transferred to Capital Adjustment Account)	0	0	(2,814)	0	0	0	(2,814)
Total Adjustments	14,362	3,760	0	63	0	0	18,185

Notes to the Financial Statements (Cont'd)

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

2015/16

	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
Unusable Reserves						
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost	7,632	(7,632)	0	0	0	0
Reversal of previous impairment Loss re current year revaluations	2,229	0	0	0	0	2,229
Write out Revaluation Reserve of Disposals	317	(317)	0	0	0	0
Depreciation and impairment of non-current assets	(36,532)	0	0	0	0	(36,532)
Disposal of Fixed Assets	(3,675)	0	0	0	0	(3,675)
Capital Grants and Contributions credited to the Comprehensive Income & Expenditure Statement (if applied credit to CAA, if unapplied credit to Capital Grants Unapplied Account)	15,738	0	0	0	0	15,738
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements		0	0	0	21	21
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	0	0	(14,913)	0	0	(14,913)
Statutory Repayment of Debt (Loans Fund Advances)	10,586	0	0	0	0	10,586
Statutory Repayment of Debt (PFI)	1,795	0	0	0	0	1,795
Capital expenditure charged to the General Fund balance (CFCR)	2,981	0	0	0	0	2,981
Net transfer to and from earmarked reserves required by legislation (i.e. holiday pay accrual)	0	0	0	834	0	834
Capital grants unapplied transferred to the Capital Adjustment Account	(63)	0	0	0	0	(63)
Capital receipts applied to fund Capital Expenditure (i.e. transferred to Capital Adjustment Account)	2,814	0	0	0	0	2,814
Total Adjustments	3,822	(7,949)	(14,913)	834	21	(18,185)

Notes to the Financial Statements (Cont'd)

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

2014/15

	General Fund Balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Reserve £000	Other Reserve £000	Total Usable Reserve £000
Usable Reserves							
Reversal of previous impairment loss re current years revaluation	(123)	0	0	0	0	0	(123)
Depreciation and impairment of non current assets	49,941	13,017	0	0	0	0	62,958
Disposal of Fixed Assets	0	0	1,235	0	0	0	1,235
Capital Grants and Contributions credited to the Comprehensive Income & Expenditure Statement (if applied credit to CAA, if unapplied credit to Cap Grants Unapplied Account)	(11,055)	(3,258)	0	0	0	0	(14,313)
Net gain or loss on sale of non-current assets	(217)	(122)	339	0	0	0	0
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	5	6	0	0	0	0	11
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	12,008	290	0	0	0	0	12,298
Statutory Repayment of Debt (Loans Fund Advances)	(4,988)	(5,911)	0	0	0	0	(10,899)
Statutory Repayment of Debt (PFI)	(1,662)	0	0	0	0	0	(1,662)
Capital expenditure charged to the General Fund balance (CFCR)	(1,880)	(1,969)	0	0	0	0	(3,849)
Net transfer to and from earmarked reserves required by legislation (i.e.holiday pay accrual)	314	(22)	0	0	0	0	292
Capital grants unapplied transferred to Capital Adjustment Account	0	0	0	116	0	0	116
Capital receipts applied to fund Capital Expenditure (i.e. transferred to Capital Adjustment Account)	0	0	(1,574)	0	0	0	(1,574)
Total Adjustments	42,343	2,031	0	116	0	0	44,490

Notes to the Financial Statements (Cont'd)

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

2014/15

	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
Unusable Reserves						
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost	7,494	(7,494)	0	0	0	0
Reversal of previous impairment Loss re current year revaluations	123	0	0	0	0	123
Write out Revaluation Reserve of Disposals	(82)	82	0	0	0	0
Depreciation and impairment of non-current assets	(62,958)	0	0	0	0	(62,958)
Disposal of Fixed Assets	(1,235)	0	0	0	0	(1,235)
Capital Grants and Contributions credited to the Comprehensive Income & Expenditure Statement (if applied credit to CAA, if unapplied credit to Capital Grants Unapplied Account)	14,313	0	0	0	0	14,313
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	0	0	0	0	(11)	(11)
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	0	0	(12,298)	0	0	(12,298)
Statutory Repayment of Debt (Loans Fund Advances)	10,899	0	0	0	0	10,899
Statutory Repayment of Debt (PFI)	1,662	0	0	0	0	1,662
Capital expenditure charged to the General Fund balance (CFCR)	3,849	0	0	0	0	3,849
Net transfer to and from earmarked reserves required by legislation (i.e. holiday pay accrual)	0	0	0	(292)	0	(292)
Capital grants unapplied transferred to the Capital Adjustment Account	(116)	0	0	0	0	(116)
Capital receipts applied to fund Capital Expenditure (i.e. transferred to Capital Adjustment Account)	1,574	0	0	0	0	1,574
Total Adjustments	(24,477)	(7,412)	(12,298)	(292)	(11)	(44,490)

Notes to the Financial Statements (Cont'd)

Note 7 – Events After the Balance Sheet Date

The draft Financial Statements were authorised for issue by the Strategic Lead - Resources on 30 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing as at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 8 – 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 Council has established two trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations. Details of those units are detailed below and these figures include an interest charge for the assets as noted within the accounting policies. It is the duty of a local Council 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 2013/14 to 2015/16 is as follows:

The Council operates a **Housing Property Maintenance Trading Service** which delivers an economic, efficient and effective housing repairs service to its customers.

	2013/14	2014/15	2015/16	Cumulative
	£000	£000	£000	£000
Turnover	18,160	17,923	18,551	54,634
Expenditure	16,829	17,387	17,880	52,096
Surplus	1,331	536	671	2,538

The Council operates a **Grounds Maintenance/Street Cleaning Trading Service** which 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.

	2013/14	2014/15	2015/16	Cumulative
	£000	£000	£000	£000
Turnover	8,991	9,606	9,959	28,556
Expenditure	7,728	7,953	7,909	23,590
Surplus	1,263	1,653	2,050	4,966
Surplus as noted in Comprehensive Income and Expenditure Statement	2,594	2,189	2,721	7,504

Through annual review and evaluation, the Council operates two trading services, namely grounds maintenance/street cleaning and housing property maintenance. The above table confirms that both trading accounts which have been statutory for more than three years, have met the break even target.

Notes to the Financial Statements (Cont'd)

Note 8 – Trading Operations (Cont'd)

The Trading Operations require to budget for estimated ISA19 pension expenditure. In 2015/16 the actual ISA19 pension charge resulted in an increase to expenditure within the services, creating a reduced surplus. This adjustment does not bring cash into or take cash from the trading operation, but is a technical adjustment required for accounting regulations. Trading operations are incorporated into the Comprehensive Income and Expenditure Statement.

Note 9 – Related Parties

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

Central and Scottish Government

The Council received £190.148m (2014/15 £189.191m) of revenue government grants and £11.613m (2014/15 £11.359m) of capital grants from the Scottish Government (with £2.051m due to the Council at the year end); £46.506m (2014/15 £44.014m) from the Department of Works and Pensions (with £1.354m owed by the Council at the year end); and other grants of £2.405m (2014/15 £1.889m) as shown in Note 11 Grant Income (with £0.208m due to the Council at the year end).

Strathclyde Pension Fund

The Council is an admitted body to the local government pension scheme and has made payments as shown in Note 14 Defined Benefit Pension Schemes. The balance owed to the pension fund at the year end was £2.972m.

Joint Boards

The Council is a member of the Joint Boards for Valuation, Strathclyde Partnership for Transport and West Dunbartonshire Health and Social Care Partnership. The Council's contributions are disclosed in the Group Accounts.

Voluntary Sector

The following voluntary organisations received over £0.050m in grant funding from West Dunbartonshire Council during 2015/16:

	£000
West Dunbartonshire Citizens Advice Bureau	369
Independent Resource Centre	110
Y-Sort It Youth Information Project	166
The Environment Trust	190
Dumbarton Women's Aid	75
Clydebank Women's Aid	75

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

Notes to the Financial Statements (Cont'd)

Note 9 – Related Parties (Cont'd)

Elected Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in the remuneration statement on pages 18 to 25. 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 2016, the Council has not had any material transactions for any body in which Members have an interest.

Senior Officers

Senior Officers require to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Should this situation arise, the senior officer does not take part in any discussion or decision in relation to that interest.

Note 10 – Agency Services

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

2014/15 Net Payment/ (receipt) £000	Organisation	Description	2015/16 Receipts £000	2015/16 Payment £000	(Debtor)/ Creditor at 31.03.16 £000
13,363	Scottish Water	Water and sewerage charges collected by Council and paid over	0	13,168	282
(74,996)	Scottish Government	Non Domestic Rates	77,214	0	(2,866)

Notes to the Financial Statements (Cont'd)

Note 11 – Grant Income

The Council credited the following grants and other contributions to Taxation and Non-specific Grant Income within the Comprehensive Income and Expenditure Statement in 2015/16.

31 March 2015	31 March 2016
£000	£000
189,191 Revenue Support Grant/ Non-Domestic Rates	190,148
880 Strathclyde Passenger Transport	642
8,174 General Services Capital Grant	9,466
130 Cycle/Walk/Safer Streets grant	137
140 Sustrans	66
850 Scottish Futures Trust	1,582
0 Sands Contribution to Dumbarton Cemetery	2
504 Energy Works	1,645
16 Mortgage to rent	33
0 Levensgrove	64
0 Keil School Planning	150
(40) Rural Development	0
138 Owner Occupier contributions/ roofing contributions	655
0 City Deal	220
0 Communities Fund	150
0 Balloch Charette	22
0 SFA	25
115 Heritage Lottery	71
2 Shopfront Improvements	0
55 Sports Scotland	250
2,600 New House Build	200
12 Information and Computer Technology Modernisation Fund	6
17 Electric Vehicle Charging Grant	9
105 Fine Art Conservation	0
50 Contribution Toward Footway Works, Garshake Road	0
36 Turnberry Homes	17
66 John Muir Trail	30
123 Overton Estate Restoration	0
286 Vale of Leven Workshops	614
15 Dumbarton Rock & Castle Design Charette	0
15 Clydebank Design Charette	0
0 Civic Heart	(353)
24 Insurance Receipts	35
<u>203,504</u>	<u>205,886</u>

Notes to the Financial Statements (Cont'd)

Note 11 – Grant Income (Cont'd)

The Council credited the following grants to Services within the Comprehensive Income and Expenditure Statement in 2015/16.

31 March 2015 £000	31 March 2016 £000
12 Food for thought	9
3 Food standards	3
25 Education Maintenance Allowance Admin	25
442 Education Maintenance Allowance	416
1 Private Water Supply	0
10 English for Speakers of Other Languages	0
2 Curriculum for excellence	0
24 School Milk	22
423 Private Sector Housing	368
199 Self directed support	44
0 Autism HSCP	17
0 SCSP Traffic	61
81 WRAP Project	0
69 Violence against woman	47
141 Waste Grant Debtors	50
15 Gaelic	33
0 Access to Education	90
5 Learning and Teaching	6
0 Scottish Attainment	779
102 Whole Systems Approach	72
88 Opportunities for all	86
10 Autism – Education	5
15 Workforce CPD	0
0 Town Centre	6
48 Business Gateway	51
0 Scottish Futures Trust	25
171 Youth Employment Grant	188
3 Vehicle Emission testing	2
1,889	2,405

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

31 March 2015 £000	31 March 2016 £000
24 Turnberry Homes	7
0 Glasgow Airpath Flightpath Fund	3
0 Wheatley Group - Balloch Library Upgrade	33
61 Heritage Lottery Fund – Dalmuir Park	0
32 Heritage Lottery Fund – Levensgrove Park	0
613 Vale of Leven Workshops	0
730	43

Notes to the Financial Statements (Cont'd)

Note 12 – Operating Leases

Council as Lessee

Finance Leases

The Council does not have any assets or liabilities under a finance lease.

Operating Leases

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

31 March 2015	31 March 2016
£000	£000
535 Not later than one year	706
2,433 Later than one year and not later than five years	2,750
4,850 Later than five years	4,569
7,818	8,025

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.600m (2014/15 - £0.487m).

The Council has acquired grounds maintenance vehicles by entering into operating leases. The future minimum lease payment due under non-cancellable leases in future years are:

31 March 2015	31 March 2016
£000	£000
60 Not later than one year	60
234 Later than one year and not later than five years	175
0 Later than five years	0
294	235

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.058m (2015/16 - £0.060m).

The Council has acquired a number of photocopiers and vending machines by entering into operating leases. The future minimum lease payment due under non-cancellable leases in future years are:

31 March 2015	31 March 2016
£000	£000
277 Not later than one year	214
432 Later than one year and not later than five years	393
406 Later than five years	338
1,115	945

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.213m (2014/15 - £0.187m).

Notes to the Financial Statements (Cont'd)

Council as Lessor

Finance Leases

The Council has not entered into any finance leases.

Operating Leases

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

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

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

31 March 2015	31 March 2016
£000	£000
3,425 Not later than one year	3,747
9,747 Later than one year and not later than five years	10,029
145,738 Later than five years	143,638
158,910	157,414

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2015/16 £2.743m contingent rents were receivable by the Council (2014/15 £2.839m).

Note 13 – Termination Benefits

The Council terminated the contracts of a number of employees in 2015/16, incurring liabilities of £1.785m (£0.222m in 2014/15). These terminations were made as part of the redesign of services within the Council under voluntary severance and early retirement. There will be ongoing annual costs incurred by the Council for those staff leaving under early retirement due to ongoing pension costs.

Note 14 – Defined Benefit Pension Schemes

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

The Council participates in the following pension schemes:

The Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The employer's contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2015/16 was 19.3%, and 2016/17 is set at 19.3%. In 2015/16, the Council paid an employer's contribution of £16.358m (2014/15 £15.368m).

Notes to the Financial Statements (Cont'd)

Note 14 – Defined Benefit Pension Schemes (Cont'd)

The Teachers' Pension Scheme (Scottish Teachers' Superannuation Scheme (STSS)) which is a defined benefit scheme administered by the Scottish Public Pension Agency. The scheme is technically a multi-employer defined benefit scheme and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of accounts, it is accounted for on the same basis as a defined contribution scheme.

The employer pays a set contribution rate of 17.2% which is effective from 1 September 2015, prior to this it was 14.9%. This is charged directly to the revenue account for the Education service. The amount paid over in respect of employer's contribution was £5.887m (2014/15 £5.461m) in respect of expenditure for teachers added years, £0.032m payments were made (2014/15 £0.001m).

The scheme is unfunded and all contributions (payable by members or employers) are paid to the Scottish Government, and the Scottish Government then meets the costs of all the benefits. A specific amount is held by the Scottish Government for this purpose. As a proportion of the total contributions into the Scottish Teachers Superannuation Scheme 2015/16, the Council's own contribution equates to 1.68%.

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

1) Local Government Pension Scheme

Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Council. In 2015/16 the capitalised costs that would have arisen from the early retiral of West Dunbartonshire Council employees and from predecessor authorities were as follows:

	£000
2015/2016	(4,978)
In earlier years	<u>59,772</u>
Total	<u>54,794</u>

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

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

Notes to the Financial Statements (Cont'd)

Note 14 – Defined Benefit Pension Schemes (Cont'd)

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

2014/15 £000	2015/16 £000
Net cost of services	
22,295 Current service cost	26,016
788 Past service cost	1,177
0 Curtailments and settlements	0
23,083	27,193
Financing and investment Income and Expenditure	
7,480 Net interest expense	7,059
Total post employment benefit charged to the	
30,563 Surplus or Deficit on the provision of Services	34,252
(37,350) Expected return on assets	3,533
19,906 Actuarial gains and losses arising from changes in demographic assumptions	0
79,420 Actuarial gains and losses arising from changes in financial assumptions	(72,050)
(29,290) Actuarial gains and losses arising from experience assumptions	(9,335)
Total post employment benefit charged to the	
63,249 comprehensive income and expenditure statement	(43,600)
Movement in Reserves Statement	
(30,563) Reversal of net charges made to surplus of deficit for post employment benefits	(34,252)
Actual amount charged against the General Fund balance in the year	
18,267 Employer contributions payable to Scheme	19,339

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

2014/15 £000	2015/16 £000
587,759 Fair value of plan assets	603,802
(744,666) Present value of defined benefit obligations	(702,748)
(156,907) Net assets in the Strathclyde Pension Fund	(98,946)
Present Value of Unfunded Liabilities	
(25,606) LGPS Unfunded	(23,643)
(24,752) Teachers' pensions	(22,770)
(9,414) Pre Local Government Reorganisation	(8,381)
(216,679) Net pension asset/(liability)	(153,740)

Notes to the Financial Statements (Cont'd)

Note 14 – Defined Benefit Pension Schemes (Cont'd)

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £153.740m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of £198.725m. However, the statutory arrangements for funding the deficit, means the financial position of the Council remains healthy.

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

The scheme assets have increased by £16.043m. This is due to asset returns being more favourable than anticipated.

The estimated liabilities have decreased by £46.896m due to financial assumptions as at 31 March 2016 being more favourable than they were at 31 March 2015, mainly due to the discount rate increasing to 3.5% (2014/15 3.2%).

1) Pension Assets and Liabilities

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

	%	Years
Active Members	59.90	23.3
Deferred Members	7.50	23
Pensioner Members	24.70	12.7
Pre-Local Government Re-organisation Members	7.90	10
	100	18.5

2) Pension Assets and Liabilities

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

2014/15 £000	2015/16 £000
696,712 Opening balance	804,438
22,295 Current service cost	26,016
30,099 Interest cost	25,879
4,747 Contributions by Members	4,839
19,906 Actuarial gains/losses – change in demographic assumptions	0
79,420 Actuarial gains/losses – change in financial assumptions	(72,050)
(29,290) Actuarial gains/losses – other experience	(9,335)
788 Past service costs/(gains)	1,177
(2,899) Estimated unfunded benefits paid	(2,981)
(17,340) Estimated benefits paid	(20,441)
804,438 Closing Balance as at 31 March	757,542

Notes to the Financial Statements (Cont'd)

Note 14 – Defined Benefit Pension Schemes (Cont'd)

2) Pension Assets and Liabilities (Cont'd)

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

2014/15 £000	2015/16 £000
525,015 Opening balance	587,759
37,350 Expected return on assets	(3,533)
22,619 Interest Income	18,820
4,747 Contributions by Members	4,839
15,368 Contributions by employer	16,358
2,899 Contributions in respect of unfunded benefits	2,981
(2,899) Estimated unfunded benefits paid	(2,981)
(17,340) Estimated benefit paid	(20,441)
<u>587,759</u> Closing Balance as at 31 March	<u>603,802</u>

WDC Share of the pension fund asset at 31 March 2016 comprised :

2014/15			Asset Category	2015/16		
Quoted prices in Active Markets £000	Prices not quoted in Active Market £000	Total £000		Quoted prices in Active Markets £000	Prices not quoted in Active Market £000	Total £000
215,470	444	215,914	Equity Securities	219,674	476	220,150
0	3	3	Debt Securities	0	1	1
0	57,193	57,193	Private Equity	0	58,733	58,733
0	53,699	53,699	Real Estate	0	64,865	64,865
6,405	239,924	246,329	Investment funds and unit trusts	5,459	233,642	239,101
180	0	180	Derivatives	146	0	146
0	14,441	14,441	Cash and Cash Equivalent	20,162	644	20,806
<u>222,055</u>	<u>365,704</u>	<u>587,759</u>	Totals	<u>245,441</u>	<u>358,361</u>	<u>603,802</u>

Asset and Liability Matching Strategy (ALM)

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

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

The actuarial valuation states that assets held on the valuation date were sufficient to cover 79.71% (2014/15 73.06%) of accrued liabilities at that date.

Notes to the Financial Statements (Cont'd)

Note 14 – Defined Benefit Pension Schemes (Cont'd)

2) Pension Assets and Liabilities (Cont'd)

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

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

31/03/2015	31/03/2016
Long term expected return on assets	
2.40% Pension increase rate	2.20%
4.30% Salary Increase rate	4.20%
3.20% Discount rate	3.50%
 <u>Mortality</u>	
Based on these assumptions, the average future life expectancies at the age of 65 are:	
22.1 Current pensioners –Men	22.1
23.6 Current pensioners -Women	23.6
24.8 Future pensioners –Men	24.8
26.2 Future pensioners -Women	26.2

The above excludes any Net Pension liability that the Council may have to contribute to in respect of the Joint Boards of 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 2016 assets are now held at bid value and the historic figures are at mid-market value.

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

Notes to the Financial Statements (Cont'd)

Note 14 – Defined Benefit Pension Schemes (Cont'd)

2) Pension Assets and Liabilities (Cont'd)

Sensitivity Analysis

In order to quantify the impact of a change in the financial assumptions used, the actuaries have calculated and compared the value of the scheme liabilities as at 31 March 2016 on varying bases. The approach taken is consistent with that adopted to derive at the IAS19 figures provided. To quantify the uncertainty around life expectancy, the actuaries have calculated the difference in cost to the employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

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

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

	Approximate % increase to Employer Liability	Approximate monetary Amount £000
Member life expectancy (1 year increase)	3%	22,726
Rate for discounting fund liabilities (0.5% decrease)	10%	77,657
Rate of pension increase (0.5% increase)	6%	48,637
Rate of increase in salaries (0.5% increase)	4%	27,441

The total contribution expected to be made to the Local Government pension scheme for 2016/17 is £15.691m.

Note 15 – External Audit Costs

In 2015/16 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:

2014/15 £000	2015/16 £000
277,024 Fees payable 2015/16	277,024

Note 16 – Amounts Reported for Resource Allocation Decisions

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

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation reserve and amortisations are charged to services in the comprehensive income and expenditure statement);

Notes to the Financial Statements (Cont'd)

Note 16 – Amounts Reported for Resource Allocation Decisions (Cont'd)

- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions) rather than current service cost of benefits accrued in the year; and
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The income and expenditure of the Council's principal directorates recorded in the budget reports for the year is as follows:

Notes to the Financial Statements (Cont'd)

Note 16 – Amounts Reported for Resource Allocation Decisions (Cont'd)

Directorate Income and Expenditure 2015/16

	Corporate Services £000	Educational Services £000	Social Work £000	Housing, Environment & Economic Development £000	Housing Revenue Account £000	Joint Boards £000	Miscellaneous £000	Total £000
Fees, charges & other service income	64,466	3,127	64,330	42,351	40,194	0	0	214,468
Government Grants	5	1,437	181	749	0	0	0	2,372
Total Income	64,471	4,564	64,511	43,100	40,194	0	0	216,840
Employee expenses	16,141	62,367	35,399	22,031	5,500	0	1,263	142,701
Property	117	12,872	1,559	6,828	13,351	0	13	34,740
Transport	112	2,144	1,422	3,519	106	0	2	7,305
Supplies and Administration	1,859	8,202	1,403	13,693	2,160	0	1,106	28,423
Payments to other bodies	2,501	9,217	36,845	16,271	367	0	3,796	68,997
Payments to clients	43,965	1,000	1,683	0	0	0	0	46,648
Requisitions	0	0	0	1,868	0	46,037	0	47,905
Support service recharges	2,588	3,309	2,781	3,805	2,047	0	3,885	18,415
Total Expenditure	67,283	99,111	81,092	68,015	23,531	46,037	10,065	395,134
Net Expenditure	2,812	94,547	16,581	24,915	(16,663)	46,037	10,065	178,294

Notes to the Financial Statements (Cont'd)

Note 16 – Amounts Reported for Resource Allocation Decisions (Cont'd)

Directorate Income and Expenditure 2014/15

	Corporate Services £000	Educational Services £000	Social Work £000	Housing, Environment & Economic Development £000	Housing Revenue Account £000	Joint Boards £000	Miscellaneous £000	Total £000
Fees, charges & other service income	66,720	3,861	17,272	49,148	37,853	0	613	175,467
Government Grants	18	624	369	864	0	0	0	1,875
Total Income	66,738	4,485	17,641	50,012	37,853	0	613	177,342
Employee expenses	16,876	63,048	34,726	21,855	5,029	0	1,746	143,280
Property	140	13,445	1,607	7,268	14,111	0	42	36,613
Transport	136	2,183	1,563	3,916	116	0	192	8,106
Supplies and Administration	1,869	7,954	1,516	14,240	2,063	0	689	28,331
Payments to other bodies	2,395	8,257	36,742	17,570	118	0	2,002	67,084
Payments to clients	46,840	941	1,363	0	0	0	0	49,144
Requisitions	0	0	0	1,869	0	718	0	2,587
Support service recharges	2,617	3,056	2,526	3,587	712	0	8,024	20,522
Total Expenditure	70,873	98,884	80,043	70,305	22,149	718	12,695	355,667
Net Expenditure	4,135	94,399	62,402	20,293	(15,704)	718	12,082	178,325

Notes to the Financial Statements (Cont'd)

Note 16 – Amounts Reported for Resource Allocation Decisions (Cont'd)

Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the comprehensive income and expenditure statement.

2014/15	2015/16
£000	£000
178,325 Net Expenditure in the service analysis	178,294
(2,189) Net expenditure of services and support services not in analysis	(2,727)
Amounts in the comprehensive income and expenditure statement	
<u>75,360 not reported in the analysis</u>	<u>48,480</u>
<u>251,496</u>	<u>224,047</u>

Notes to the Financial Statements (Cont'd)

Note 16 – Amounts Reported for Resource Allocation Decisions (Cont'd)

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the surplus or deficit on the provision of services included within the comprehensive income and expenditure statement.

	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not Reported to Management for Decision Making £000	Cost of Services £000	Corporate Amounts £000	Total £000
<u>Reconciliation to Subjective Analysis 2015/16</u>						
Fees, charges & other service income	214,468	39,467	0	253,935	0	253,935
Interest and Investment Income	0	0	0	0	203	203
Income from council tax	0	0	0	0	30,714	30,714
Government Grants	2,372	0	0	2,372	205,886	208,258
Total Income	216,840	39,467	0	256,307	236,803	493,110
Employee expenses	142,701	15,998	14,273	172,972	7,061	180,033
Property	34,739	513	0	35,252	0	35,252
Transport	7,305	1,643	0	8,948	0	8,948
Supplies and Administration	28,422	5,782	0	34,204	0	34,204
Payment to other bodies	68,998	553	0	69,551	0	69,551
Payment to Clients	46,648	0	0	46,648	0	46,648
Support Service Recharges	18,415	1,038	0	19,453	0	19,453
Depreciation, amortisation and impairment	0	11,213	34,207	45,420	0	45,420
Interest Payments	0	0	0	0	19,823	19,823
Requisitions	47,906	0	0	47,906	0	47,906
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	861	861
Total Expenditure	395,134	36,740	48,480	480,354	27,745	508,099
Surplus or Deficit on the Provision of Services	178,294	(2,727)	48,480	224,047	(209,058)	14,989

Notes to the Financial Statements (Cont'd)

Note 16 – Amounts Reported for Resource Allocation Decisions (Cont'd)

	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not Reported to Management for Decision Making £000	Cost of Services £000	Corporate Amounts £000	Total £000
<u>Reconciliation to Subjective Analysis 2014/15</u>						
Fees, charges & other service income	175,467	27,515	0	202,982	0	202,982
Interest and Investment Income	0	0	0	0	137	137
Income from council tax	0	0	0	0	30,431	30,431
Government Grants	1,875	0	0	1,875	203,504	205,379
Total Income	177,342	27,515	0	204,857	234,072	438,929
Employee expenses	143,280	15,773	12,625	171,678	7,480	179,158
Property	36,613	516	0	37,129	0	37,129
Transport	8,106	1,725	0	9,831	0	9,831
Supplies and Administration	28,331	5,522	0	33,853	0	33,853
Payment to other bodies	67,084	614	0	67,698	0	67,698
Payment to Clients	49,144	0	0	49,144	0	49,144
Support Service Recharges	20,522	1,012	0	21,534	0	21,534
Depreciation, amortisation and impairment	0	164	62,735	62,899	0	62,899
Interest Payments	0	0	0	0	19,497	19,497
Requisitions	2,587	0	0	2,587	0	2,587
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	(339)	(339)
Total Expenditure	355,667	25,326	75,360	456,353	26,638	482,991
Surplus or Deficit on the Provision of Services	178,325	(2,189)	75,360	251,496	(207,434)	44,062

Notes to the Financial Statements (Cont'd)

Note 17 – Property, Plant and Equipment

1) Movements in 2015/16

	Council dwellings £000	Other Land & buildings £000	Industrial Units £000	Vehicles & Plant £000	Infrastructure £000	Community £000	Surplus Assets £000	Assets Under Construction £000	Property Plant & Equipment £000
Cost/Valuation at 1 April 2015	496,345	354,762	48,318	45,498	87,542	65	6,827	14,731	1,054,088
Additions	20,890	6,389	1,886	2,144	8,602	398	142	28,011	68,462
Revaluations:									0
- To Revaluation Reserve	(2,662)	(701)	79	0	0	6	381	1,066	(1,831)
- To Net cost of Service	0	(15)	(1,620)	0	0	0	374	(317)	(1,578)
Disposals	(2,147)	(319)	0	0	0	(6)	0	0	(2,472)
Assets reclassified to/from Held for Sale	0	0	0	0	0	0	573	1,150	1,723
Other Movements	2,974	(505)	(10)	0	1,803	1,100	815	(7,812)	(1,635)
As at 31 March 2016	515,400	359,611	48,653	47,642	97,947	1,563	9,112	36,829	1,116,757
Depreciation/Impairment at 1 April 2015	(129,974)	(129,787)	(2,894)	(30,856)	(30,164)	0	(276)	(49)	(324,000)
Depreciation charge	(13,924)	(9,541)	(416)	(3,687)	(4,335)	0	(4)	0	(31,907)
Depreciation:									0
- To Revaluation Reserve	0	300	20	0	0	0	0	0	320
Impairments:									0
- To Revaluation Reserve	(311)	264	0	0	0	0	(23)	0	(70)
- To Net Cost of Service	0	(775)	(23)	0	0	0	0	0	(798)
Disposals	0	0	0	0	0	0	0	0	0
Other Movement	0	0	0	0	0	0	0	0	0
As At 31 March 2016	(144,209)	(139,539)	(3,313)	(34,543)	(34,499)	0	(303)	(49)	(356,455)
Net Book Value at 31 March 2015	366,371	224,975	45,424	14,642	57,378	65	6,551	14,682	730,088
Net Book Value at 31 March 2016	371,191	220,072	45,340	13,099	63,448	1,563	8,809	36,780	760,302

Notes to the Financial Statements (Cont'd)

Note 17 – Property, Plant and Equipment (Cont'd)

2) Movements in 2014/15

	Council dwellings £000	Other Land & buildings £000	Industrial Units £000	Vehicles & Plant £000	Infrastructure £000	Community £000	Surplus Assets £000	Assets Under Construction £000	Property Plant & Equipment £000
Cost/Valuation at 1 April 2014	468,300	344,310	47,974	39,654	77,248	65	11,942	5,882	995,375
Additions	32,840	7,096	88	5,844	7,962	0	0	9,852	63,682
Revaluations:									
- To Revaluation Reserve	(3,468)	4,919	256	0	0	0	(277)	(858)	572
- To Net cost of Service	0	123	0	0	0	0	(1,219)	0	(1,096)
Disposals	(1,110)	(117)	0	0	0	0	(7)	0	(1,234)
Assets reclassified to/from Held for Sale	0	(268)	0	0	0	0	(1,885)	0	(2,153)
Other Movements	(217)	(1,301)	0	0	2,332	0	(1,727)	(145)	(1,058)
As at 31 March 2015	496,345	354,762	48,318	45,498	87,542	65	6,827	14,731	1,054,088
Depreciation/Impairment at 1 April 2014	(112,166)	(81,006)	(2,519)	(27,896)	(26,353)	0	(1,229)	(49)	(251,218)
Depreciation charge	(12,937)	(10,439)	(405)	(2,960)	(3,811)	0	(2)	0	(30,554)
Depreciation:	0	5,949	30	0	0	0	(1)	0	5,978
- To Revaluation Reserve									
Impairments:									
- To Revaluation Reserve	(4,871)	(14,774)	0	0	0	0	0	0	(19,645)
- To Net Cost of Service	0	(29,517)	0	0	0	0	(45)	0	(29,562)
Disposals	0	0	0	0	0	0	(23)	0	(23)
Other Movement	0	0	0	0	0	0	1,024	0	1,024
As At 31 March 2015	(129,974)	(129,787)	(2,894)	(30,856)	(30,164)	0	(276)	(49)	(324,000)
Net Book Value at 31 March 2014	356,134	263,304	45,455	11,758	50,895	65	10,713	5,833	744,157
Net Book Value at 31 March 2015	366,371	224,975	45,424	14,642	57,378	65	6,551	14,682	730,088

Notes to the Financial Statements (Cont'd)

Note 17 – Property, Plant and Equipment (Cont'd)

3) Capital Commitments

As at 31 March 2016, the Council has commitments on capital contracts for the construction or enhancement of property, plant and equipment for non housing and housing projects in 2015/16 budgeted to cost £48.588m (2014/15 £97.471m) and £1.771m (2014/15 £7.492m) respectively. The main commitments are:

General Services	£000
Knowleburn Flood Prevention Scheme	54
Our Lady and St. Patrick's High School - new build	550
Bellsmyre co-location project	3,871
Kilpatrick High School – new build	6,544
New Clydebank Leisure Centre	15,886
ICT Modernisation and Infrastructure	300
Local Economic Development	430
Queens Quay Development	1,813
Building Upgrade Works	2,510
Vale of Leven Industrial Estate Workshops	25
Replacement of Elderly Care Homes and Day Care Centres	13,626
Municipal Building - Refurbishment Works	1,400
Energy Efficient Street Lighting Apparatus	500
Clydebank Crematorium	111
HRA	
Low Rise Overcladding	1,300
New Council House Build Programme	56
High Rise Upgrades	96
Demolitions	263

4) Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is re-valued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Notes to the Financial Statements (Cont'd)

Note 17 – Property, Plant and Equipment (Cont'd)

5) PPP Assets Included in Property, Plant and Equipment

2014/15 £000	2015/16 £000
Cost or Valuation	
87,563 At 1 April 2015	87,563
<u>Revaluations</u>	
0 To Revaluation Reserve	0
0 Additions	0
87,563 At 31 March 2016	87,563
 Accumulated Depreciation and Impairment	
(4,501) At 1 April 2015	(8,092)
(3,591) Depreciation Charge	(3,591)
<u>Depreciation written out</u>	
0 To revaluation reserve	0
0 Impairment losses/(reversals) recognised	0
(8,092) At 31 March 2016	(11,683)
83,062 Opening Net Book value	79,471
79,471 Closing Net Book value	75,880

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

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

Note 18 – Intangible Assets

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

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.008m charged to revenue in 2015/16 was charged to both Educational Services and Information Services. The charge to Information Services is then absorbed as an overhead across all the service headings in the Net Cost of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

Notes to the Financial Statements (Cont'd)

Note 18 – Intangible Assets (cont'd)

2014/15 £000		2015/16 £000
	Balance at 1 April 2015:	
346	Gross carrying amount	346
(286)	Accumulated amortisation	(293)
<u>60</u>	Net carrying amount at start of year	<u>53</u>
	Additions:	
(7)	Amortisation for period	(8)
<u>53</u>	Net carrying amount at 31 March 2016	<u>45</u>
	Comprising:	
346	Gross Carrying amounts	346
(293)	Accumulated amortisation	(301)
<u>53</u>		<u>45</u>

Note 19 – Assets Held for Sale

2014/15 £000		2015/16 £000
1,285	Balance at 1 April 2015	2,541
0	Assets newly classified as held for sale	0
2,183	Property, Plant and Equipment	15
(937)	Revaluation Losses	(390)
40	Revaluation Gains	263
	Assets declassified as held for sale*:-	
(30)	Property, Plant and Equipment	(1,776)
<u>2,541</u>	As at 31 March 2016	<u>653</u>

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

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

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

Note 20 - Heritage Assets

2014/15 £000		2015/16 £000
1,180	Balance at 1 April 2015	1,370
160	Additions	36
0	Disposals	0
30	Assets Newly Classified as Heritage Assets	0
<u>1,370</u>	Balance at 31 March 2016	<u>1,406</u>

Notes to the Financial Statements (Cont'd)

Note 21 – Capital Expenditure and Capital Financing

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

31-Mar-15	31-Mar-16
£000	£000
346,168 Opening Capital Financing Requirement	377,806
Capital Investment	
63,842 Property, Plant and Equipment	68,511
63,842	68,511
Less Sources of Finance	
1,574 Receipts from sale of assets	2,814
14,195 Government Grants and other Contributions	15,675
3,849 Revenue Contributions	2,981
12,586 Loan Fund Principal Repayments	12,398
32,204	33,868
377,806 Closing Capital Financing Requirement	412,449
0 Increase in Underlying Need to Borrow (Supported)	0
31,638 Increase in Underlying Need to Borrow (Unsupported)	34,643
31,638 Movement in Capital Financing Requirement	34,643

Note 22 – Impairment Losses

During 2015/16, the Council has recognised impairment losses of £3.704m (2014/15 £32.399m) relating to non value adding enhancement of various assets. These impairment losses have been charged as appropriate within the Comprehensive Income and Expenditure Statement and the Revaluation Reserve.

Note 23 – Private Finance Initiatives and Similar Contracts

Schools PPP Scheme

2015/16 was the seventh year of a thirty year public private partnership for provision of three secondary schools and one primary school in Clydebank and Alexandria.

The Council has rights to use the schools for core educational purposes between the hours of 7am and 6pm during term time and 8.30am and 4pm during holiday periods. In addition school facilities are available on request for Community/Other Educational Use at specified times outwith the above. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards.

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

Notes to the Financial Statements (Cont'd)

Note 23 – Private Finance Initiatives and Similar Contracts (Cont'd)

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

Property, Plant and Equipment

The school buildings are recognised on the Council's balance sheet within property, plant and equipment balance. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in note 17.

Payments

The Council makes an agreed payment each year (which is increased each year by inflation) with deductions from the fee payable being made if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PPP contract at 31 March 2016 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Repayment of Liability £000	Interest Charges £000	Operating Costs £000	Lifecycle Replacement £000	Total Unitary Payment £000
Less than 1 year	1,657	6,425	2,305	353	10,740
2-5 years	7,263	24,470	9,853	2,733	44,319
6-10 years	12,879	26,937	13,756	5,015	58,587
11-15 years	17,252	21,165	15,563	8,363	62,343
16-20 years	25,637	13,798	17,609	9,294	66,338
21-25 years	21,608	3,199	12,894	7,677	45,378
26-30 years	0	0	0	0	0
PPP Contractual Liability as at 31.03.16	86,296	95,994	71,980	33,435	287,705

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

2014/15 £000	2015/16 £000
89,753 Opening Balance	88,091
(1,662) Repayments	(1,795)
88,091 Closing Balance	86,296

Note 24 – Inventories

Consumable Stores 2014/15 £000	WIP 2014/15 £000	Total 2014/15 £000		Consumable Stores 2015/16 £000	WIP 2015/16 £000	Total 2015/16 £000
990	355	1,345	Balance outstanding at 01/04/15	824	113	937
124	0	124	Purchases	149	0	149
(290)	(242)	(532)	Recognised as an expense in the year	(107)	(57)	(164)
824	113	937	Balance outstanding at 31/03/16	866	56	922

Notes to the Financial Statements (Cont'd)

Note 25 – Debtors

2014/15 £000	2014/15 £000		2015/16 £000	2015/16 £000
		Central government bodies		
257		Grant Income	0	
2,132		VAT Recoverable	4,001	
<u>2,942</u>	5,331	Other Debtors	<u>2,232</u>	6,233
		448 Other local authorities		44
		956 NHS Bodies		36
		103 Public Corporations and trading funds		433
		Other Entities and individuals		
12,103		Arrears of local taxation	10,031	
<u>16,307</u>	<u>28,410</u>	Other Debtors	<u>18,636</u>	<u>28,667</u>
	35,248			35,413

Note 26 – Net Cash Outflows from Operating, Financing and Investing Activities

2014/15 £000	2015/16 £000
44,062 Net deficit on the Provision of Services	14,989
Adjustments to net deficit on the provision of services for non-cash movements	
(62,835) Depreciation, amortisation and impairment	(34,303)
339 Net gain on fixed assets	(861)
(12,586) Movement in pension liabilities	(14,913)
(408) Movement in inventories	(15)
1,442 Movement in debtors	2,383
(5,270) Movement in creditors and provisions	(727)
8,464 Other non-cash movements	(24)
<u>(70,854)</u>	<u>(48,460)</u>
Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities	
170 Financing movements	21
<u>14,313</u> Investing movements	<u>15,738</u>
14,483	15,759
<u>(12,309)</u> Net cash flow from Operating Activities	<u>(17,712)</u>
52,232 Purchase of property, plant and equipment and intangible assets	69,727
(1,574) Proceeds from sale of property, plant and equipment and intangible assets	(2,814)
<u>(13,666)</u> Other receipts from investing activities	<u>(18,139)</u>
36,992 Net cash outflows from investing activities	48,774
(103,099) Cash receipts of short-term and long-term borrowing	(95,120)
1,662 Repayment of PPP liabilities	1,795
<u>70,123</u> Repayment of short-term and long-term borrowing	<u>63,029</u>
(31,314) Net cash inflows from financing activities	(30,296)

Notes to the Financial Statements (Cont'd)

Note 27 – Net Cash and Cash Equivalents

Cash and Cash Equivalents	31-Mar-15 £000	Movement £000	31-Mar-16 £000
Bank Current Account	(4,241)	3,403	(838)
Short term deposits with UK banks	12,576	(4,169)	8,407
Total Cash and Cash equivalents	8,335	(766)	7,569

Note 28 – Financial Instruments

1) Types of Financial Instrument

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

	Long-term		Current	
	31-Mar-15 £000	31-Mar-16 £000	31-Mar-15 £000	31-Mar-16 £000
Debtors and Cash Equivalents				
Loans and receivables	77	58	37,334	37,739
Borrowing				
Financial liabilities at amortised cost	228,086	241,009	71,983	89,855
Other long term liabilities				
PPP and finance leases	86,594	84,640	1,497	1,657
Creditors				
Financial liabilities at contract amount	0	0	35,531	36,642

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

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

The Council has considered the Code requirements for accounting for financial instruments and the following events have not taken place in 2015/16:

- 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 2015/16;
- breaches of long term loan agreements resulting in the liability being classed as current; or
- offsetting of financial assets and liabilities where a legally enforceable right exists and intent to settle is on net basis.

Notes to the Financial Statements (Cont'd)

Note 28 – Financial Instruments (Cont'd)

1) Types of Financial Instrument

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

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

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

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

Financial Liabilities

- PWLB Loans (Level 2) - For loans from the PWLB premature repayment rates from the PWLB in force on 31 March 2016 have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value).
- Non-PWLB loans (Level 2) - For non-PWLB loans payable, the fair value of market loans are calculated using estimated interest rates of 1.93% which is the average discount rate applied to market loans for calculation of premature repayment. The fair value of local Council loans are calculated using estimated interest rates of 0.30% which is the average discount rate applied to local Council loans for calculation of premature repayment. Discount rates have been applied to provide the fair value under PWLB debt redemption procedures.
- PFI/Finance leases (Level 3) – These are not the liability of the Council as the debt is held by the PFI/lease provider. Fair value have been calculated at level 3 on a simple proxy basis. The same NPV methodology has been applied as for PWLB and non-PWLB debt.

Financial Assets

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

Policy Type Assets

- Long term debtors – Level 2.

Creditors

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

Transfers between Levels of the Fair Value Hierarchy

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

Changes in the Valuation Technique

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

31-Mar-15		31-Mar-16	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
£000	£000	£000	£000
Debtors and Cash Equivalents			
31,105	31,105	37,797	37,797
Loans and Receivables			

Notes to the Financial Statements (Cont'd)

Note 28 – Financial Instruments (Cont'd)

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

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

31-Mar-15		31-Mar-16	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
£000	£000	£000	£000
Borrowing			
300,069	376,133	330,864	443,633
Other Long Term Liabilities			
88,091	121,222	86,297	121,939
Creditors			
35,531	35,531	36,642	36,642

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

The increase in the fair value as at 31 March 2016 compared to 2015 is due to the volatility in the market which has affected the shape of the yield with downward pressure on rates which has had an effect on the cost of prematurely repaying debt.

3) Gains and Losses on Financial Instruments

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

	31-Mar-15			31-Mar-16		
	Financial Assets: Loans & receivables	Financial Liabilities: amortised cost	Total	Financial Assets: Loans & receivables	Financial Liabilities: amortised cost	Total
	£000	£000	£000	£000	£000	£000
Interest (investment)	137	0	137	202	0	202
Interest payable and similar charges						
Interest/expense*	0	(19,496)	(19,496)	0	(19,750)	(19,750)
Loss on de-recognition	0	(6)	(6)	0	(50)	(50)
Net (Gain)/loss in year	0	(19,502)	(19,502)	0	(19,800)	(19,800)

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

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

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

Notes to the Financial Statements (Cont'd)

Note 28 – Financial Instruments (Cont'd)

4) Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government (Scotland) Act 2003 and the associated regulations. During 2015/16 these required the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and the Local Government Investments (Scotland) Regulations 2010. Overall these procedures require the Council to manage risk in the following ways:

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

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

The 2015/16 annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 4 February 2015 and is available on the Council website. The key issues within the strategy were:

- the authorised limit for 2015/16 was set at £524.551m. This is the maximum limit of external borrowing;
- the operational boundary was expected to be £480.839m This is the expected level of debt during the year;
- the maximum amounts of fixed and variable interest rate exposure were set at 100% and 50% based on the Council's net debt; and
- the maximum exposures to the maturity structure of debt is detailed with refinancing and maturity risk.

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

Notes to the Financial Statements (Cont'd)

Note 28 – Financial Instruments (Cont'd)

4) 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 pre approved UK banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The Council's maximum exposure to credit risk in relation to investments in banks and building societies of £11.440m cannot be assessed on a general basis as the risk of any institution failing to make interest payments or repay principle sums is specific to each individual institution, however, recent experience has shown that the institutions invested in at the year end are unlikely to default on their commitments. A risk of irrecoverability applies to all of the Council's deposits but there was no evidence at 31 March 2016 that this was likely to happen.

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

	Amount at 31.03.16 £000	Historical experience of non- payment adjusted for market conditions at 31.03.16 %	Estimated maximum exposure to default and uncollectibility £000
Customers and other income	26,996	7	1,556

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

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

The Council does not generally allow credit for customers, such that £9.021m is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months	1,782
Three to six months	333
Six months to one year	1,300
More than one year	<u>5,606</u>
	<u>9,021</u>

Provisions are made in accordance with Code Guidance, whereby a judgement is made regarding the probability of collection for each category of debt. This judgement is based upon the past experience of collecting each category of debt to calculate the appropriate percentage of each debt that may not be eventually recovered.

Notes to the Financial Statements (Cont'd)

Note 28 – Financial Instruments (Cont'd)

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

Credit Risk (Cont'd)

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

Liquidity risk

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

The Council has ready access to borrowing from the Money Markets to cover any day to day cash flow need if required. The Council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures that sufficient funds are raised to cover annual expenditure. There is, therefore, no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

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

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

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

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

Notes to the Financial Statements (Cont'd)

Note 28 – Financial Instruments (Cont'd)

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

Refinancing and Maturity Risk (Cont'd)

The maturity analysis of financial liabilities is as follows:

	Creditors	PPP	Borrowing	Total
	£000	£000	£000	£000
Less than one year	36,642	1,657	89,855	128,154
Between one and two years	0	1,649	27,931	29,580
Between two and five years	0	5,614	52,498	58,112
More than five years	0	77,377	160,580	237,957
	36,642	86,297	330,864	453,803

Market risk

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

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

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

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

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

	£000	%
Fixed Interest Debt	326,076	98.5
Variable Interest Debt	4,788	1.5
	330,864	

Notes to the Financial Statements (Cont'd)

Note 28 – Financial Instruments (Cont'd)

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

Market risk (Cont'd)

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 2016, with all other variables held constant:

	£000
Impact on tax payers and rent payers	
Increase on interest payable on variable debt borrowings	5
Increase in interest receivable on variable rate investments	211
Increase in government grant receivable for 'loan charges'	(53)
Impact on Income and Expenditure Account	<u>163</u>
Share of overall impact due credited to the HRA	<u>(87)</u>
Other accounting presentational changes	
Decrease in fair value of fixed rate investments:	0
Decrease in fair value of fixed rate debt borrowings (disclosure confined to notes to the core financial statements)	(65,053)

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

Foreign Exchange Risk

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

Note 29 – Creditors

2014/15	2015/16
£000	£000
4,060 Central government bodies	5,049
4,274 Other local authorities	8,889
587 NHS Bodies	158
56 Public Corporations and trading funds	145
29,291 Other Entities and individuals	<u>22,401</u>
38,268	36,642

Note 30 – Provisions

	Equal Pay	Trawl	Total
	£000	£000	£000
Opening Provision	2,243	1,264	3,507
Contributions	0	2,778	2,778
Used in year	0	(1,642)	(1,642)
Closing Position	<u>2,243</u>	<u>2,400</u>	<u>4,643</u>

Notes to the Financial Statements (Cont'd)

Note 30 – 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 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 2016/17.

Note 31 – 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 £11.203m on 31 March 2016, of which £6.515m is earmarked for ringfenced purposes, leaving an unearmarked balance of £4.688m.

The main earmarked income held for future specific purposes:

	£000
Welfare Reform	179
Business Gateway	458
Private Sector Housing Grants	300
Budget Setting 2016/17 - 2017/18	1,979
Transformational projects	1,494
Education Development	166
Strategic Regeneration Fund	382
Jobs Growth	823
Other Committed Spend	734
	<u>6,515</u>

- (2) The HRA balance is currently £6.217m as at 31 March 2016, of which £5.362m is earmarked for ring fenced purposes, leaving an unearmarked balance of £0.855m.

The earmarked balance held for future specific purposes is:-

	£000
Regeneration of the stock	4,331
Welfare Reform	500
WDTRO projects	459
Close Upgrades	72
	<u>5,362</u>

Notes to the Financial Statements (Cont'd)

Note 32 – Usable Reserves

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

31-Mar-15	31-Mar-16
£000	£000
9,623 General Services	11,203
4,570 Housing Revenue Account	6,217
0 Capital Receipts Reserve	0
421 Capital Grants Unapplied	484
4,012 Capital Reserve	3,824
433 Other Reserves	527
19,059 Total Usable Reserves	22,255

General Fund Revenue Reserve

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

Housing Revenue Account Revenue Reserve

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

Capital Receipts Reserves

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

Capital Grant Unapplied Reserve

Grants and other contributions given to the Council are retained within this Reserve until all conditions agreed by the grant provider are satisfied.

Capital Items Replacement Fund (Other)

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

Capital Reserve

This reserve holds funds which are retained for the funding of the Public Private Partnership (PPP) unitary charge on a specific annual phased amount.

Notes to the Financial Statements (Cont'd)

Note 33 – Unusable Reserves

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

31-Mar-15	31-Mar-16
£000	£000
223,691 Capital Adjustment Account	227,034
132,632 Revaluation Reserve	122,980
(216,679) Pension Reserve	(153,740)
(3,836) Employee Statutory Adjustment Account	(3,002)
(16,985) Financial Instruments Adjustment Account	(16,099)
<u>118,823 Total Unusable Reserves</u>	<u>177,173</u>

Capital Adjustment Account

The capital adjustment account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings to the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

2014/2015	2015/2016
£000	£000
248,177 Opening Balance	223,691
(23,065) Depreciation	(24,284)
(32,406) Impairment	(5,101)
123 Deficit/Surplus on Revaluations	2,229
(82) Write off Revaluation Reserve Balance re Disposals	323
(1,235) Disposal of Fixed Assets	(3,675)
14,196 Government Grants Applied	15,675
3,849 Capital Financed by Current Revenue	2,981
12,560 Long Term Debt Payment	12,381
1,574 Capital Receipts Applied	2,814
<u>223,691 Closing Balance</u>	<u>227,034</u>

Notes to the Financial Statements (Cont'd)

Note 33 – Unusable Reserves (Cont'd)

Revaluation Reserve

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

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

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

2014/2015 £000	2015/2016 £000
152,438 Opening Balance	132,632
11,710 Unrealised Gains on Revaluation of Assets	2,306
(24,104) Impairments and Losses on Revaluation of Assets	(4,003)
82 Write off Revaluation Reserve Balance re Disposals	(323)
(7,494) Depreciation due to Revaluation of Assets	(7,632)
<u>132,632 Closing Balance</u>	<u>122,980</u>

Pension Reserve

The pension reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the comprehensive income and expenditure as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements requires benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/2015 £000	2015/2016 £000
(171,697) Opening Balance	(216,679)
(32,686) Actuarial (Loss)/Gain	77,852
18,267 Employer Contributions	19,339
(30,563) Reversal of IAS19 Entries	(34,252)
<u>(216,679) Closing Balance</u>	<u>(153,740)</u>

Notes to the Financial Statements (Cont'd)

Note 33 – Unusable Reserves (Cont'd)

Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from this account.

2014/2015 £000	2015/2016 £000
(3,545) Opening Balance	(3,836)
(291) Staff Accrual Movement	834
<u>(3,836) Closing Balance</u>	<u>(3,002)</u>

Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the comprehensive income and expenditure statement when they are incurred, but reversed out of the general fund balance to the account in the movement in reserves statement. Over time, the expense is posted back to the general fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account as at 31 March 2016 will be charged to the General Fund over the next forty-four years.

2014/2015 £000	2015/2016 £000
(17,810) Opening Balance	(16,985)
836 Annual Write off of Premiums and Discounts	836
(11) Annual EIR Adjustment to Stepped Interest Instruments	50
<u>(16,985) Closing Balance</u>	<u>(16,099)</u>

Note 34 – 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.

The Council has a potential contingent liability relating to paid holiday entitlement. UK employers are bound by employment law in relation to what constitutes the definition of paid holiday entitlement. Case law has clarified that all pay elements intrinsically linked to the performance of a contract of employment should be included in the calculation of holiday pay, including overtime payments. The Council has made a payment in relation to 2015/16 and has made provision for ongoing costs within the recently approved updated long term finance strategy, however, there is potential for retrospective liability. At present the legal position remains subject to challenge and there is no clarity as regard to any potential claim by employees for any retrospective payments. As a result, whilst recognising there may be such a requirement, it is not possible to quantify such.

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

Notes to the Financial Statements (Cont'd)

Note 35 – Financial Guarantee

In terms of West Dunbartonshire Leisure Trust's admission to the Strathclyde Pension Scheme, the Council has guaranteed to accept liability for any unfunded pension costs should they cease to exist, withdraw from the Scheme or become unable to meet any unfunded liability. The Council has not quantified the possible liability.

Movement on the Housing Revenue Account Statement

This statement shows the movement in the year on the housing revenue account reserve. The surplus or (deficit) on the housing revenue account income and expenditure statement is reconciled to the surplus or deficit for the year on the housing revenue account balance, calculated in accordance with the Housing (Scotland) Act 1987.

2014/15 £000	2015/16 £000
(3,647) Balance on the Housing Revenue Account at the End of the Previous Year	(4,570)
1,108 (Surplus) or Deficit on provision of services	2,113
0 Other Comprehensive Income and Expenditure	0
1,108 Total Comprehensive Income and Expenditure	2,113
Adjustments between accounting basis & funding basis under regulations	
0 Reversal of Impairment	0
(13,016) Depreciation and Impairment of non-current assets	(13,973)
3,258 Capital grants and contributions credited to Income and Expenditure	2,534
122 Net gain or loss on sale of non-current assets	(30)
1,969 CFCR	2,434
(7) EIR adjustments	12
(290) Pension scheme adjustments	(379)
5,911 Statutory Repayment of Debt (Loans Fund Advances)	5,623
22 Net transfer to/from earmarked reserves	19
(2,031) Total Statutory Adjustments 2015/16	(3,760)
0 Transfers to/from Other Statutory Reserves	0
(923) (Increase)/Decrease in Year	(1,647)
(4,570) Balance on the Housing Revenue Account at the end of the Current Year	(6,217)

Housing Revenue Account Income and Expenditure Statement

The HRA income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. The Council charges rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2014/15 £000		2015/16 £000
	Income	
(35,412)	Dwelling Rents (net of voids)	(37,713)
(207)	Other Rents	(280)
(2,234)	Other Income	(2,125)
<u>(37,853)</u>		<u>(40,118)</u>
	Expenditure	
11,804	Repairs and Maintenance	12,386
8,307	Supervision and Management	8,970
13,017	Depreciation and Impairment	13,973
868	Bad/Doubtful Debts	1,113
1,144	Other Expenditure	984
<u>35,140</u>		<u>37,426</u>
	Net Cost of Service as Included in the Council Comprehensive Income and Expenditure Statement	
<u>(2,713)</u>		<u>(2,692)</u>
25	HRA Share of Corporate and Democratic Core	25
<u>(2,688)</u>	Net Cost of HRA Services	<u>(2,667)</u>
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement	
(3,258)	Recognised Capital Income (Grants, Contributions and Donations)	(2,534)
(122)	Gain or Loss on the Sale of HRA Non Current Assets	30
6,758	Interest Payable and Similar Charges	6,914
480	Amortisation of Premiums and Discounts	463
(62)	HRA Interest and Investment Income	(93)
<u>3,796</u>		<u>4,780</u>
<u>1,108</u>	(Surplus)/Deficit for the year on HRA Services	<u>2,113</u>

Notes to the Housing Revenue Account Income and Expenditure Statement

Note 1 - The number and types of dwellings in the Council's stock

The Council was responsible for managing 10,748 dwellings during 2015/16 (10,803 in 2014/15). The following shows an analysis of these dwellings by type.

Number at 31.03.15	2014/15		Number at 31.03.16	2015/16	
	Average weekly rent £	Type of Dwelling		Average weekly rent £	
2,739	64.16	Two-apartment	2,736	69.01	
4,936	63.95	Three-apartment	4,922	71.08	
2,788	69.76	Four-apartment	2,758	75.40	
333	74.27	Five-apartment	325	80.38	
2	78.06	Six-apartment	2	83.46	
1	71.09	Seven-apartment	1	76.01	
3	72.53	Eight-apartment	3	77.56	
1	78.06	Nine-apartment	1	83.46	
10,803		Total	10,748		

Note 2 – Dwelling Rents

This is the total rental income less voids chargeable for the year of £1.293m (£1.431m in 2014/15). It excludes irrecoverables and bad debts. Average rents were £70.51 per week in 2015/16 (£65.94 per week in 2014/15).

Note 3 –Other Rents

This is the total income received from travelling person site rentals, lock-ups and shops less voids chargeable for the year, but excludes irrecoverables and bad debts. Lost rents from lock-ups in 2015/16 were £0.080m (£0.090m in 2014/15).

Note 4 - Rent arrears

As at 31 March 2016, total rent arrears amounted to £3.261m (£3.346m 31 March 2015). This is 8.59% of the total value of rents due at 31 March 2016. It should be noted that the total arrears do not all relate to 2015/16 and the year on year movement in value of arrears is a reduction of £0.085m.

Note 5 - Provision for Bad Debts

In the financial year 2015/16, the rental bad debt provision has been decreased by £0.077m (£0.435m increase of 2014/15). The provision to cover loss of rental income stands at £2.176m as at 31 March 2016 – equivalent of 66.73% (67.33% 2014/15) of the total value of rents due at that date.

Council Tax Account

Council Taxpayers: £30.714m (2014/15 £30.431m)

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under Statute. 2015/16 represents the third year of operation of the Council Tax Reduction Scheme in Scotland. The Council Tax Reduction Scheme represents a new discount introduced across Scotland following the abolition of Council Tax Benefits as part of the UK government's welfare reform programme. The resultant total net income within the Council Tax Account is transferred to the Comprehensive Income and Expenditure Statement.

2014/15 £000		2015/16 £000
46,203	Gross council tax	46,613
	Less:	
(9,391)	Council Tax Reduction Scheme Discount*	(8,907)
(5,459)	Other discounts and reductions	(5,685)
(846)	Provision for bad and doubtful debts	(867)
(76)	Adjustments for prior years	(440)
30,431	Transfer to General Fund	30,714

The calculation of the council tax base

Band	No of Dwellings	No of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	CTRS Discount	Total Dwellings	Ratio to Band D	Band D Equivalent
A(Disabled)	0	0	0	15	0	17	38	5/9	21
Band A	8,010	330	30	4,618	242	3,731	9,368	2/3	6,245
Band B	16,910	551	69	7,458	266	6,053	19,034	7/9	14,804
Band C	7,485	141	58	2,736	67	1,975	8,120	8/9	7,218
Band D	5,824	80	45	1,661	59	706	5,836	1	5,836
Band E	4,383	36	61	817	39	228	4,241	1 2/9	5,183
Band F	1,634	15	19	220	20	57	1,586	1 4/9	2,291
Band G	744	5	12	83	3	24	722	1 2/3	1,203
Band H	66	0	1	3	9	2	60	2	120
Total									42,921
Provision for bad debt									(746)
Council Tax Base									42,175

The nature and actual amount of each charge fixed

Gross Charges	2014/15 £ per year	2015/16 £ per year
Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor. The council tax charge is calculated using the council tax base i.e. band D equivalents. This charge is then decreased/increased dependent on the band. The band D charge for 2015/16 was £1,163.		
	775 Band A	775
	905 Band B	905
	1,034 Band C	1,034
	1,163 Band D	1,163
	1,421 Band E	1,421
	1,680 Band F	1,680
	1,938 Band G	1,938
	2,326 Band H	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.

*Council Tax Benefit has been replaced by Revenue Support Grant received from the Scottish Government. The result of which has been to reduce the Council Tax Income due by use of a Council Tax Discount Mechanism.

Non Domestic Rates Account

Non-Domestic Rates Income £84.053m (2014/15 £78.548m)

The Non Domestic Rate Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non Domestic Rates account. The statement shows the gross income from the rates and deductions made under Statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

Non-Domestic Rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. West Dunbartonshire Council received £84.053m (2014/15 £78.548m) from the national pool. West Dunbartonshire Council's allocation from the pool now reflects the Council's duty to collect Scottish Gas utilities on behalf of all Scottish Councils. The Council's Revenue Support Grant has been adjusted to compensate for this change. In 2012/13 the Scottish Government introduced Business Rates Incentivisation Scheme (BRIS), to incentivise Councils to grow their potential business rates tax base and as a result increase rates income, a proportion of which is to be retained by Councils. Following a review of the original BRIS by a joint Scottish Government/COSLA Review Group the original scheme was suspended and a revised scheme was introduced in 2014/15. The amount of revised BRIS local targets will be linked only to the buoyancy element of the total estimated NDRI for any one year. This ensures that each Council will have the ability to influence their own local tax base. Local targets for 2015/16 were 1.2% and indications suggest the Council is not due any additional income for the year. Local provisional targets for 2016/17 are 0.9%.

The amount deemed to be collected locally was £76.871m (2014/15 £75.265m). The sum actually collected locally and contributed to the pool was £76.215m (2014/15 £74.978m), made up as follows:

2014/15 £000		2015/16 £000
83,550	Gross rates levied	84,959
	Less:	
(7,194)	Reliefs and other deductions	(7,601)
(835)	Provision for bad and doubtful debts	(850)
75,521	Net non-domestic rate income	76,508
(543)	Adjustments for prior years	(293)
74,978	Total Non Domestic Rate Income (before retention)	76,215
0	Non Domestic Rate Income Retained by the Council (BRIS)	0
74,978	Contribution to National Non Domestic Rate Pool	76,215

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

Analysis of rateable Values:	£	An explanation of the nature and amount of each rate fixed
Rateable value at 1/4/15	171,834,480	The amount paid for non-domestic rates is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £ announced each year by the government.
Running roll (full year RV)	696,435	
Rateable value at 31/3/16	172,530,915	The national non-domestic rate poundage set by the First Minister for Scotland for 2015/16 was £0.480.
Less: partially exempt	771,650	
Less: wholly exempt	6,177,240	
Net rateable value at 31/3/16	165,582,025	

Common Good Fund

The Council administers the Dumbarton Common Good Fund Account. The Fund is applied for the benefit of the people of Dumbarton. The figures below summarise the income and expenditure for the year as well as the assets and liabilities as at 31 March 2016. The fund does not represent assets of the Council and has not been included within the Balance Sheet on page 29.

Income and Expenditure Account

2014/15	2015/16
£000 Expenditure	£000
153 Payments to Other Bodies	144
52 Denny Tank	51
25 General Expenditure	25
230	220
Income	
277 Rent – Sites and Offices	277
116 Gain on Investments	157
0 Other Income	1
393	435
(163) Net surplus/(deficit) for year	(215)
47 In Year Usable Gain	58
116 In Year Un-usable Gain	157
163	215
168 Balance brought forward	215
47 In Year Usable Gain	58
215 Balance carried forward	273

Balance Sheet as at 31 March 2016

2014/15	Note	2015/16
£000 Fixed Assets		£000
2,909 Investment properties		2,909
Current Assets		
223 Investments – West Dunbartonshire Council		298
Current Liabilities		
(8) Creditors falling due within one year	2	(25)
3,124 Total assets		3,182
Funds		
2,909 Capital Adjustment Account		2,909
215 General Fund		273
3,124		3,182

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

2014/15	2015/16
£000	£000
0 Grant	18
8 Prepayment of rent	7
8	25

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 page 29. Under the provisions of the "2005 Act" and the "Accounts Regulations" above, all registered charities in Scotland are required to prepare financial statements which must be externally scrutinised. The trust funds below are registered, under one registration, with the Office of the Scottish Charity Regulator. Management has reviewed the current arrangements for the trust funds to ensure the current arrangements reflect the needs of the Council and ensure that all obligations are met. Responsibility for the compliance with the new regulations was delegated to the Head of Finance and Resources.

Receipts and Payments Account

2014/15			2015/16		
Receipts	Payments	Surplus/ (Deficit)	Receipts	Payments	Surplus/ (Deficit)
£000	£000	£000	£000	£000	£000
3	0	3	1	0	1
		Dunbartonshire Educational Trust Scheme 1962			
		Endowments amalgamated to form trust			
0	0	0	0	0	0
		McAuley Prize for Mathematics			
		Provide prizes for those studying maths & computing			
1	1	0	1	0	1
		Alexander Cameron Bequest			
		To encourage and support one-off community activities in Clydebank			
0	0	0	0	0	0
		Dr A K Glen Fund			
		Provide outings for Pensioners resident in Dumbarton			
0	0	0	0	0	0
		War Memorial Dumbarton			
		For upkeep of war memorials			
0	0	0	0	0	0
		Halkett Memorial Trust			
		For young writers competition and painting competition			
0	0	0	0	0	0
		Vale of Leven Fund			
		For the people of the Vale of Leven			
0	0	0	0	0	0
		UIE Award			
		For students studying apprenticeships or training in industry			
4	1	3 Total	2	0	2

Statement of Balances as at 31 March 2016

	Balance as at 1/4/15	Surplus/ (deficit) for year	Balance as at 31/3/16
	£000	£000	£000
Bank and Cash			
Dunbartonshire Educational Trust Scheme 1962	85	1	86
McAuley Prize for Mathematics	21	0	21
Alexander Cameron Bequest	154	1	155
Dr A K Glen Fund	26	0	26
War Memorial Dumbarton	15	0	15
Halkett Memorial Trust	3	0	3
Vale of Leven Fund	8	0	8
UIE Award	24	0	24
Total	336	2	338
Investments			
Dunbartonshire Educational Trust Scheme 1962	5	0	5
Total	5	0	5
Overall Total	341	2	343

The Trust Funds hold no liabilities.

Group Accounts

Introduction

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires local authorities to consider their interests in all types of entities. This includes other local authorities or similar bodies defined in section 106 of the Local Government (Scotland) Act 1973, including statutory bodies such as Valuation and Concessionary Travel Joint Boards. Authorities are required to prepare a full set of group accounts in addition to their own Council's accounts where they have a material interest in such entities.

Combining Entities

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

Dunbartonshire and Argyll & Bute Valuation Joint Board (VJB);
West Dunbartonshire Health and Social Care Partnership (HSCP);
Strathclyde Partnership for Transport (SPT);
Strathclyde Concessionary Travel Joint Board (SCT);
West Dunbartonshire Leisure Trust (WDLT); and
Clydebank Property Company (CPC).

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

The accounting period for all entities is 31 March 2016.

The Council would class an entity as an associate if they have significant influence over the financial and operating policies of the entity. The Council would class an entity as a subsidiary if they have control of the entity. The Council would class an entity as a joint venture where it has contractually agreed to share control with another party, such as significant decisions require unanimous consent and the joint venturers have rights to the net assets of the arrangement.

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

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

The WDLT and the CPC have been included as subsidiaries.

HSCP has been included as a joint venture.

Basis of Combination and Going Concern

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

For five of the six entities, the Council has a share in a net asset. The negative balance on the VJB arise from the inclusion of liabilities related to defined benefit pension schemes as required by IAS19 and FRS102.

Group Accounts (Cont'd)

Basis of Combination and Going Concern (Cont'd)

The effects of inclusion of these entities and the Common Good and Trust Funds on the Group Balance Sheet is to increase reserves and Net Assets by £17.089m – representing the Council's share of net assets in these entities.

The Code requires Council to prepare financial statements on a going concern basis. A transfer within public services does not negate the presumption that these bodies are still a going concern.

Thus all entities consider it appropriate that their Financial Statements should follow the 'going concern' basis of accounting. Statutory arrangements with the constituent local authorities for the deficit of the Valuation Joint Boards means that the financial position of the Board is assured.

Whilst the Balance Sheet of some entities show negative total assets, this relates primarily to defined benefit scheme pension liabilities in these entities. The financial statements of all individual group entities have been prepared on a going concern basis and, as such, the group accounts have also been prepared on this basis.

Group Accounting Policies: Disclosure of differences with main Statement of Accounting Policies

The financial statements in the Group Accounts are prepared in accordance with the accounting policies set out in Note 1 on pages 32 to 51 with additions and exceptions noted below:

- **Group Income and Expenditure Account**
 - Proceeds from disposal of fixed assets – profits and losses from the disposal of fixed assets are credited or debited to the Group Income and Expenditure Account within the net cost of services. The proceeds are then appropriated out after net operating expenditure. For those proceeds associated with the disposal of the Council's assets, appropriation is to the Group Reserves. For those proceeds associated with the disposal of associates' assets, appropriation is to the Group Income and Expenditure Reserve.
- **Group Balance Sheet**
 - Inventories – valuation methods vary slightly across the Group. The Council uses 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; and
 - Pensions – West Dunbartonshire Leisure Trust complies with the Financial Reporting Standard FRS102 concerning the disclosure of information on pensions.

Group Accounts (Cont'd)

Group Movement in Reserves Statement

	General Fund balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Reserves £000	Other Reserves £000	Group Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Group Unusable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
2015/16												
Revised Opening Balance at 1 April 2015	(9,623)	(4,570)	0	(421)	(4,012)	(433)	(5,407)	(24,466)	(118,823)	(6,896)	(125,719)	(150,185)
Movement in reserve 2015/16												
Surplus or (deficit) on provision of services	12,876	2,113	0	0	0	0	(819)	14,170	0	(2,703)	(2,703)	11,467
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	(76,535)	(1,264)	(77,799)	(77,799)
Total Comprehensive Expenditure and Income	12,876	2,113	0	0	0	0	(819)	14,170	(76,535)	(3,967)	(80,502)	(66,332)
Adjustments between accounting basis and funding basis under regulations	(14,362)	(3,760)	0	(63)	0	0	0	(18,185)	18,185	0	18,185	0
Net Increase/Decrease before Transfers to Other Statutory Reserves	(1,486)	(1,647)	0	(63)	0	0	(819)	(4,015)	(58,350)	(3,967)	(62,317)	(66,332)
Transfers to/from Capital Reserve	(94)	0	0	0	188	(94)	0	0	0	0	0	0
Closing Balance at 31 March 2016	(11,203)	(6,217)	0	(484)	(3,824)	(527)	(6,226)	(28,481)	(177,173)	(10,863)	(188,036)	(216,517)

	General Fund balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Reserves £000	Other Reserves £000	Group Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Group Unusable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
2014/15 (re-stated)												
Opening Balance at 1 April 2014	(10,113)	(3,647)	0	(305)	(4,198)	(368)	(2,733)	(21,364)	(207,563)	(6,636)	(214,199)	(235,563)
Transfer of Clydebank Property Company	0	0	0	0	0	0	(299)	(299)	0	(4,077)	(4,077)	(4,376)
Revised Opening Balance at 1 April 2014	(10,113)	(3,647)	0	(305)	(4,198)	(368)	(3,032)	(21,663)	(207,563)	(10,713)	(218,276)	(239,939)
Movement in reserve 2014/15												
Surplus or (deficit) on provision of services	42,954	1,108	0	0	0	0	(2,375)	41,687	0	1,889	1,889	43,576
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	44,250	1,928	46,178	46,178
Total Comprehensive Expenditure and Income	42,954	1,108	0	0	0	0	(2,375)	41,687	44,250	3,817	48,067	89,754
Adjustments between accounting basis and funding basis under regulations	(42,343)	(2,031)	0	(116)	0	0	0	(44,490)	44,490	0	44,490	0
Net Increase/Decrease before Transfers to Other Statutory Reserves	611	(923)	0	(116)	0	0	(2,375)	(2,803)	88,740	3,817	92,557	89,754
Transfers to/from Capital Reserve	(121)	0	0	0	186	(65)	0	0	0	0	0	0
Closing Balance at 31 March 2015	(9,623)	(4,570)	0	(421)	(4,012)	(433)	(5,407)	(24,466)	(118,823)	(6,896)	(125,719)	(150,185)

Group Accounts (Cont'd)

Group Comprehensive Income and Expenditure Statement

	Re-stated					
2014/15	2014/15	2014/15		2015/16	2015/16	2015/16
Gross	Gross	Net		Gross	Gross	Net
Expenditure	Income	Expenditure		Expenditure	Income	Expenditure
£000	£000	£000		£000	£000	£000
Service						
12,327	2,051	10,276	Central Services	9,156	1,336	7,820
22,571	1,582	20,989	Cultural and Related Services	16,829	881	15,948
119,707	4,066	115,641	Educational Services	104,884	4,102	100,782
17,132	4,940	12,192	Environmental Services	17,471	4,591	12,880
35,165	37,853	(2,688)	Housing Revenue Account	37,451	40,118	(2,667)
54,359	51,165	3,194	Housing Services	50,995	47,951	3,044
7,532	7,929	(397)	Planning and Development Services	6,093	6,896	(803)
16,048	5,648	10,400	Roads and Transport Services	14,575	5,439	9,136
93,004	17,796	75,208	Social Work Services - Provision of Services	89,150	64,716	24,434
0	0	0	Social Work Services - Contribution to IJB	45,319	0	45,319
3,756	137	3,619	Corporate and Democratic Core	3,701	220	3,481
808	0	808	Non distributed costs	3,289	0	3,289
6,661	2,417	4,244	Subsidiaries	6,855	2,559	4,296
5,061	5,226	(165)	Associates and Joint Ventures	73,867	75,083	(1,216)
394,131	140,810	253,321	Net Cost of Service (1)	479,635	253,892	225,743
(339) (Gain) / loss on Disposal of Fixed Assets						861
(339) Other Operating Expenditure (2)						861
(30,431) Council Tax						(30,714)
(78,548) Non-Domestic Rates						(84,053)
(110,643) Revenue Support Grant						(106,095)
(14,313) Recognised Capital Income (Grants, Contributions & Donations)						(15,738)
(233,935) Taxation and Non-specific Grant Income (3)						(236,600)
(137) Interest Earned						(203)
18,660 External Interest Payable / Similar Charges						18,909
836 (Gain)/Loss early settlement of borrowing						836
(2,189) Surplus on Trading Undertakings not included in net cost of services						(2,721)
7,940 Pension Interest Cost/Expected Return on Pension Assets						7,562
25,110 Finance/Investment Income and Expenditure (4)						24,383
44,157 (Surplus)/Deficit on Provision of Services						14,387
(5) = (1)+(2)+(3)+(4)						
12,400 (Surplus)/Deficit arising from revaluation of property, plant and equipment						2,180
(836) (Surplus)/Deficit on revaluation of available for sale assets						(863)
33,561 Actuarial (gains)/losses on pension fund assets and liabilities						(80,772)
472 Share of other Comprehensive Income and Expenditure of Associates						(1,264)
45,597 Other Comprehensive (Income) and Expenditure (6)						(80,719)
89,754 Total Comprehensive (Income) and Expenditure (5)+(6)						(66,332)

Group Accounts (Cont'd)

Group Balance Sheet

Re-stated 2014/15 £000		2015/16 £000
735,498	Property, Plant and Equipment	765,166
53	Intangible Assets	45
10,380	Investment in associates and joint ventures	11,461
77	Long Term Debtors	58
0	Long term Investments	501
1,370	Heritage Assets	1,406
747,378	Total Long Term Assets	778,637
2,541	Asset Held for Sale	653
948	Inventories	933
34,693	Short Term Debtors	35,009
17,105	Cash and Cash Equivalents	15,032
55,287	Current Assets	51,627
(3,507)	Provisions	(4,643)
(6,305)	Cash and Cash Equivalents	(4,788)
(39,679)	Short Term Creditors	(37,779)
(67,175)	Short Term Borrowing	(86,724)
(116,666)	Current Liabilities	(133,934)
685,999	Total Assets less Current Liabilities	696,330
(1,278)	Liabilities in Associates	30
(314,681)	Long Term Borrowing	(325,649)
(219,125)	Net Pensions Liability	(154,151)
(730)	Capital Grants Receipts in Advance (conditions)	(43)
(535,814)	Long Term Liabilities	(479,813)
150,185	Total Assets Less Liabilities	216,517
	Represented by:	
24,466	Usable Reserves	28,481
125,719	Unusable Reserves	188,036
150,185	Total Reserves	216,517

The unaudited Financial Statements were issued on 30 June 2016 and the audited accounts were authorised for issue on 28 September 2016.

Stephen West
Strategic Lead - Resources
West Dunbartonshire Council
28 September 2016

Group Accounts (Cont'd)

Group Cashflow Statement

There is no impact of the incorporation of the associates within the group cash flow statement, therefore, no cash flow statement is noted within the Group Accounts. The cash flow of the group is equal to the cash flow of the Council, as shown on page 30.

Group Accounts (Cont'd)

Notes to the Group Accounts

Note 1 - Details of combining entities

The notes required for the Financial Statements of West Dunbartonshire Council are disclosed separately in the preceding pages. For Strathclyde Partnership for Transport and Concessionary Travel Scheme, although the Council holds less than 20% voting rights, it has a significant influence on the bodies. The organisations have voting allocations over 11 other local councils, with no one council holding majority shares, which ensures that all 12 councils can influence decisions. The following notes provide material additional amounts and details in relation to the other combining entities.

Strathclyde Partnership for Transport is the statutory body responsible for formulating the public transport policy on behalf of the 12 local authorities in the West of Scotland. In 2015/16, the Council contributed £1.642m (2014/15 £1.642m) or 4.39% (2014/15 4.39%) of the Board's estimated running costs and its share of the year end net asset of £7.866m (2014/15 £6.846m) 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 2015/16, the Council contributed £0.178m (2014/15 £0.178m) 4.19% (2014/15 4.19%) of the Board's estimated running costs and its share of the year end net asset of £0.070m (2014/15 £0.069m) 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 Board's running costs are met by the three authorities, with surpluses and deficits on the Board's operations also shared between the councils. In 2015/16, the Council contributed £0.718m (2014/15 £0.718m) or 26.95% (2014/15 26.95%) of the Board's estimated running costs and its share of the year end net liability of £0.775m (2014/15 £1.278m) 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.

The West Dunbartonshire Health & Social Care Partnership - the Public Bodies (Joint Working) Act (Scotland) 2014 sets out the arrangements for the integration of health and social care across the country. The Scottish Government approved the Integration Scheme for West Dunbartonshire which details the 'body corporate' arrangement by which NHS Greater Glasgow & Clyde Health Board and West Dunbartonshire Council agreed to formally delegate health and social care services for adults and children (including criminal justice, social work services) to a third body, which is described in the Act as an Integration Joint Board. The Integration Joint Board for West Dunbartonshire is known as the West Dunbartonshire Health & Social Care Partnership Board (HSCP Board) and started operations on 1 July 2015. The Board's running costs are met by the two bodies mentioned above, with surpluses and deficits on the Boards operations also shared between them. In 2015/16, the Council contributed £44.583m or 37% of the Board's estimated running costs and its share of the year end net asset of £0.806m is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Head of Finance to the Integrated Joint Board, Garshake Road, Dumbarton G82 3PU.

Group Accounts (Cont'd)

Notes to the Group Accounts (Cont'd)

Note 1 - Details of combining entities (Cont'd)

West Dunbartonshire Leisure Trust was formed in December 2011 and started trading on 5 April 2012. The Trust is a charitable company registered in Scotland and provides leisure facilities within the West Dunbartonshire area to the general public and operates sports centres, leisure centres, swimming pools, halls and community education centres owned by the Council. The Trust is paid a management fee by the Council for the provision of these services. The Trust's net asset at 31 March 2016 was £1.115m (2014/15 £1.188m) and its deficit for the year was £0.051m (2014/15 £1.122m deficit). The accounts of the Trust are published separately and can be obtained from the Manager, Leisure Trust Headquarters, Alexandria CE Centre, Alexandria, G83 0NU which is also the company's principal place of business.

Clydebank Property Company was part of a group organisation previously known as Clydebank Rebuilt which was a pathfinder urban regeneration organisation, limited by guarantee and included a commercial letting company (industrial units) and a registered charity (the Titan Trust). On 11 August 2014, following the transfer of the Titan Crane to the Property Company, the Council bought the commercial letting company with a view to continuing its regeneration objective. The Company's net asset at 31 March 2016 was £4.483m. The accounts of the Company are published separately and can be obtained from the Company's Headquarters, Titan Enterprise, 1 Aurora Avenue, Queen's Quay, Clydebank G81 1BF which is also the Company's principal place of business.

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

	Strathclyde Partnership for Transport £000	Strathclyde Concessionary and Travel Scheme Joint Board £000	Dunbartonshires and Argyll and Bute Valuation Joint Board £000	West Dunbartonshire Health & Social Care £000	Total £000
2015/16					
Surplus/ (Deficit) on					
Operating Activities	461	1	(112)	806	1,156
Non Current Assets	6,740	0	203	0	6,943
Current Assets	4,639	90	196	815	5,740
Non Current Liabilities	(1,813)	0	(1,142)	0	(2,955)
Current Liabilities	(1,700)	(20)	(33)	(9)	(1,762)
2014/15					
Surplus/ (Deficit) on					
Operating Activities	(178)	1	(64)	0	(241)
Non Current Assets	5,842	0	200	0	6,042
Current Assets	5,669	93	197	0	5,959
Non Current Liabilities	(2,673)	0	(1,648)	0	(4,321)
Current Liabilities	(1,992)	(24)	(27)	0	(2,043)

Group Accounts (Cont'd)

Notes to the Group Accounts (Cont'd)

Note 1 - Details of combining entities (Cont'd)

The Council's subsidiaries year end results are as follows:

	West Dunbartonshire Leisure Trust £000	Clydebank Property Company £000	Total £000
<u>2015/16</u>			
Surplus/ (Deficit) on Operating Activities	51	4	55
Non Current Assets	195	4,669	4,864
Current Assets	2,800	249	3,049
Non Current Liabilities	(411)	0	(411)
Current Liabilities	(1,469)	(435)	(1,904)
<u>2014/15 (Re-stated)</u>			
Surplus/ (Deficit) on Operating Activities	162	298	460
Non Current Assets	268	4,508	4,776
Current Assets	2,501	371	2,872
Non Current Liabilities	(2,446)	0	(2,446)
Current Liabilities	(1,510)	(561)	(2,071)

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 2015/16 was £0.058m (2014/15 £0.047m) for the Common Good and net increase in funds of £0.002m (2014/15 £0.003m) for the Trust Funds. Copies of the accounts may be obtained from West Dunbartonshire Council, Garshake Road, Dumbarton G82 3PU.

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.

Group Accounts (Cont'd)

Notes to the Group Accounts (Cont'd)

Note 2 – Non-Material Interest in Other Entities (Cont'd)

Clydebank Municipal Bank is a company limited by shares set up based upon the Companies Act 1908 and 1913. It acts as banker for a number of private individuals/organisations. The Council provides services to the bank and funds any annual losses incurred. The bank's year end is 5 April. The principal business of the Municipal Bank is to accept deposits from private account holders and to invest funds with West Dunbartonshire Council. The chairman and directors of the bank are Elected Members of the Council. As per the bank's unaudited financial statements at 31 March 2016, 2,443 accounts were held with the bank (2014/15 2,434), with a total amount on deposit of £0.925m (2014/15 £0.805m), with £0.511m being invested with the Council (2014/15 £0.510m). Interest paid by the Council to the bank in the year was £0.018m (2014/15 £0.015m).

Hub West of Scotland is a public private Joint Venture development organisation established in 2012. They work with the public sector partners to plan, design, build, and fund and maintain buildings in the most efficient and effective manner delivering better value for money and ultimately improving public services. Hub West of Scotland comprises: Hub West Territory Participants, Scottish Futures Trust and The Wellspring Partnership.

West of Scotland Loans Fund is a consortium of 12 local authorities incorporated as a company limited by guarantee in June 1996. In this respect, each member local Council provides a level of loan finance for companies in their area and this is augmented by European Regional Development Funding (ERDF).

Note 3 – Financial Impact of Consolidation

The effect of inclusion of the entities on the Group Balance Sheet is to increase reserves and net assets by £17.089m (2014/15 £12.303m) respectively representing the Council's share of the realisable surpluses/deficits in these organisations. This leaves the group account with an overall net asset of £216.517m (2014/15 £150.185m).

Note 4 – Analysis of Material Amounts in Income and Expenditure Account

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

Contribution to Group Income and Expenditure Reserve:

Re-stated 2014/15 £000	2015/16 £000
6,846 Passenger Transport Authority	7,866
69 Concessionary Travel Board	70
(1,278) Valuation Joint Board	(776)
0 West Dunbartonshire Health & Social Care	806
(1,188) West Dunbartonshire Leisure Trust	1,115
4,389 Clydebank Property Company	4,483
3,465 Common Good and Trust Funds	3,525
12,303 Total	17,089

Group Accounts (Cont'd)

Notes to the Group Accounts (Cont'd)

Note 5 – Prior Year Adjustments

Prior year comparative figures for the Group Statements have been re-stated for changes in two entities:

West Dunbartonshire Leisure Trust - following the changes in the Charities Statement of Recommended Practice (FRS102) which took effect for the year ended 31 March 2016.

Clydebank Property Company – due to the timing of the completion of the audit for the Company, changes were agreed after the completion of the audited Group Statements.

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.

Glossary of Terms (Cont'd)

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.

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. 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.

14. 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.

15. 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.

16. Expected Return of Pension Assets

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

17. CIPFA

Chartered Institute of Public Finance and Accountancy

18. LASAAC

Local Council (Scotland) Accounts Advisory Committee

19. Budget

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

Glossary of Terms (Cont'd)

20. Precepts

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

21. Intangible Assets

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

22. Corporate and Demographic Core

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

23. Non Distributing Costs

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

24. 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.

25. 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.

26. 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.

29. 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.

30. 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.

31. Statutory Additions

Additional charges levied for late payment of council tax and non domestic rates.

Glossary of Terms (Cont'd)

32. Capital Items Replacement Fund

Reserve earmarked for specific purposes within Education.

33. Available for Sale Reserve

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

34. Current Service Costs (Pension)

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

35. 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 2015/16 this relates to the capitalised cost of early retirements on efficiency grounds.

36. Curtailments (Pension)

Used to reduce the number of expected years of future service for employees. In 2015/16 this relates to the capitalised cost of early retirements on efficiency grounds.

37. Interest Cost (Pensions)

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

38. Expected Return on Assets (Pensions)

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

39. Public Private Partnership (PPP)/Public Finance Initiative (PFI)

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

40. Available for Sale Assets

These assets are in relation to Financial Instruments and include:

- Equity investments; and
- Other investments traded in an active market.

41. Heritage Assets

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities which is held for its contribution to knowledge and culture.

42. PPE

Property, Plant and Equipment.

Glossary of Terms (Cont'd)

43. CAA

Capital Adjustment Account.

44. IAS19

International Accounting Standard 19 (employee benefits).

45. FRS17

Financial Reporting Standard 17 (retirement benefits).

46. SHQS

Scottish Housing Quality Standards

Independent auditor's report to the members of West Dunbartonshire Council and the Accounts Commission for Scotland

I certify that I have audited the financial statements of West Dunbartonshire Council and its group for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the council only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Account, the Non-Domestic Rates Account, the Common Good Fund, the Sundry Trust Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Strategic Lead - Resources and auditor

As explained more fully in the Statement of Responsibilities, the Strategic Lead - Resources is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the council and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Strategic Lead - Resources; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the council and its group as at 31 March 2016 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

David McConnell, MA, CPFA
Assistant Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
GLASGOW
G2 1BT

29 September 2016

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS

CONTENTS

	Page
Trustees' Annual Report	1 - 4
Receipts & Payments Statement	5
Statement of Balances	6
Notes to the Accounts	7
Independent Auditor's Report	8 - 9

**DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS
ANNUAL REPORT AND FINANCIAL STATEMENTS**

Trustees' Annual Report

Introduction

The Trustees present the annual report together with the financial statements and the Auditor's Report for the year ended 31 March 2016.

Administration Information

West Dunbartonshire Council is sole Trustee for all Trust Funds with the exception of Dunbartonshire Educational Trust Scheme 1962 and McAuley Prize for Mathematics. Details of these Trusts are shown below.

Trust Funds	Charity Number	Trustees (Corporate Services Committee on behalf of West Dunbartonshire Council)	Local Authority	Contact Address
Alexander Cameron Bequest	SC025070	Provost Douglas McAllistair Councillor John Mooney Councillor Lawrence O' Neill Councillor Gail Casey	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Garshake Road, Dumbarton, G82 3PU
Dr AK Glen War Memorial Dumbarton Halkett Memorial Trust Vale of Leven Fund UIE Award McAuley Prize for Mathematics	SC018701 SC025070 SC025070 SC025070 SC025070 SC025070	Councillor George Black Councillor Gail Casey Councillor Jim Finn Councillor David McBride Councillor Jonathan McColl Councillor Patrick McGlinchey Councillor John Mooney Councillor Lawrence O'Neill Councillor Tommy Rainey Councillor Gail Robertson Councillor Martin Rooney Councillor Kath Ryall	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Garshake Road, Dumbarton, G82 3PU
Dunbartonshire Education Trust Scheme 1962	SC025070	Provost Douglas McAllistair Councillor John Mooney Councillor Michelle McGinty Councillor David Kinniburgh Councillor Henry Councillor Gotts Councillor Jamieson Councillor Barry McCulloch Councillor Jean Jones	West Dunbartonshire Council West Dunbartonshire Council West Dunbartonshire Council Argyll & Bute Council East Dunbartonshire Council East Dunbartonshire Council East Dunbartonshire Council North Lanarkshire Council North Lanarkshire Council	West Dunbartonshire Council, Council Offices, Garshake Road, Dumbarton, G82 3PU

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS ANNUAL REPORT AND FINANCIAL STATEMENTS

Objectives and Activities

The activities of each of the Trusts are detailed below:

SC018701 – Dr AK Glen

This fund is for the benefit of the people of Dumbarton, to assist and relieve those in need by reason of age.

SC025070 – West Dunbartonshire Trusts

- Dunbartonshire Educational Trust Scheme 1962- awards educational prizes and bursaries;
- McAuley Prize for Mathematics - provides prizes for those studying maths and computing;
- Alexander Cameron Bequest - for the benefit of the people of Clydebank to assist those in need by reason of age, ill health, disability, financial hardship or other disadvantage;
- War Memorial Dumbarton - for the upkeep of war memorials;
- Halkett Memorial Trust - for the advancement of art by supporting painting activities and competitions within primary schools in the area;
- Vale of Leven Fund - for the benefit of the people of the Vale of Leven to assist those in need by reason of age, ill health, disability, financial hardship or other disadvantage; and
- UIE Award - for students studying apprenticeships or training in industry.

Following updated governance arrangements agreed by Council in December 2015 and by Office of the Scottish Charity Regulator (OSCR) in early 2016, the Trustees agreed the following at Corporate Services Committee on 11 May 2016, subject to OSCR agreeing to those which seek to fully disperse funds:

Alexander Cameron Bequest

It was agreed that officers should publicise the availability of the Alexander Cameron Bequest and seek to disburse available funds arising from investment income attained.

War Memorial Dumbarton

The full value of the Trust will be dispersed to renovate the War Memorial in Levensgrove Park as part of the Council's wider plan to rejuvenate the park.

Halkett Memorial Trust

Disburse the full value of the Trust by providing the funds held to the Council's Education service to provide prizes for art competitions within and amongst primary schools located within the West Dunbartonshire area.

Vale of Leven Fund

Disburse the full value of the fund for the Trust's purpose by publicising the availability of the Trust during the current financial year to provide support to appropriate voluntary organisations within the Vale of Leven area which undertake activity aligned to the Trust's purpose.

Dr A K Glen Fund

Publicise the availability of the Trust during the current financial year and seek to disburse available funds arising from investment income attained.

Structure and Governance

Dr AK Glen and West Dunbartonshire Trust Funds are registered with the Office of the Scottish Charity Regulator (OSCR).

The governance arrangements are under the control of West Dunbartonshire Council (the Council), which appoints Trustees as required. Trustees are elected members of West Dunbartonshire Council with the exception of the Dunbartonshire Education Trust Scheme 1962 and McAuley Prize for Mathematics.

The Trustees of both the Dunbartonshire Educational Trust and the McAuley Prize for Mathematics are elected members from West Dunbartonshire Council, Argyll & Bute Council, East Dunbartonshire Council and North Lanarkshire Council.

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS ANNUAL REPORT AND FINANCIAL STATEMENTS

Structure and Governance (Cont'd)

During 2015/16 a report was submitted to West Dunbartonshire Council to ask Members, in their capacity as Trustees of the Charitable Trusts administered by the Council, to approve draft governance documents for five of the Trusts. This was agreed and allowed the submission of formal application to the Office of Scottish Charity Regulator (OSCR) for approval. The draft governance documents have now been approved by OSCR (per notification on 1 February 2016). It was also agreed by the Council that governance arrangements of the Charitable Trusts would be delegated to the Corporates Services Committee.

The Trustees have overall responsibility for ensuring that there are appropriate systems of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurances that:

- The Trusts are operating efficiently and effectively;
- Assets are safeguarded against unauthorised use and disposition; and
- Proper records are maintained and financial information used by the charities is reliable.
- The Trusts comply with relevant laws and regulations.

The systems of internal controls are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The systems of internal control follow that of the West Dunbartonshire Council itself and, as such, much of this is delegated to the Head of Finance and Resources. The Council continually seeks to improve the effectiveness of its systems of internal control so that any irregularities are either prevented or quickly detected. The systems of internal control are based on a framework of regular management information, financial regulations, financial and administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability.

The Accounts and Trustees Report are prepared by the Finance section of the Council.

The appointed external auditors are Audit Scotland. The Council has agreed to meet the cost of this audit and not pass this on to the Trusts. This is to provide additional financial support to the Trusts, ensuring that core funds are not eroded, and objectives can continue to be achieved.

The Trustees only meet as and when required during the year, and will ensure that the required accounting arrangements are adhered to.

Management of Funds and Investment Policy

Decisions regarding the management of the Dr AK Glen & West Dunbartonshire Trusts are made by the Trustees. Trustees rely on the expertise of Council staff to manage the investments to ensure the maximum return at the least risk to the Trusts. In this way, the income stream for the future benefit of the Trusts is protected.

Funds available are invested each year with interest earned. Investments are made both internally and externally, with the majority invested in the Council's Loans Fund and externally managed by West Dunbartonshire Council.

Performance

Income for Dr AK Glen & West Dunbartonshire Trusts comes from investment returns. The average interest rate for any internal investments with the Council's loans fund was 0.43%.

In January 2015, 2 1/2% Consolidated Stock and 3 1/2% Conversion Stock were redeemed by HM Treasury which reduced the level of investment held.

Dunbartonshire Educational Trust Scheme 1962 receives income from external investment i.e. 3% Clydeport and 4% Clydeport Consolidated Stock. These investments are managed by West Dunbartonshire Council and achieved investment income of £812.

Due to the re-organisation process of the draft governance documents it would not be appropriate time to advertise and encourage application to apply for funding. Therefore no grants were awarded in 2015/16. Alexander Cameron Bequest Trust awarded Old Kilpatrick Community Council a grant of £1,450 in 14/15.

**DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS
ANNUAL REPORT AND FINANCIAL STATEMENTS**

Financial Review

The total sum available to the Trusts is £342,655. The value of the remaining investment held by the Trust reduced by £107 during the financial year, of which the Trusts held cash and bank balances at 31 March 2016 of £337,964.

Reserves are held by the Council on behalf of the Trusts and revenue income, generated from capital that has not been disbursed at 31 March every year, is invested in line with the investment policy outlined above.

Declaration

This report was signed on behalf of the Trustees on 28 September 2016 by:

Councillor Michelle McGinty
West Dunbartonshire Council

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS
ANNUAL REPORT AND FINANCIAL STATEMENTS

Statement Receipts & Payments Account for the Year Ended 31 March 2016

Receipts 2014/15 £	Payment 2014/15 £	Surplus/ (Deficit) 2014/15 £		Receipts 2015/16 £	Payment 2015/16 £	Surplus/ (Deficit) 2015/16 £
3,264	0	3,264	Dunbartonshire Educational Trust Scheme 1962	1,162	0	1,162
93	0	93	McAuley Prize for Mathematics	90	0	90
679	1,450	(771)	Alexander Cameron Bequest	659	0	659
65	0	65	War Memorial Dumbarton	63	0	63
11	0	11	Halkett Memorial Trust	11	0	11
53	0	53	Vale of Leven Fund	51	0	51
103	0	103	UIE Award	100	0	100
111	0	111	Dr AK Glen	107	0	107
4,379	1,450	2,929	Total	2,243	0	2,243

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS
ANNUAL REPORT AND FINANCIAL STATEMENTS

Statement of Balances as at 31 March 2016

Opening Balance 2014/15 £	Surplus/ (Deficit) for year 2014/15 £	Closing Balance 2014/15 £	Cash and Bank	Opening Balance 2015/16 £	Surplus/ (Deficit) for year 2015/16 £	Closing Balance 2015/16 £
81,320	3,264	84,584	Dunbartonshire Educational Trust Scheme 1962	84,584	1,162	85,746
21,193	93	21,286	McAuley Prize for Mathematics	21,286	90	21,376
154,506	(771)	153,735	Alexander Cameron Bequest	153,735	659	154,394
15,169	65	15,234	War Memorial Dumbarton	15,234	63	15,297
2,622	11	2,633	Halkett Memorial Trust	2,633	11	2,644
8,221	53	8,274	Vale of Leven Fund	8,274	51	8,325
23,969	103	24,072	UIE Award	24,072	100	24,172
25,792	111	25,903	Dr AK Glen	25,903	107	26,010
332,792	2,929	335,721	Total Cash and Bank	335,721	2,243	337,964
Investment						
4,911	(113)	4,798	Dunbartonshire Educational Trust Scheme 1962	4,798	(107)	4,691
4,911	(113)	4,798	Total Investment	4,798	(107)	4,691
337,703	2,816	340,519	Overall Total	340,519	2,136	342,655

The unaudited Financial Statements were issued on 31 May 2016 and the audited accounts were authorised for issue on 28 September 2016.

Signed on behalf of the Trustees by:-

Councillor Michelle McGinty
West Dunbartonshire Council

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS

ANNUAL REPORT AND FINANCIAL STATEMENTS

Notes to the Financial Statements

Note 1 - Basis of Accounting

The financial statements have been prepared in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

Note 2 – Trustee Remuneration, Expenses and Related Party Transactions

- No remuneration or expenses were paid to the trustees' or any connected persons during 2015/16;
- The Trusts received interest of £1,431 from the Council at 31 March 2016, and all transactions incoming and outgoing are made via the Council's bank accounts;
- The Council has not charged the charity any fees for legal, financial or administrative services provided during the year.

Note 3 – Grants

During financial year 2015/16 no grants were awarded. A grant of £1,450 was awarded to Old Kilpatrick Community Council for World War 1 Commemoration in 14/15.

Note 4 – Cash and Bank Balances

During the year the Trust's balances were held by the Council, which manages the administration of the funds on behalf of the Trustees. No costs were incurred by the Trust for this administration. The Council also acts as the banker for the Trusts and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is paid on balances.

Note 5 – Investment

The investment valuation of £217 (shown in the table below) is the market value as at 31 March 2016, as valued by West Dunbartonshire Council.

Purchase Price as at 31 March 2015	Market Price as at 31 March 2015	Investment	Purchase Price as at 31 March 2016	Market Price as at 31 March 2016
£	£		£	£
753	757	2 1/2% Consolidated Stock	0	0
2,504	2,504	3 1/2% Conversion Stock	0	0
289	190	4% Clydeport Authority	289	199
35	17	3% Clydeport Authority	35	18
3,581	3,468	TOTAL	324	217

Note 6 – Audit Fee

The audit fee for the year of £2,100 was absorbed by West Dunbartonshire Council.

Independent auditor's report to the trustees of Dr A K Glen & West Dunbartonshire Charitable Trusts (SC018701 and SC025070) and the Accounts Commission for Scotland

I certify that I have audited the financial statements of the Dr A K Glen & West Dunbartonshire Trust Funds for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the receipts and payments account, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2016 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

David McConnell, MA, CPFA
Assistant Director, Audit Services
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

WEST DUNBARTONSHIRE COUNCIL**Report by Strategic Lead - Resources****Audit and Performance Review Committee: 28 September 2016**

Subject: Audit Scotland – Annual Report**1. Purpose**

- 1.1** To advise Committee of the findings of the Council's external auditors in relation to:
- (a) the audit of the Council and its Annual Accounts for 2015/16; and
 - (b) the Financial Statements for the Charities managed by the Council.

2. Recommendations

- 2.1** Committee is invited to note the findings of these audits as detailed in the appended reports from our auditors dated September 2016.

3. Background

- 3.1** As the external auditor of the Council, it is Audit Scotland's responsibility to undertake their audit work in accordance International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.

4. Main IssuesWest Dunbartonshire Council Audit Report

- 4.1** Audit Scotland, as the Council's external auditors, has issued a report dated September 2016 which details the main issues arising from the audit of the Council and its Annual Accounts. The full report is appended to this report (Appendix 1).
- 4.2** The report identifies two improvement recommendations together with management responses
- 4.3** The report also appends the proposed independent auditor's report and the draft letter of representation (ISA 580) which the Strategic Lead - Resources is required to sign and submit to Audit Scotland.
- 4.4** The Audit Opinion is detailed on page 6 of the report which advises that Audit Scotland expect to issue an unqualified opinion on the Council's Annual Accounts.
- 4.5** The draft (unaudited) Annual Accounts for 2015/16 were reported to Council on 29 June 2016.

- 4.6** A number of presentational and monetary adjustments were identified within the draft Annual Accounts during the course of the audit, the effect of which results in a net increase in the Council's General Fund of £0.023 million and decreased the Housing Revenue Account by £0.023m.
- 4.7** It is anticipated that the report on the 2015/16 audit will be presented to Council on 26 October 2016.

West Dunbartonshire Council Registered Charitable Trusts Audit Report

- 4.8** Audit Scotland has also issued a report dated September 2016 which details the main issues arising from the audit of the financial statements of the Charities. The full report is appended to this report (Appendix 2).
- 4.9** This report identifies three significant findings, together with management responses.

5. People Implications

- 5.1** There are no people implications.

6. Financial and Procurement Implications

- 6.1** There are no financial or procurement implications.

7. Risk Analysis

- 7.1** There was no requirement to carry out a risk analysis.

8. Equalities Impact Assessment

- 8.1** As this report presents the findings of Audit Scotland, another public body, there is no requirement to carry out an equality impact assessment. However, any actions required to address any concerns raised in the Audit report may require to be subject to Equalities Impact Assessment.

9. Consultation

- 9.1** The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.
- 9.2** The draft Financial Statements referred to in this report have been publicised in the required manner.

10. Strategic Assessment

- 10.1** Good financial governance is essential to the delivery of each of the Council's Strategic Priorities.

.....
Stephen West
Strategic Lead - Resources
Date: 20 September 2016

Person to Contact: Gillian McNeilly, Finance Manager, Garshake Road
Telephone (01389) 737194
E-mail: gillian.mcneilly@west-dunbarton.gov.uk

Appendix: Appendix 1 – Audit Scotland’s Annual Audit Report to
Members and Controller of Audit (Council)
Appendix 2 – Audit Scotland’s Annual Audit Report to
Members and Controller of Audit (Registered Charities)

Background Papers: Council report – 29 June 2016: Draft Annual Accounts 2015/2016

Wards Affected: All



West Dunbartonshire Council

2015/16 Annual audit
report to Members and
the Controller of Audit -
DRAFT

September 2016

Key contacts

David McConnell, Assistant Director
dmcconnell@audit-scotland.gov.uk

Peter Lindsay, Senior Audit Manager
plindsay@audit-scotland.gov.uk

Karen Cotterell, Senior Auditor
kcotterell@audit-scotland.gov.uk

Audit Scotland
4th floor (South Suite)
8 Nelson Mandela Place
Glasgow
G2 1BT
Telephone: 0131 625 1500
Website: www.audit-scotland.gov.uk

The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies (www.audit-scotland.gov.uk/about/ac/). Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General (www.audit-scotland.gov.uk/about/).

The Accounts Commission has appointed David McConnell as the external auditor of West Dunbartonshire Council for the period 2011/12 to 2015/16.

This report has been prepared for the use of West Dunbartonshire Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

Contents

Key messages	3
Introduction	5
Audit of the 2015/16 financial statements.....	6
Financial management and sustainability	11
Governance and transparency	21
Best Value.....	26
Appendix I: Significant audit risks	31
Appendix II: Summary of local audit reports 2015/16	35
Appendix III: Summary of Audit Scotland national reports 2015/16 ...	36
Appendix IV: Action plan	37

Key messages

Audit of financial statements

- Unqualified auditor's report on the 2015/16 financial statements.
- Unqualified auditor's reports on the eight charitable trusts administered by the council.

Financial management and sustainability

- The council reported an underspend of £2.040 million against its original budget for net expenditure and reported an overall surplus of £2.239 million.
- The council's financial management remains strong. Budget monitoring remains a focus and regular comprehensive reports provide clarity on any significant movement.
- Following setting the budget for 2016/17 the council has identified a cumulative funding gap of £7.321 million by 2018/19.
- The council's financial position is sustainable currently although rising demand for and costs of services will continue to place a strain on the council's capacity to deliver services at the current levels.

Governance and transparency

- The council has a strong governance structure in place.
- There is a sound system of internal control with an appropriate committee structure in place to identify and report on any areas of weakness.
- The council has a robust internal audit function and fraud detection arrangements.

Best Value

- The council's arrangements for securing Best Value are satisfactory.
- The council has a strong framework in place for monitoring and reporting performance including good arrangements for public performance reporting.



Outlook

- Councils face rising demands for services and continued funding pressures alongside managing major reforms in welfare and health and social care.
- Effective arrangements for Best Value will be essential for efficient use of available resources, and strong governance and leadership will be needed to achieve continuous improvement.

Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of West Dunbartonshire Council. The report is divided into sections which reflect our public sector audit model.
2. The management of West Dunbartonshire Council is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of West Dunbartonshire Council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, summarised at [appendix II](#) and [appendix III](#), include recommendations for improvements.
6. [Appendix IV](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. The council and executive officers group should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.
9. 2015/16 is the final year of the current five year audit appointment. From 2016/17 the auditor of West Dunbartonshire Council will continue to be Audit Scotland. In accordance with agreed protocols and International Standards on Auditing we have been liaising with our colleagues who are the incoming auditors as part of this transition.

Audit of the 2015/16 financial statements

Audit opinion	<ul style="list-style-type: none"> We have completed our audit of the council and its group and issued an unqualified independent auditor's report.
Going concern	<ul style="list-style-type: none"> The financial statements of the council, its group and the associated charitable trusts have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the council's, its group and associated charitable trusts' ability to continue as a going concern.
Other information	<ul style="list-style-type: none"> We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.
Charitable trusts	<ul style="list-style-type: none"> We have completed our audit of the 2015/16 financial statements of the charitable trusts administered by West Dunbartonshire Council and issued an unqualified independent auditor's report for each of the relevant trusts.
Group accounts	<ul style="list-style-type: none"> West Dunbartonshire Council has accounted for the financial results of two subsidiaries, three associates and one joint venture in its group accounts for 2015/16. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £17.089 million.
Whole of government accounts	<ul style="list-style-type: none"> The council were granted an extension to the deadline for submission of the consolidation pack for audit to 9 September 2016. This is being audited and the certified return will be submitted to the NAO.

Submission of financial statements for audit

10. We received the unaudited financial statements on 16 June 2016, in accordance with the agreed timetable. The working papers were of a good standard and council staff provided good support to the audit team which assisted the delivery of the audit to deadline.
11. In 2015/16, for the first time, local government group accounts are required to include the financial results of Integration Joint Boards (IJBs) in their area, where material. The West Dunbartonshire Health & Social Care Partnership IJB became operational on 1 July 2015. Consequently, as the amounts concerned in 2015/16 are material, they have been consolidated into the group accounts.

Overview of the scope of the audit of the financial statements

12. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit Committee on 9 March 2016.
13. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

14. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. [Appendix I](#) sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.
15. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Overview of the scope of the audit of the financial statements

16. The Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations) sets out the accounting and auditing rules for Scottish charities. The council had 8 funds which were subject to the full charities financial statements audit for 2015/16.
17. We have given an unqualified opinion on the 2015/16 financial statements of the relevant charities registered by West Dunbartonshire Council.

Group Accounts

18. Local authorities are required to prepare group accounts in addition to their own council's accounts where they have a material interest in other organisations.
19. The council has accounted for the financial results of two subsidiaries, three associates, one joint venture, the Common Good Fund and Trust Funds in its group accounts for 2015/16. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £17.089 million.
20. The net assets of the group at 31 March 2016 totalled £216.517 million, compared to a net asset position of £150.185 million in 2014/15. This positive movement relates to the significant decrease in the pension liability within the council's accounts.

Materiality

21. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
22. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial

statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

23. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of West Dunbartonshire Council we set our planning materiality for 2015/16 at £4.042 million (1% of gross expenditure). We report all misstatements greater than £0.050 million. Performance materiality was calculated at £1.011 million, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.
24. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that our original calculation remained appropriate.

Evaluation of misstatements

25. All misstatements identified during the audit, which exceeded our misstatement threshold, have been amended in the financial statements.
26. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. The effect of these adjustments is a:
 - £0.703 million increase in the council's net worth,

- minor increase of £0.023 million in the council's general fund.
- increase in the net assets of the group of £0.912 million

Significant findings from the audit

27. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:

- The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
- Significant difficulties encountered during the audit.

- Significant matters arising from the audit that were discussed, or subject to correspondence with management.
- Written representations requested by the auditor.
- Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.

28. The following table details those issues or audit judgements that, in our view, require to be communicated to those charged with governance in accordance with ISA 260.

Table 1: Significant findings from the audit

Significant findings from the audit in accordance with ISA260

Untaken Annual Leave Accrual

29. Our review of the untaken annual leave accrual identified significant errors within the teachers' allocated holiday calendar, which resulted in an additional 4 days annual leave being accrued per employee. This, in addition to other less material errors, resulted in a reduction of £0.703 million to the 2015/16 untaken annual leave accrual.

Resolution: The audited accounts have been updated to reflect this.

Appendix IV – Action Plan No. 1

Significant findings from the audit in accordance with ISA260

Consolidation of HSCP within Group Accounts

30. During our audit it was identified that the HSCP was consolidated within the Group accounts as an Associate. It is a requirement of the Integrated Resource Advisory Group (IRAG) that all IJB's are consolidated on a Joint Venture basis. This resulted in an increase in the group Total Reserves and Net Assets by £0.912 million.

Resolution: The audited accounts have been updated to reflect this.

Future accounting and auditing developments

Highways network assets

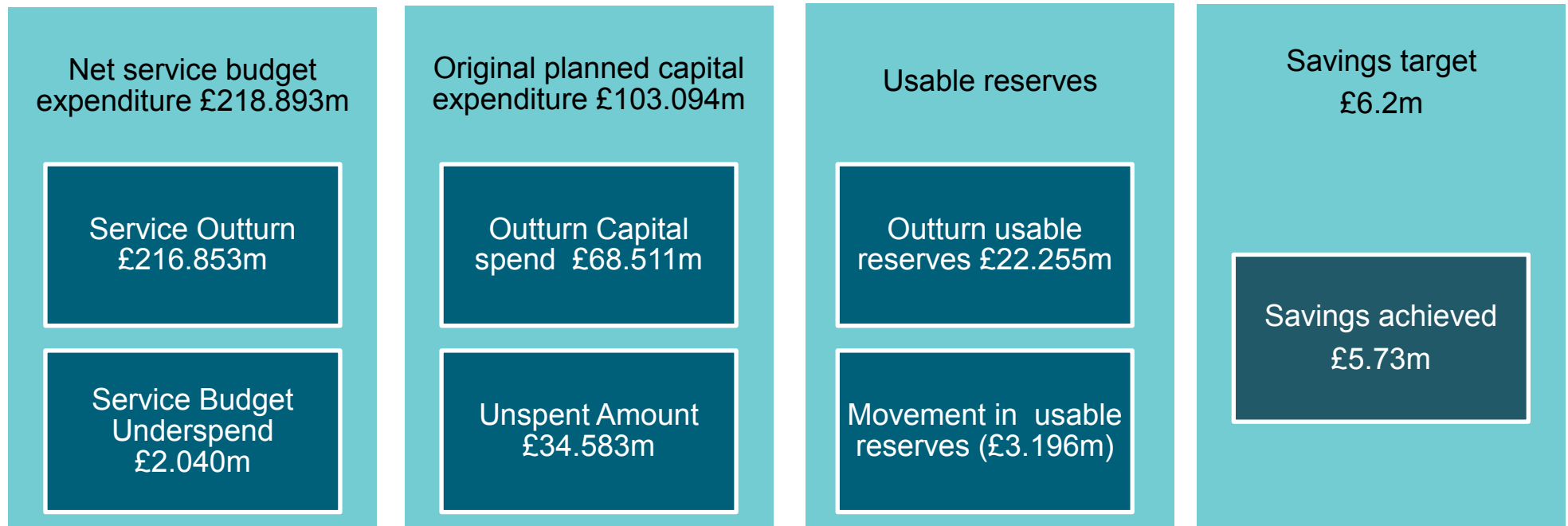
31. The 2016/17 local government accounting Code will adopt a new measurement requirement for the valuation of the highways network asset. It will be measured on a depreciated replacement costs basis. This will have a significant impact on the value of local authority balance sheets.

Code of Audit Practice

32. A new Code of Audit Practice will apply to all audits from financial year 2016/17. There will be a focus on four areas:
- Financial sustainability
 - Financial management
 - Governance and transparency; and
 - Value for money

33. In addition, as well as the annual audit report, other significant outputs, such as the annual audit plan, will be published on Audit Scotland's website.

Financial management and sustainability



Financial management

34. In this section we comment on the council's financial outcomes and assess the council's financial management arrangements.
35. The council sets an annual budget to meet its service and other commitments for the forthcoming financial year. The setting of the annual budget impacts directly on residents as it determines council

tax and other fees and charges. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

36. The council reported a deficit of £14.989 million on the provision of services in the 2015/16 Comprehensive Income and Expenditure Statement. Adjusting this balance to remove the accounting entries

required by the Code produces the revised position showing that the council increased total usable reserves by £3.196 million.

37. Overall, the council reported an underspend of £2.040 million against budgeted general fund services net expenditure of £218.893 million. Specific variances against budget were noted in the following services/areas:

- Contingency/Contribution to reserves - £1.964 million underspend. This budget was created following a review of 2014/15 budget variances. Any budget no longer required was transferred into a contingency fund to be used to accommodate externally influenced movements in departmental budgets. There has been no requirement to draw from this budget during 2015/16.
- Education – Underspend of £1.410 million mainly due to savings in early years establishments. Due to delays in projects such as the embedding of additional hours for 3-5 year olds and the implementation of the Young Persons Bill, underspends have arisen.
- Miscellaneous Services – Overspend of £0.845 million mainly due to the timing of leavers.

38. There are areas of underspend and overspend against budget lines, although these are not material variances as a percentage of the original budgets. However, the council should continue to consider these to ensure that future approved budgets reflect the anticipated underlying cost of service delivery,

39. The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set to at least cover the costs of its social housing provision. Rent levels are therefore a direct consequence of the budget set for the year. The HRA returned an overall surplus of £1.647 million in year increasing the balance on the HRA account to £6.217 million of which £5.562 million is earmarked. Therefore the balance available to the HRA for future use is £0.855 million.

40. The council's current rent arrears amounted to £3.261 million for 2015/16. This is a reduction of 2.5% from 2014/15 balance of £3.346 million. This had a consequent effect on the provision for bad debts, reducing by £0.077 million to £2.176 million for 2015/16.

Financial management arrangements

41. As auditors, we need to consider whether councils have established adequate financial management arrangements. We do this by considering a number of factors, including whether:

- the proper officer has sufficient status within the council to be able to deliver good financial management
- financial regulations are comprehensive, current and promoted within the council
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance

- members provide a good level of challenge and question budget holders on significant variances.
42. We assessed the role and status of the proper officer against CIPFA's "Statement on the role of the Chief Financial Officer in Local Government" and concluded that the council complies with the statement's five principles.
43. We reviewed the council's financial regulations, which are revised regularly, and concluded that they are comprehensive and current. The council's financial regulations are available on the council's website.
44. Budgetary control reports (both revenue and capital) are submitted to the Corporate Management Team on a monthly basis, and the relevant committees and full council in line with the committee reporting timetable. Revenue reports compare annual budget with projected outturn with service variances in excess of £50,000 highlighted and explanations provided.
45. The finance team continues to be built around generic posts and were in the midst of implementing a staff restructure, including rotation of posts, during the audit. This process resulted in, in some cases, delays in the time taken to respond to our requests for additional information. Finance officers should ensure that arrangements are in place to provide timely responses to audit queries, in order to expedite the completion of our work. Staff rotation should allow for the development of knowledge and expertise, reduce the risk of knowledge being held by a single member of staff and facilitate succession planning at certain grades.

46. As auditors we attend a number of council and committee meetings each year. Members provide a good level of challenge and question budget holders on significant variances and service performance issues.

Conclusion on financial management

47. We have concluded that the council's financial management arrangements are satisfactory. Whilst overall financial management is satisfactory, underspends against budgets have significantly contributed to the higher level of reserves.

Financial sustainability

48. The council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the council has the capacity to meet the current and future needs of its communities.
49. In assessing financial sustainability we are concerned with whether:
- there is an adequate level of reserves
 - spending is being balanced with income in the short term
 - long term financial pressures are understood and planned for
 - investment in services and assets is effective.
50. Effective long-term financial planning, asset management and workforce planning are crucial to sustainability.

Reserves

51. The overall level of usable reserves held by the council increased by £3.196 million compared to the previous year and totalled £22.255 million, refer Exhibit 1.

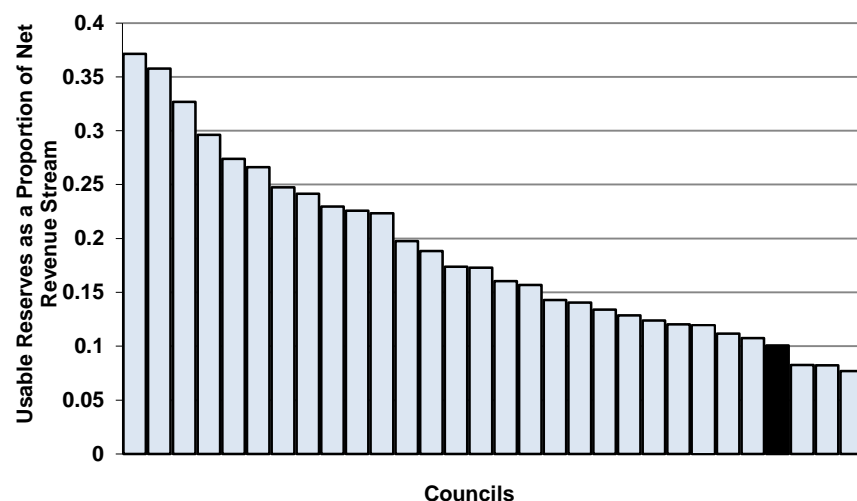
Exhibit 1: Usable reserves

Description	31 March 2015 £ million	31 March 2016 £ million
General fund	9.623	11.203
Housing revenue reserve	4.570	6.217
Capital receipts reserve	Nil	Nil
Capital grants unapplied	0.421	0.484
Capital reserve	4.012	3.824
Other reserves	0.433	0.527
Total usable reserves	19.059	22.255

Source: West Dunbartonshire Council 2015/16 financial statements

52. The general fund reserve has no restrictions on its use. The principal purpose of holding a general fund reserve is to provide a contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows. The council has continued to increase their general fund reserve, with a 16% increase being recorded in 2015/16.
53. The General Fund balance includes planned commitments of £6.515 million, leaving an unearmarked balance of £4.688 million. The largest of these planned commitments relate to directorate expenditure commitments for 2016/17 to 2017/18 and transformational projects.
54. The council has a policy of holding a minimum unallocated reserve of at least 2% of net service cost. The Council's unallocated reserve of £4.688 million as at 31 March 2016 represents 2.06% of the 2015/16 net cost of services (£227.479 million) which is at the lower end of CIPFA's best practice guidance of holding 2% - 4% of revenue expenditure.
55. Despite the in year increase, exhibit 2 highlights that the council has the fourth lowest usable reserves in relation to net revenue stream for the year in Scotland. The council, like all local authorities, faces ongoing financial pressures. Ensuring there are sufficient reserves is important in order to protect the council against the financial impact of unforeseen events or reductions in future funding.
56. The council considers the current usable reserves level and plans for its usage as part of the annual budget setting process. An appropriate balance should be made to ensure current obligations are met and preparing for future commitments is achieved. This may protect the council against the financial impact of unforeseen events or reductions in future funding.

Exhibit 2: Usable reserves as a proportion of net revenue stream



Source: Scottish councils' unaudited accounts 2015/16 (excluding Orkney and Shetland Island councils)

Financial planning

57. The council set its 2016/17 budget in February 2016. The 2016/17 budget was set at £218.216 million which identified that £2.735 million was required to be met from savings and/or reserves.
58. A number of efficiency measures have been agreed and are being implemented or are planned for implementation in 2015/16. Some of the more significant measures include:
 - continuing to implement a new organisation wide operating model including service redesign and rationalisation
 - review of staffing structures across the council
 - review of the catering service
59. The council also set indicative budgets for 2017/18 and 2018/19 in October 2015 with updates approved in February 2016. The budgets require efficiency savings of £2.500 million and £4.821 million respectively. While the council has been proactive in its approach to identify savings opportunities, the realisation of these savings will become progressively more challenging year on year.

Council specific transformational programme/efficiency strategy

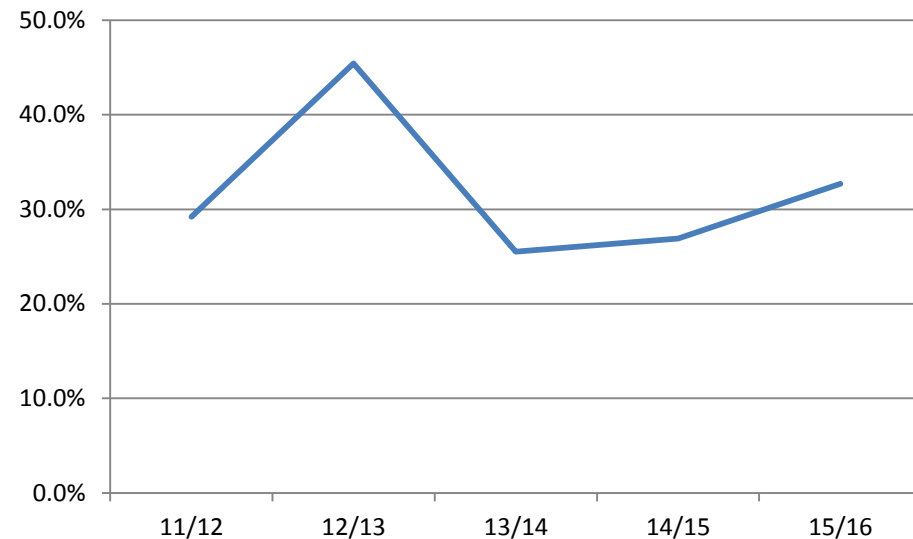
60. The council are undertaking a major transformation programme involving significant regeneration in the area. The programme includes building new schools, care homes, leisure facilities and office accommodation. Project management arrangements are well established and regular monitoring and scrutiny takes places through the council's Change Board.
61. The Change Board continues to provide robust scrutiny for the significant change projects across the council. There is continuous review of the governance arrangements and project management of programmes to ensure improvement, support and intervention at appropriate stages.

Action Plan No. 2

- 62. At recent Change Board meetings, the group specifically took time to research and analyse improvement/efficiency activity across other organisations to gauge whether any ideas or initiatives could be implemented with the council. This has culminated in a range of further ideas and options proposed which are currently under review and consideration as part of the 2017/18 efficiency programme.
- 63. The council has a range of plans in this area, and it is important that robust project management arrangements continue to be applied to support the transformation required to meet the challenging budget reductions ahead.

Capital programme 2015/16

- 64. The council approved a ten year general services capital plan in February 2013 which set out the anticipated investment over the ten year period to 2022/2023. Since its approval, it has been subject to updates in February 2014 and February 2015. The council's long term financial strategy was approved on 26 August 2015, which provides in detail the next 3 year capital plan.
- 65. The 2015/16 budget was set at £103.94 million with an actual spend of £68.511 million resulting in capital slippage of £33.727 million (33%). The majority of this slippage is due to a small number of large projects which have been delayed, not all at the control of the council. Exhibit 3 shows the trend of capital slippage over the last 8 years. Following improvement to 2013/14, the last 2 years has now shown a worsening position, with an increase from 27% to 33% in 2015/16.
- 66. The council approved its housing capital programme for 2015/16 in February 2015. Actual spend on the housing capital programme amounted to £21.594 million against a budget of £28.914 million. Taking into consideration of overspends (£1.855 million) and underspends (£3.708 million) has resulted in a total HRA capital slippage of £5.467 million (19%). Significant areas of slippage can be attributed to delays in the regeneration/demolition of surplus stock as well as delays in implementing integrated housing management system.
- 67. The main capital projects which were progressed during 2015/16 which General Services were building upgrades, replacement of elderly care homes, replacement of Clydebank leisure centre and the office rationalisation. The HRA capital plan mainly focused on multi-storey improvements, void housing upgrades and new build council houses.

Exhibit 3: Capital slippage 2012 - 2016

Source: West Dunbartonshire Council Annual Audit Reports 2011/12 – 2015/16

Asset Management

68. Following a review of the senior management structure, as of April 2016 there will be a strategic lead for Regeneration. One of their distinct service areas will be Corporate Asset Management. This area will then be split into five operational sections, Consultancy Services (General Services), Consultancy Services (HRA), Energy and Compliance, Asset Management and PPP Contract Monitoring.
69. The Asset Management team will contribute and support the effective management of all council assets, and will have direct

responsibility for the asset management of all operational and non operational properties and sites.

Workforce Management

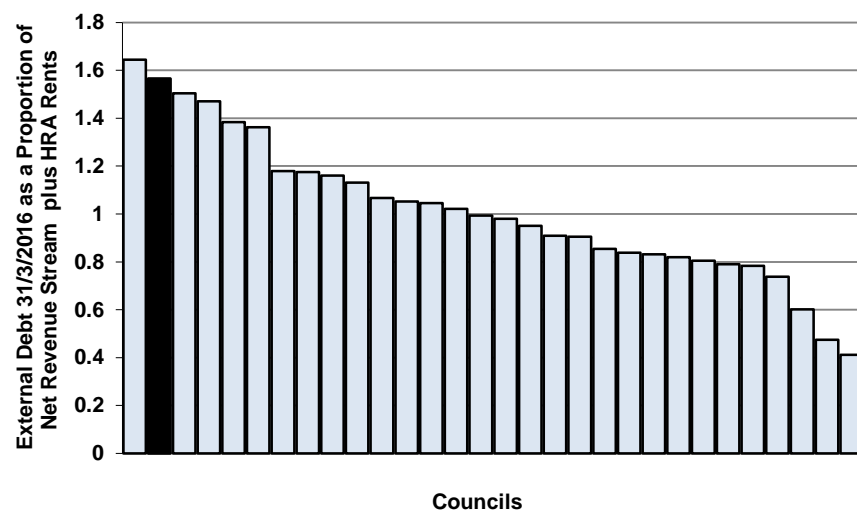
70. The Workforce Planning Strategy and Framework was approved by the Corporate Services Committee in November 2013. The remit was to provide a mechanism to define the workforce requirements of the organisation and to develop appropriate responses.
71. The most significant developments which occurred during 2015/16 which impact the workforce plan is as follows:
- organisational and service area structural reviews.
 - modern apprenticeship and trainee programmes and introduction of internships
 - development and implementation of phase 2 of the central administration project.
72. During 2015/16 there was focus on introducing a succession plan. The project has identified the critical posts and assessing the retention risks as well as recognising potential successors. The focus is currently on the senior management team.
73. The Workforce Strategy does not include an organisation-wide workforce plan which forecasts what the council's workforce and skills needs are for the next 3-5 years to deliver its services and key priorities; however an agreement is in place to deliver a medium to long term plan from 2017/18 and beyond. It should be noted that a one year strategic organisational wide plan is in place for 2016/17.

74. As part of a targeted, focused approach to delivery of agreed efficiencies and reduction of workforce costs, the early retirement / voluntary severance has increased 137%, rising to 45 posts in 2015/16 from 19 in 2014/15. This has been managed to ensure this is in line with service requirements. This increase can also be attributed to the implementation of the councils Future Operating Model, which focuses on reducing the layers of management, to safeguard frontline services.
75. Attendance management continues to be an area of significant priority for the council. During 2015/16 the council lost 52,027 (2014/15 57,211) full time equivalent working days to absence which equates to an estimated cost of £6.14 million (2014/15 £6.75 million). The average FTE days lost per employee has also fallen to 11.81 (2014/15 12.81). A joint attendance working group, with the trade unions, is now in its third year, and has been developing initiatives to improve performance and develop a revised attendance management policy with supporting arrangements, such as:
- carers leave
 - the introduction of flexible solutions such as working at home and personal days tailored adjustments for disability.
76. While there has been decrease in the number of FTE days lost of 9%, it continues to have a significant financial impact to the council, which is not sustainable for the future.

Treasury Management

77. In 2015/16 the overall debt levels increased by £29.001 million, increasing both in long term and short term debt by £10.969 million and £18.032 million respectively. The increase is intended to support the council's capital plan.
78. Exhibit 4 shows that the council's net debt levels, as a proportion of net revenue stream, continue to be amongst the highest in Scotland. It is recognised that the total debt figure includes debt associated with both the HRA and the council's Public Private Partnership (PPP) assets which not all Scottish local authorities will have.
79. The council need to balance the delivery of their capital programme with a need to ensure it can service the medium to long term debt incurred to finance it. We note that the council's treasury strategy and capital plan consider affordability in relation to the capital plan over the next 10 years and beyond.

Exhibit 4: Net external debt as a proportion of net revenue stream



Source: Scottish councils' unaudited accounts 2015/16 (excluding Orkney and Shetland Island councils)

Pension liability

80. The net liability on the council's balance sheet has decreased from £216.679 million in 2014/15 to £153.740 million in 2015/16, a reduction of £62.939 million. The principal reason for this decrease is mainly as a result of the movement in the discount rate to calculate the pension liability.
81. The pension liability represents the difference between expected future pension payments and the underlying value of pension fund assets available to meet this cost. The valuation of the fund as at

31 March 2016 stated that the assets held were sufficient to cover 79.71% of the accrued liabilities. The appointed actuaries are of the view that future pension liabilities will still be met by a combination of the pension scheme's asset holdings, future contributions by employers and employees and planned increases in employer's contributions.

Conclusion on financial sustainability

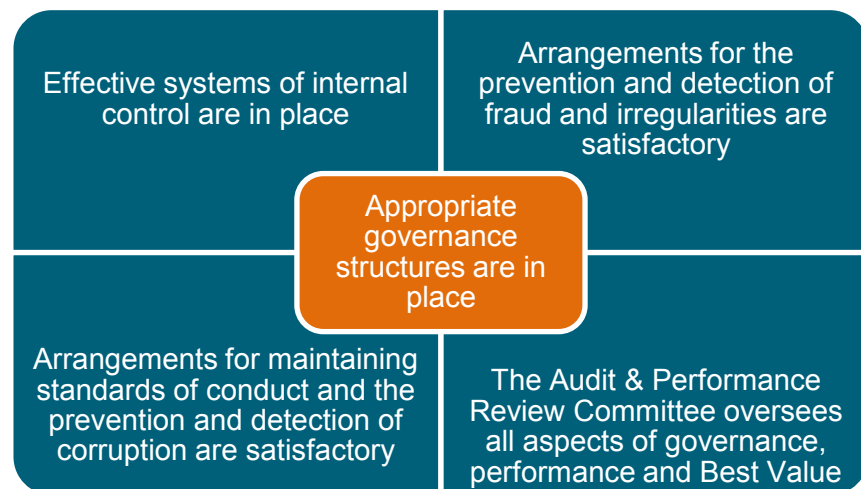
82. Overall we conclude that the financial position is currently sustainable although rising demand for and costs of services will continue to place a strain on the council's capacity to deliver services at the current levels. Whilst the council holds reserves within CIPFA's best practice guidance of 2% - 4% of revenue expenditure, they are at the lower end of the range. Future demands on the revenue budget due to the need to meet funding gaps and service the council's debt may mean current reserve levels are insufficient in the medium to long term.

Outlook

83. Councils face increasingly difficult financial challenges. In the context of overall reductions in public sector budgets, between 2010/11 and 2016/17, Scottish Government funding for councils decreased by 11 per cent in real terms to almost £10 billion. At the same time, demand for council services has increased, largely due to population changes. Increased pension contributions and national insurance changes will create further cost pressures on the council.

84. In common with many other councils, West Dunbartonshire Council is reporting gaps between income and the cost of providing services over the next few years. With further funding pressures expected, councils face difficult decisions to balance their budgets. These decisions must be based on a clear understanding of the current financial position and the longer-term implications of decisions on services and finances.
85. The council are prepared for the introduction of Highway Network Assets in 2016/17. There is an agreement in place that the Roads Department will populate the valuation spreadsheet and it has been requested that internal audit assist in the sampling of this data. It has been agreed that the input data for the valuation will be populated annually using the latest version of the model, to enable a valuation to be included within the draft annual financial statements. A further review will then be carried out in August of every year to identify whether there have been any material changes between draft and final accounts.

Governance and transparency



86. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that the council has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.
87. Citizens should be able to hold the council to account about the services it provides. Transparency means that citizens have access

to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources. Overall we concluded that the council has appropriate arrangements in this area.

Corporate governance

88. The council's corporate governance framework is centred on the full council, supported by four standing committees and appropriate sub-committee. Council and committees are well attended by elected members and papers are subject to a high level of scrutiny.
89. The Audit & Performance Review Committee (A&PRC) scrutinises the development of the council's best value and continuous improvement activity, performance management and audit risk management activity and monitors the council's committees. It is chaired by the leader of the opposition, has appointed lay members and is well attended by both elected members and appropriate council officers.

Local code of corporate governance

90. The council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance. The local code is subject to annual review by a working group of officers.

Internal control

91. As part of our audit we reviewed the high level controls in a number of systems fundamental to the preparation of the financial statements. Our objective was to obtain evidence to support our opinion on the council's financial statements.
92. We reported our findings to the A&PRC in June 2016. No material weaknesses in the accounting and internal control systems were identified which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. Our findings included a number of recommendations to enhance the control system in operation however our overall conclusion was that the council had appropriate systems of internal control in place during 2015/16.

Internal audit

93. Internal audit provides members and management of the council with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.
94. Our review of internal audit concluded that the internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and

reporting procedures in place. We placed formal reliance on the work of internal audit in treasury management, council tax billing, NDR billing and collection as well as the review of key reconciliations.

95. During 2015/16, to ensure early compliance with the requirements of PSIAS, arrangements were proactively sought and put in place to undertake peer external auditing.. The review found that for the thirteen assessment areas the council's internal audit service fully conforms in six areas and generally conforms in seven areas. The recommendations were accepted and will be implemented during 2016/17.

ICT audit

96. Our ICT audit work during 2015/16 generally found that the ICT controls are satisfactory. Following on from last year's review of the council's arrangements for dealing with a cyber attack we note that the council has completed their Cyber Incident Response Plan. In addition the council now have a second route to the internet using a network connection with East Dunbartonshire Council (EDC). This connection allows the council to use EDC connection to the internet should their direct connection with the internet be unavailable.

Arrangements for the prevention and detection of fraud

97. On 1 April 2015 the Corporate Fraud Team (previously Benefit Fraud Team) was established and moved under the remit of the

Audit and Risk Manager. This resulted in a more joined up approach to fraud detection and investigation which resulted in a shift in focus to corporate fraud. During 2015/16 the team identified £0.234 million of actual recoveries, charges and rebillings.

98. We have concluded that the council's arrangements in relation to the prevention and detection of fraud and irregularities are satisfactory.

National Fraud Initiative in Scotland

99. The National Fraud Initiative (NFI) in Scotland brings together data from councils, police boards, fire and rescue boards, health bodies and other agencies, to help identify and prevent a wide range of frauds against the public sector. Matching data obtained from the systems of participating bodies allows the identification of potentially fraudulent claims on the public purse including housing benefit fraud, occupational pension fraud and payroll fraud. If fraud or overpayments are not identified in a body, and the NFI exercise has been undertaken properly, assurances may be taken about internal arrangements for preventing and detecting fraud.
100. As part of our audit work we consider the council's approach to the NFI exercise. The council have positively engaged in the initiative and have taken a sensible approach to reviewing data matches. During their investigation they discovered:
- 7 cases of fraud relating to local authority/NHS employees failing to report their employment to the agency awarding benefits.

- 58 invalid blue badges which have now been cancelled.
- 236 cases of Single Person Discount being incorrectly applied.

101. Overall, we concluded that the council has satisfactory arrangements in place for investigating and reporting data matches identified by the NFI.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

102. The arrangements for the prevention and detection of corruption in West Dunbartonshire Council are satisfactory and we are not aware of any specific issues that we need to record in this report.

Transparency

103. Citizens should be able to hold the council to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources.
104. Through our audit approach we gave consideration to:
- the clarity and presentation of the council's committee papers, budget monitoring reports and financial statements
 - the extent to which the council may exclude press or public from agenda items under the Local Government (Scotland) Act, 1973

- the council's approach to public performance reporting
- accessibility of information via the council website.

105. Overall we have concluded that the council has appropriate arrangements in place to ensure transparency.

Freedom of Information (FOI) requests

106. There were 996 FOI requests received during 2015/16, and 931 (93%) were responded to within 20 days. During the period there were 10 reviews against denial of FOI request, with 6 reviews upheld.

Integration of health and social care

107. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland.

108. The West Dunbartonshire Health & Social Care Partnership (HSCP) Board first met on 1 July 2015 and approved the appointment of the Chief Officer and Chief Financial Officer, membership of the Partnership Board and the integrated scheme. The Strategic Plan was also approved at this meeting with applicable functions and budgets delegated to the IJB.

109. The HSCP has produced financial statements for 2015/16 covering the period 1 July 2015 to 31 March 2016, which have been audited by Audit Scotland and will be reported to the HSCP Board in a separate Annual Audit Report for 2015/16 by 30 September 2016.

110. Embedding the HSCP's governance arrangements will be an essential element in meeting its future challenges and maintaining accountability.

Local scrutiny plan

111. The 2016/17 Local Scrutiny Plan (LSP) prepared by the Local Area Network of scrutiny partners for the council was submitted to West Dunbartonshire Council in April 2016.

112. The 2015/16 LSP did not identify any areas where specific scrutiny activity was required although it did identify three areas that required ongoing oversight and monitoring. These were

- Housing and Homelessness
- People Management
- Efficiency

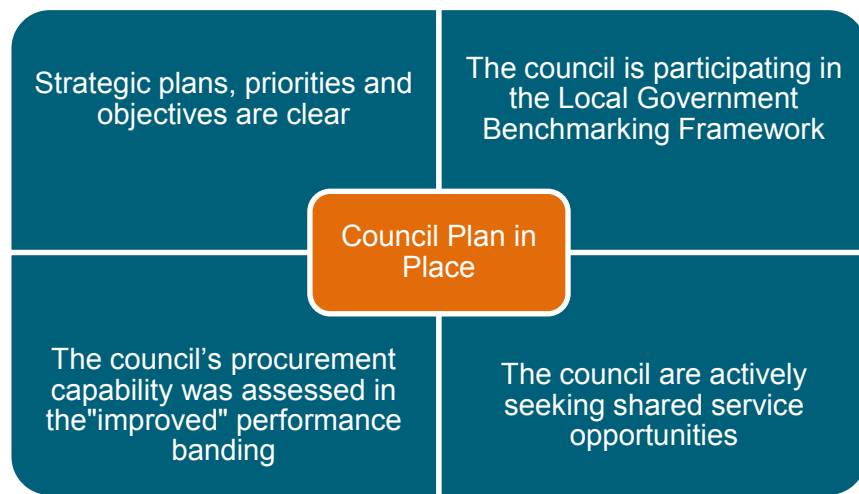
113. This will continue to be monitored throughout the year and reviewed as part of our shared risk assessment for 2016/17.

Outlook

114. Councils will continue to operate in a changing environment within continuing financial constraints. Under these circumstances councils will be obliged to consider the delivery of services by different means. Good governance will be particularly important where council resources and service delivery are devolved to third party organisations.

115. Partnership, joint working and arm's length organisations have become increasingly popular vehicles for planning and delivering council services and there is a sustained national focus on their use. Where council services are being delivered by third party organisations it will be crucial that the council implements robust assurance and governance arrangements to deliver best value while at the same time ensuring an appropriate level of accountability for public money. Community planning and health and social care integration will require an ongoing focus on governance and assurance to ensure that the council's priorities are being achieved.

Best Value



- 116.** Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Procurement

- 117.** In 2009 the Scottish Government introduced an annual evidence-based assessment, the procurement capability assessment (PCA), to monitor public bodies' adoption of good purchasing practice and as a basis for sharing best practice.

- 118.** The annual PCA was replaced by the Procurement & Commercial Improvement Programme (PCIP) which focuses on the policies and procedures driving procurement performance and the results they deliver. PCIP introduced a revised assessment methodology and new scoring and performance bands with councils being assessed every two years. The revised assessment results are not comparable with the previous PCA scores. Scotland Excel began undertaking PCIP assessments for local authorities in May 2016, and the cycle will continue until November 2016.

- 119.** Internal audit finalised their report, Procurement – approved contractors list, during the year. This has highlighted a number of high risk areas. Management has been advised of these risks and an appropriate action list has been created to rectify the issue. The progress of these actions will be reported to the A&PRC on a quarterly basis.

Shared services

- 120.** The council have established a Change Board which is responsible for the delivery of the Delivering for the Future Strategy, the council's capital plan and any other strategic change projects as determined by the board. The board consists of the Strategic Leadership Group and is chaired by a Strategic Director. The Board meets monthly with project sponsors reporting on progress using an established project template.
- 121.** One workstream monitored by the Change Board is the shared services project 'Developing Services Through Partnerships' which

focuses on changing how the council works through developing partnerships and sharing resources. Discussions are underway with various councils and public sector organisations to consider sharing opportunities across a range of council services. The council have successfully agreed partnership working with the National Park and from April 2016 will provide their internal audit service as well as delivering grounds maintenance services.

- 122. The council meeting in June 2016 approved the creation of a Shared Services Joint Committee with East Dunbartonshire and Inverclyde councils. This committee will oversee the operation of and provide democratic accountability for shared local authority services.
- 123. It has been projected that in 2015/16 the three authorities spent in the region of £102 million on Roads and Transportation. Through engaging in a collaborative service it is estimated that recurring savings of 15% by 2020 could be achieved.

Following the public pound

- 124. Local authorities have a statutory responsibility to comply with the Accounts Commission/COSLA Code of Guidance and funding external bodies and following the public pound.
- 125. The council's main ALEO partnership is for leisure provision through the West Dunbartonshire Leisure Trust. The council maintain ownership of the material property assets and a service level agreement is in place to manage the delivery of leisure services. In previous years we confirmed that the council has appropriate

governance arrangements in place in respect of community grants, economic development grants and funding provided to procure services from the local third sector.

- 126. During 2017 Audit Scotland, on behalf of the Accounts Commission for Scotland, will undertake a review of the Following the Public Pound Code in conjunction with an update of the definition of ALEOs to assist councils to apply the principles of good governance to the funding arrangements for ALEOs and similar bodies.

Performance management

- 127. The council is committed to having a strong framework in place for monitoring and reporting performance. A corporate self-evaluation model is in place which is based on the Public Sector Improvement Framework and operates in conjunction with more service specific self-evaluation activity. The council also participate in the Local Government Benchmarking Framework (LGBF) which brings together performance indicators for a range of services as well as service costs and customer satisfaction. Regular performance monitoring against strategic priorities and service plans, is undertaken at the monthly Performance and Monitoring Group, chaired by the Chief Executive.
- 128. The council's priorities are set out in its strategic plan 2012-2017 and are supported by a series of objectives. Progress against these objectives is assessed using a range of performance indicators with this progress reported in the council's public performance report and through a series of booklets, each focusing on specific areas. Any

performance indicators which relate to services provided by the Health & Social Care Partnership (HSCP) are now reported separately through the HSCP annual performance report.

129. We have concluded that the council has robust and effective performance management arrangements which will help in the delivery of the council's strategic and operational objectives.

Overview of performance targets in 2015/16

130. As mentioned earlier, the council have established their own performance indicators which are linked to their Strategic Plan. With the removal of HSCP specific indicators it has resulted in 32 PI's identified to monitor progress, over two overarching priorities, being Social Mission and Organisational Capabilities.
131. During 2015/16 the Policy, Planning and Performance (PPP) team was established to provide greater support to strategic directors, strategic leads and the Chief Executive in performance management and improvement. The creation of a PPP business partner role has resulted in additional capacity at a senior level for the scrutiny and proactive management of performance in priority areas.
132. A report was taken to council in August 2016 which summarised the progress of meeting these PI's and was made publically available on their website. Information relating to five out of the 32 was not available, however will be reported between August and February 2017. Of the remaining PI's:
- 12 (45%) met or exceeded target

- 11 (41%) narrowly missed target
- 4 (14%) significantly missed target

133. Areas to note of strong performance:

- percentage of educational establishments receiving positive inspection reports
- number of new build social housing for rent
- percentage of people with increased or sustained income through Benefit Maximisation.

134. Areas where the target were significantly missed:

- average number of working days lost per employee due to absence for all local government employees and teachers.
- current tenant's arrears as a percentage of total rent due.

135. Both attendance management and rent arrears remain a focus for the council, and the council has ongoing initiatives in place for improvement during 2016/17.

Statutory performance indicators (SPIs)

136. The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report but expects councils to provide citizens with fair, balanced and engaging performance information reporting.
137. For 2015/16 three (SPIs) were prescribed:

- SPI 1: covering a range of information relating to areas of corporate management such as employees, assets and equalities and diversity
- SPI 2: covering a range of information relating to service performance
- SPI 3: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.

138. Overall we concluded that the council's arrangements for publication were satisfactory.

Local performance audit reports

139. A summary of all local external audit reports issued to the council during the year is provided at [appendix II](#).

Local performance audit work

140. During 2015/16 we carried out follow-up audit work on behalf of Audit Scotland to identify the progress the council has made in relation to the recommendations made in Audit Scotland's national performance report *Scotland's Public Sector Workforce* which was published in November 2013. As part of our audit we provided an information return to Audit Scotland which highlighted the following points:
- The council workforce plan has predominately focused on the short-term and, as a consequence, there has been no forecasting of expected staff numbers/skills requirements.

- The council has been proactive in identifying shared services/resources opportunities.

National performance audit reports

141. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the council. These are outlined in [appendix III](#). West Dunbartonshire Council The council has processes in place to ensure that all national reports and their impact on the council are considered by Members.

Equalities

142. The Equality Act 2010 introduced a new public sector 'general duty' which encourages equality to be mainstreamed into public bodies' core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.
143. The council's corporate services committee approved the council's Equality Mainstreaming Report in May 2015 and it has been submitted to the Equality and Human Rights Commission and is available on the council's website.
144. A revised report will be available in April 2017 which will measure progress and identify revised equality outcomes for 2017-2021.

Outlook

145. In common with other councils, West Dunbartonshire Council faces the key challenges of reducing budgets, an aging population with higher levels of need and the public expectation of high quality services. Savings have been made in recent years largely by reductions in the workforce. However, as choices on how to address funding gaps become increasingly difficult, councils will have to focus on making the very best use of all available resources and to challenge existing ways of doing things. A strong and effective performance management framework will be critical to the success of the council achieving its key priorities and achieving best value.

Appendix I: Significant audit risks

The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

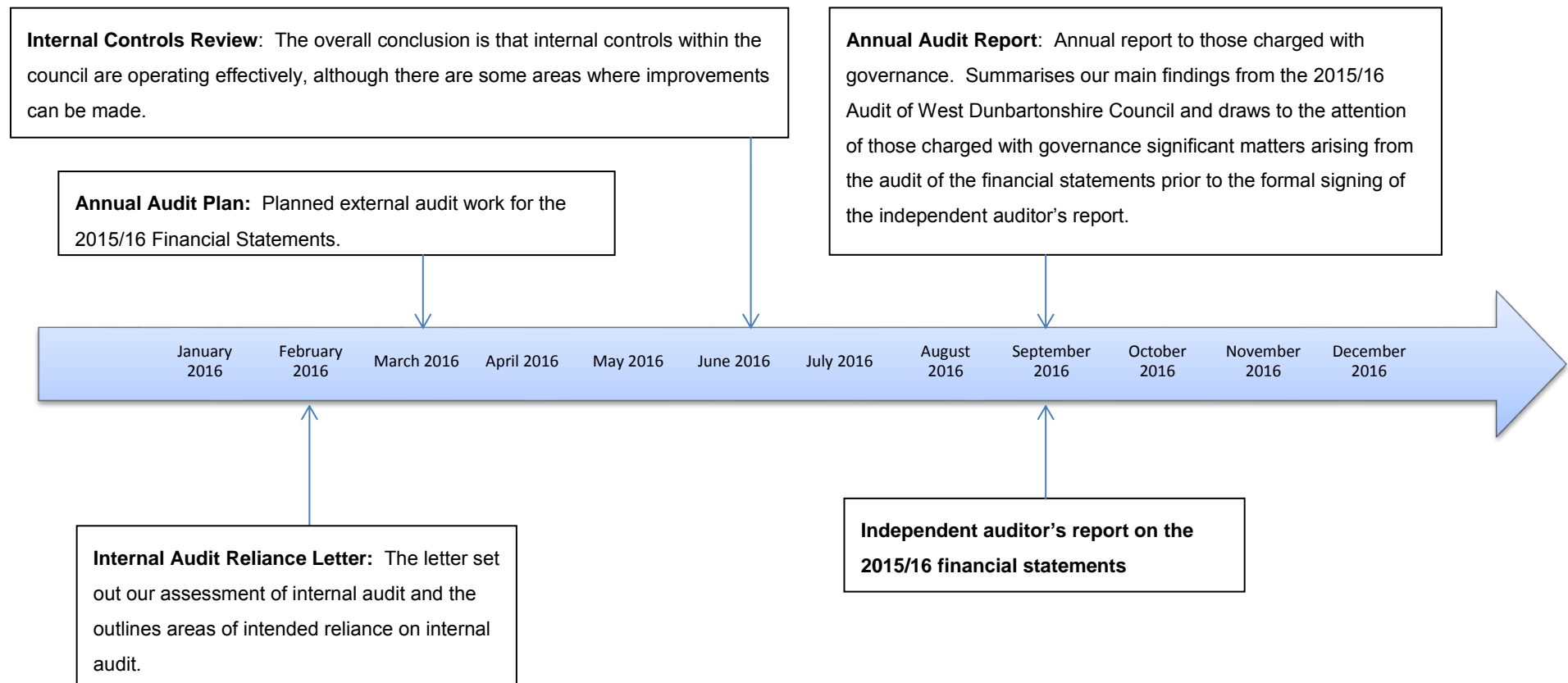
Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement		
<p>Risk of material misstatement due to fraud in revenue recognition</p> <p>ISA 240 presumes an inherent risk of fraud where income streams are significant.</p> <p>Risk</p> <p>West Dunbartonshire Council receives a significant amount of income in addition to Scottish Government funding. The size and diversity of income streams flowing to the council means that there is an inherent risk that income could be materially misstated.</p>	<ul style="list-style-type: none"> Analytical procedures on income streams. Detailed testing of revenue transactions focusing on the areas of greatest risk. 	<p>We undertook detailed testing of income streams.</p> <p>No frauds were identified.</p>
<p>Risk of management override of control</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit.</p>	<ul style="list-style-type: none"> Detailed testing of journal entries. Review of accounting estimates. Focused testing of accruals and prepayments. 	<p>We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness.</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>Risk</p> <p>Management's ability to manipulate accounting records and prepare fraudulent or biased financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> Evaluation of any significant transactions that are outside the normal course of business. 	<p>We did not identify any incidents of management override of controls.</p>
<p>Estimation and judgement</p> <p>The financial statements of the council include valuations which rely on significant assumptions and estimates.</p> <p>Risk</p> <p>The extent of subjectivity in the measurement and valuation of these balances represents a risk of material misstatement.</p>	<ul style="list-style-type: none"> Completion of 'review of the work of an expert' for the professional valuer. Focused substantive testing of key areas. 	<p>We reviewed the work of the professional valuer in accordance with ISA 500 and undertook detailed testing of key valuations within the accounts.</p> <p>No material misstatements were identified.</p>
<p>Untaken annual leave accrual</p> <p>There have been material audit adjustments to the council's untaken annual leave accrual in the previous two financial years.</p> <p>Risk</p> <p>There is a risk the accrual may be understated in the council's balance sheet.</p>	<ul style="list-style-type: none"> Review the 2015/16 untaken annual leave accrual during the audit of the council's 2015/16 financial statements. 	<p>Errors were identified in the untaken annual leave accrual. Adjustments have been process to correct these.</p>

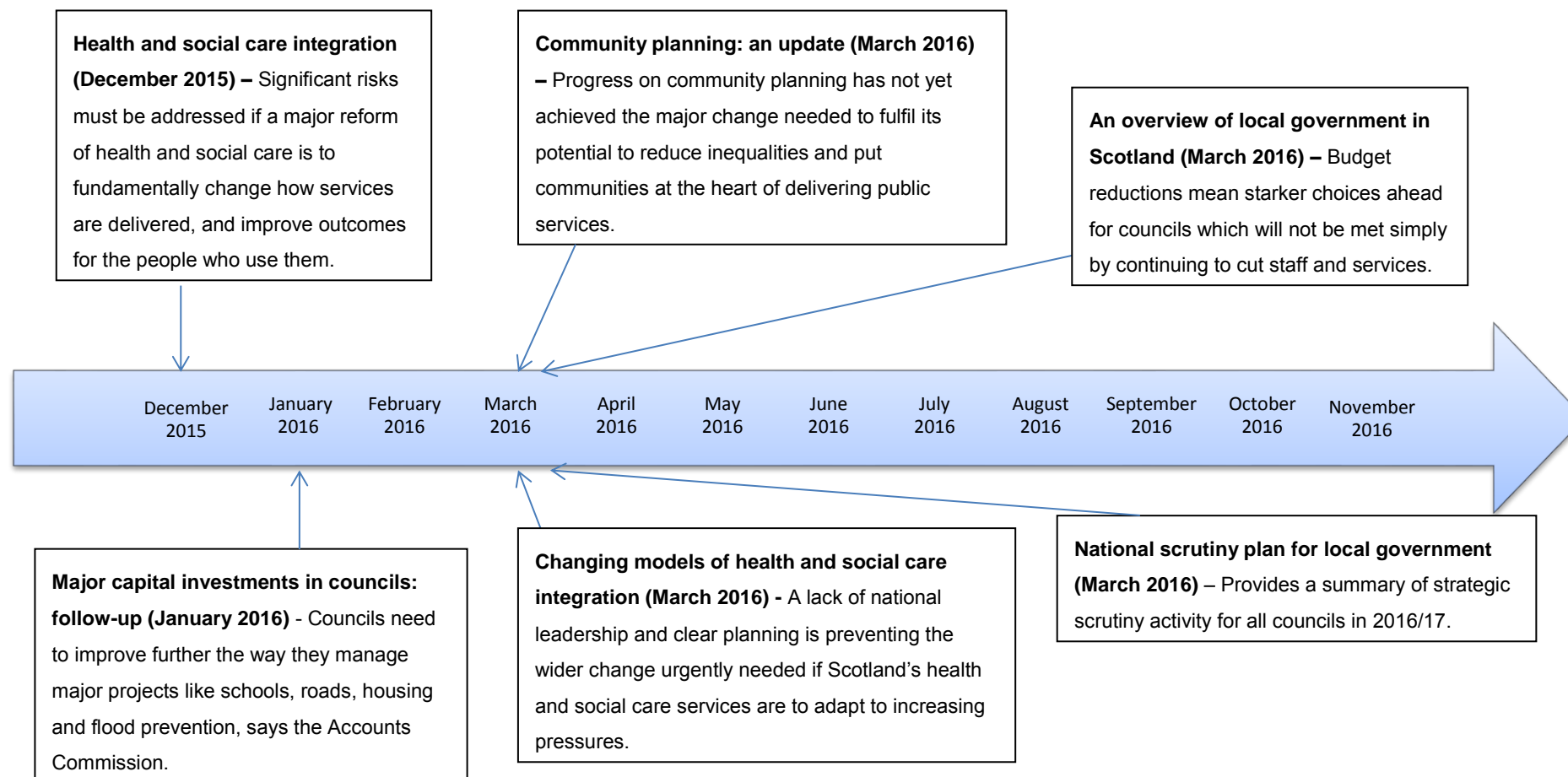
Audit Risk	Assurance procedure	Results and conclusions
<p>Housing rent reconciliation</p> <p>In 2012/13, 2013/14 and 2014/15 our audit has highlighted unreconciled differences between the financial ledger and the housing rents system.</p> <p>Risk</p> <p>There is a risk the financial ledger does not accurately record all relevant transactions.</p>	<ul style="list-style-type: none"> Review the 2015/16 reconciliation during the audit of the council's 2015/16 financial statements. 	<p>Our review of the 2015/16 reconciliation during the audit reported an unreconciled difference of £7,382. Although this is an increase on the previous year, we have concluded that this is no longer a material concern.</p>
<p>Health & Social Care Partnership</p> <p>The West Dunbartonshire HSCP is now operational and the council will need to make appropriate disclosures in the 2015/16 single entity and group financial statements.</p>	<ul style="list-style-type: none"> Review the HSCP disclosures during the audit of the council's 2015/16 financial statements. 	<p>No significant issues were identified from our review of the Health and Social Care Partnership disclosures in the 2015/16 single entity and group financial statements.</p>
<p>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</p>		
<p>Managing financial pressures</p> <p>The council continues to face the challenge of bridging a funding gap of over £4 million over the period 2015/16 to 2018/19 whilst it services existing debt levels and has relatively low reserves as a percentage of net cost of services.</p>	<ul style="list-style-type: none"> Monitor the council's financial position via revenue budget reports presented to full Council and meetings with officers. Ongoing review of council's progress delivering savings options. Review of council's revised long term Financial Strategy. 	<p>The council reported a 2015/16 surplus against service budget of £2.017 million. The council's 2016/17 budget identified that a balance of £2.719 million is to be met from savings. The council also set indicative budgets for 2017/18 and 2018/19 which identify planned savings and further funding gaps which need to be</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>Risk</p> <p>The council may be unable to generate sufficient efficiencies and cost savings to bridge the funding gap.</p>		<p>managed.</p> <p>We have concluded that the council's financial management arrangements are satisfactory.</p>
<p>Capital slippage</p> <p>The council has appropriate capital monitoring arrangements in place and a good focus on project planning and delivery. However, capital slippage in 2015/16 is still projected to be approximately 25%.</p> <p>Risk</p> <p>Future capital programmes and associated service improvements may not be delivered in a timely manner.</p>	<ul style="list-style-type: none"> • Monitor capital expenditure through capital monitoring reports provided to CMT and Members. • Review delivery of the annual capital programme during the audit of the council's 2015/16 financial statements. 	<p>We concluded that although capital slippage had reduced since its peak in 2012/13, there is still room for improvement.</p>

Appendix II: Summary of West Dunbartonshire Council local audit reports 2015/16



Appendix III: Summary of Audit Scotland national reports 2015/16



Appendix IV: Action plan

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1	29	<p>Untaken Annual Leave</p> <p>The council has omitted untaken annual leave for those on maternity and long term sick. Although a process was in place during 2015/16 which enabled those teachers beginning their maternity leave to take their annual leave in advance, going forward this has been removed. The inclusion of untaken annual leave for those on maternity leave and long term sick will ensure the accrual reflects the true year end liability moving forward.</p> <p>Recommendation</p> <p>Finance staff should co-ordinate with Human Resources to identify and monitor any employee who will accrue disproportionate annual leave and ensure these are included within the untaken annual leave accrual.</p>	Finance staff will liaise with Human Resources to ensure all aspects of untaken annual leave are properly accounted for in the year-end accrual.	Finance Manager April 2017

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
2	65	<p>Capital slippage</p> <p>An underspend against the revised level of capital expenditure of £33.727 million (33%) was recorded. There is a risk that the capital plan is not delivered which may adversely impact upon the delivery of the council's objectives and the achievement of planned savings.</p> <p>Recommendation</p> <p>The council should review its capital plans and improve the control of capital projects and, if necessary, re-profile the budget to reflect current plans.</p>	Officers will continue to monitor and report to Members as to progress against the capital plan. This will include appropriate consideration as to the need for re-profiling of the plans.	Strategic Lead – Resources Ongoing

West Dunbartonshire Council Registered Charitable Trusts

Report to those charged with governance on the 2015/16 audit - Draft



Prepared for the Trustees of the Dr A K Glen & West Dunbartonshire Charitable Trust Funds
September 2016

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Contents

Introduction.....	4
Status of the Audit.....	4
Matters to be reported to those charged with governance	4
Accounting and internal control systems	6
Significant findings from the audit.....	6
Acknowledgements	7
Appendix A: Proposed Independent Auditor's Report.....	8
Local authority registered charities	8
Appendix B: Registered Trusts where West Dunbartonshire Council is a trustee	10
Appendix C: ISA 580 - Letter of Representation	11

Introduction

1. An audit is required for the 2015/16 financial statements of all registered charities where the local authority is the sole trustee irrespective of the size of the charity. This is due to the interaction of section 106 of the Local Government (Scotland) Act 1973 with the Charities Accounts (Scotland) regulations 2006.
2. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
3. The trustees of each charity will be provided a copy of the ISA 260 report on 28 September 2016 for their consideration and will be given the opportunity to discuss the points raised within the ISA 260 report directly with External Audit.
4. This report sets out for the trustees' consideration the matters arising from the audit of the financial statements for 2015/16 that require to be reported under ISA 260. We are drawing to your attention those matters we think are worthy of note, so that you can consider them before the financial statements are approved and certified. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect. This report has been prepared for the use of the trustees of the registered charitable trusts listed at Appendix B, and no responsibility to any third party is accepted.

Status of the Audit

5. Our work on the financial statements is now substantially complete. The issues arising from the audit were discussed with officers at regular intervals during the course of the audit. The more significant issues arising were discussed with Finance Officers on behalf of the Strategic Lead – Resources at a meeting on 12 September 2016.
6. We received the unaudited financial statements in May 2016, in accordance with the agreed timetable. The working papers in support of the financial statements were of good standard. Finance staff provided good support to the audit team and we completed our on-site fieldwork in June 2016.

Matters to be reported to those charged with governance

Conduct and scope of the audit

7. We are required to audit the financial statements of the trusts, where the sole trustee is West Dunbartonshire Council, these trusts are set out in Appendix B. Included in this list are seven

trust funds registered under one single charity number. For one of the aforementioned trusts, West Dunbartonshire Council acts as a trustee with three other local authorities.

8. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan of West Dunbartonshire Council presented to the Audit Committee on 9 March 2016, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland.
9. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was disclosed in the Annual Audit Plan and as we did not carry out any additional work outwith our planned audit activity this fee remains unchanged.

Audit opinion & representations

10. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue unqualified auditors reports on 28 September 2016 (the proposed reports for each of the registered charitable trusts are attached at Appendix A). There are no anticipated modifications to the audit report.
11. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature which we regard as errors less than £10. There were none identified as part of our audit work.
12. The Council has decided not to recharge any administration or audit costs to the trusts in 2015/16. This policy is disclosed in the Notes to the Accounts for all trusts. As a result, the costs incurred in administering the trusts are not known to the trustees.
13. As part of the completion of our audit we seek written assurances from the Strategic Lead - Resources on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at Appendix C. This should be signed and returned by the Strategic Lead - Resources with the signed financial statements prior to the independent auditor's opinions being certified.

Fraud

14. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In presenting this report to the trustees we seek confirmation from those charged with governance of any instances thereof that have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud has been included in the draft letter of representation.

Accounting and internal control systems

15. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

Significant findings from the audit

16. In our view, the following issues require to be brought to your attention regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.
17. **Missing Governance Documents:** Significant progress has been made regarding missing governance documents. In 2014/15 governance documents could not be obtained for six of the eight trusts. Through discussions with OSCR new governance documents have been approved for all but one of the trusts. The McAuley Prize for Mathematics is specifically covered by a Statutory Instrument in 1996 whereby the administration of that specific endowment was to pass from the former Strathclyde Regional Council to the Governors of the Dunbartonshire Educational Trust who are to administer it as a separate trust.

Resolution: The Council will pursue the issue regarding missing documentation of the McAuley Bequest through the Governors of the Dunbartonshire Educational Trust.

18. **Dormant Charities:** A review was performed of the charities' activities over the last 5 years and an assessment was made that no tangible benefits have been derived from seven of the eight trusts. A decision was made by the Trustees to focus on obtaining new governance documents for the charities before actively marketing.

Resolution: Governing documents have now been obtained and plans are in place for dispersal of funds in 2016/17.

19. **Missing Title Documents for Investments:** As in previous years no supporting documentation has been provided to detail the title for the investments held by the Dunbartonshire Educational Trust Scheme 1962. As a result of this, it is not possible to ascertain whether the charity has title for the investments and it is not possible to confirm that the market price of the investments detailed in the financial statements of £217 is accurate. Steps have been made by officers to resolve this with a letter being sent in December to Clydeport Authority requesting copies of the original investment.

Resolution: Officers will follow up with Clydeport Authority to obtain copies of original investment documents.

Acknowledgements

20. We would like to express our thanks to the staff of West Dunbartonshire Council for their help assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

Appendix A: Proposed Independent Auditor's Report

Local authority registered charities

Independent auditor's report to the trustees of Dr A K Glen & West Dunbartonshire Charitable Trusts (SC018701 and SC025070) and the Accounts Commission for Scotland

I certify that I have audited the financial statements of the Dr A K Glen & West Dunbartonshire Trust Funds for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the receipts and payments account, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge

acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2016 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

David McConnell, MA, CPFA
Assistant Director, Audit Services
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 September 2016

Appendix B: Registered Trusts where West Dunbartonshire Council is a trustee

- Dr A K Glen Trust (Registered Charity SC018701)
- West Dunbartonshire Trust Funds (Registered Charity SC025070)
 - McAuley Prize for Mathematics
 - Alexander Cameron Bequest
 - War Memorial Dumbarton
 - Halkett Memorial Trust
 - Vale of Leven Fund
 - UIE Award
 - Dunbartonshire Education Trust Scheme 1962¹

¹ West Dunbartonshire Council acts as a trustee for The Dunbartonshire Educational Trust Scheme 1962 alongside East Dunbartonshire, Argyll & Bute and North Lanarkshire Councils. The Trust is managed by West Dunbartonshire Council on behalf of the trustees.

Appendix C: ISA 580 - Letter of Representation

28 September 2016

David McConnell
Assistant Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear David

- Dr A K Glen Trust (Registered Charity SC018701)
- West Dunbartonshire Trust Funds (Registered Charity SC025070)

Annual Accounts 2015/2016

This representation letter is provided in connection with your audit of the financial statements of the registered charitable trusts listed above where West Dunbartonshire Council is a trustee for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of each of these registered charitable trusts as at 31 March 2016 and its income and expenditure for the year then ended.

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the trustees of the registered charitable trusts where West Dunbartonshire Council is a trustee, the following representations given to you in connection with your audit for the year ended 31 March 2016.

General

I acknowledge my responsibility and that of West Dunbartonshire Council (as the administering authority) for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the registered trusts listed above have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

The information given in the Trustees Report to the financial statements presents a balanced picture of each registered trust and is consistent with the financial statements.

I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

Financial Reporting Framework

The financial statements comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and the regulations 9(1), (2) and (3) of the Charities Accounts (Scotland) Regulations 2006.

Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of each registered charitable trust for the year ended 31 March 2016.

Accounting Policies & Estimates

The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

The Trustees have assessed the ability of the registered charitable trust to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24.

Events Subsequent to the Balance Sheet Date

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

Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

I confirm that there are no issues or deficiencies in internal control that require to be disclosed.

Fraud

I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the

financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

The cash fund and investments shown in the statement of balances at 31 March 2016 were owned by the registered charitable trust. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements. There are no plans or intentions that are likely to affect the carrying value of classification of the assets within the financial statements.

Yours sincerely

Stephen West
Strategic Lead - Resources

Appendix A

Internal Audit Reports (Recently Issued)

Generated on: 19 September 2016





Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed





Project 100. Child Protection (Report Issued July 2016)





Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>1. Promote staff awareness of privacy to the sensitive data</u></p> <p>There is no regular review in place of users' access to the sensitive and confidential data for vulnerable children. This is due to large volume of cases, approx. 200,000 both old and new, that they have to hold in CareFirst system. A review is carried out if it is suspected that someone has accessed a record that they should not have. A recent review was carried out following a media release. This poses a</p>	<p>This direction and contractual commitment about Data Protection is emphasised at both the CareFirst Training Sessions and also the Data Protection Awareness Sessions but not just in relation to CP information as we consider all information in the system to be sensitive.</p> <p>We carry out DP Awareness Sessions with HSCP staff and this is tailored to the type of information practitioners</p>			30-Jun-2016	30-Jun-2016	Jacqueline Pender	Complete.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p>risk that unauthorised access will not always be detected and no actions will be taken leading to sensitive information being disclosed and putting the Council at risk. It is recommended that the Children and Families Management team (not all the work relates to child protection) ensures the users of the CareFirst system are reminded of their responsibility under the Data Protection Act when accessing sensitive and confidential information.</p> <p>(Medium Risk)</p>	<p>collate in their everyday work within the HSCP. All staff who access the system regardless of whether they have a WDC or NHS contract must sign that they agree to the Corporate Information and Communication Technology Acceptable Use & Security Policy. An additional line has been added to the current narrative in our Terms of Access screen on CareFirst advising staff that they must adhere to the above policy.</p>						



Project 101. Attendance Management (Report Issued August 2016)

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>1. Following of attendance management policy</u> Managers should be reminded when the trigger report is issued to verify if any of their staff are on the report and the subsequent actions that they are required to take. In addition managers should be reminded of the importance of involving HR when an employee has reached a second trigger.</p> <p>(Medium Risk)</p>	Agreed.		 100%	31-Aug-2016	31-Aug-2016	Darren Paterson	<p>With WMS developments, managers now have access to run their own real time trigger report. This facility will be reiterated to managers, including reminder of HR21 guidance, via the HR Monthly manager's report. The HR teams now run these reports on a regular basis and follow up with managers to monitor application of policy, and adherence to triggers – effectively a perpetual monitoring and audit process. Persistent non adherence to</p>


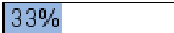


Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
							triggers will be discussed with the relevant Strategic Lead. The opportunity to incorporate this into Masterclasses will be explored.
<u>2. Illness Category</u> Managers need to be informed of the importance of categorising illness correctly, with further guidance provided if requested. (Low Risk)	This has already been identified through regular reporting. Guidance is available on intranet; specific action already agreed with HRBPs to re-communicate to Leads and Mgt teams Action agreed to incorporate into training.		 100%	31-Aug-2016	31-Aug-2016	Darren Paterson	Illness Categories have been reviewed and updated and can now be found on the Council's Intranet under Attendance Management pages, HR21 pages and Occupational Health pages. Reminders on this matter have been issued via ELG and HRBP monthly reports. Cases where no reason is recorded are reported to ELG and PMRG. HR teams have adopted a monitoring role, reviewing reasons for absence on a regular basis during the month through current absence and trigger reports, and will remind managers where reasons are not recorded or are incorrectly recorded. Persistent non adherence will be reported to the relevant Strategic Lead. Attendance Management masterclass elearn course is being updated to cover this topic.
<u>3. Management Contact</u> Managers should be aware of the importance of contacting employees who are off work at regular intervals dependent on the situation and specific circumstances, and a record	Agreed: refresher to managers re contact. Consider how to extend manager permissions to record contact in HR21.		 100%	30-Sep-2016	30-Sep-2016	Darren Paterson	New developments in absence email notification have been implemented in order to address this matter. If an employee has not returned when a fit note is due, an email is generated to the manager. Managers also




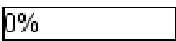
Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
should be made. (Medium Risk)							receive emails when an employee reports sick with MSK or Stress. This will be incorporate into the next Masterclasses topic – 'having difficult conversations'. HR teams will continue to monitor manager contact in respect of long term absence. Persistent lack of contact will be reported to the relevant Strategic Lead.
<u>4. Individual Stress Risk Assessments and OH referrals</u> Ensure Managers and employees are aware of the Stress Management Policy and the importance of adhering to it. (Medium Risk)	Ensure Managers and employees are aware of the Stress Management Policy and the importance of adhering to it.			31-Jan-2017	31-Jan-2017	Darren Paterson	This will be managed at a local level by the HR teams. HR teams are notified of stress absences and will support managers to apply the Stress Management Policy while taking on a monitoring role.
<u>5. Consistency of information recorded</u> Thought should be given to how a consistent approach can be adopted. (Low Risk)	Agreed. Recording via WMS is under review in respect of input by managers and/or HR to ensure consistency.			31-Mar-2017	31-Mar-2017	Darren Paterson	A review of WMS HR case management pages is currently underway to ensure ease of use and to improve consistency. Further developments in respect of manager self service is being developed within HR21.





Project 102. Procurement - approved contractors list (Report Issued August 2016)



Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>1(a). Specialist Contractors Contracts</u></p> <p>Building Services, with the support / assistance of the Corporate Procurement Unit (CPU) Section should regularise the contracts for flat roofs, fencing and landscaping and other work which is currently being undertaken by specialist contractors.</p> <p>(High Risk)</p>	<p>A meeting between CPU and Building Services took place on 11 May 2016 where discussions took place on the pipeline of work and agreed timescales and responsible officers for development of tenders and contracts to ensure the Council is not exposed where services are being provided and no contract is in place.</p> <p>The Building Services procurement pipeline has been agreed with the timeframe in which all contracts will be let. Most high priority contracts will be let by 31 October 2016.</p> <p>Until work is completed to let appropriate contracts, officers will be reinstructed on the requirement to follow Procedure 001 – Sub-contracting. Where repairs exceed the value of £2,000 a minimum of 2 quotations will be obtained along with a third quotation using Building Services / National Schedule of Rates (NSOR) costs.</p>			31-Mar-2017	31-Mar-2017	Martin Feeney; Andrew Gordon	<p>Good progress has been made on this action which includes 3 milestones in total, 1 milestone has been achieved to date.</p> <p>Work on tenders is progressing well with teams from Building Services, Consultancy Services and the Corporate Procurement working diligently to ensure all high priority contracts are let within agreed timeframe. In the interim, officers within Building Services have been instructed, when it is necessary to sub contract work they follow the Council's financial and procurement procedures.</p>

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
	Records of these will be scanned and filed on the 'X' drive, Maintenance and Repairs folder.						
<u>1(b). Specialist Contractors Contracts</u> Corporate Procurement should review all specialist contractor supplies to ensure that all have appropriately procured contracts in place; and, if not assist, departments to get these in place. (High Risk)	CPU are currently reviewing areas where services have been supplied with no contracts being in place, and will work with departments to ensure that the relevant tender process or framework call off is carried out and contracts put in place.	✓	<div><div>100%</div></div>	30-Sep-2016	30-Sep-2016	Andrew Gordon	This process has been embedded within the Category Strategy arrangements.
<u>2(a). Back-up Framework Tender</u> A tendering process should be undertaken to enable a new Back-up Framework to be set up. This is essential to ensure that the Council is obtaining best value when outside contractors are called upon to undertake emergency repairs. (High Risk)	Following the meeting with Building Services on 11 May 2016, CPU will work with Building Services to ensure that the tender process previously commenced is completed and contracts put in place. Since the Back-up Framework contract commenced in 2010, there has been no uplift in the rates paid which does demonstrate that Value For Money was sustained.	▶	<div><div>33%</div></div>	31-Oct-2016	31-Oct-2016	Martin Feeney; Andrew Gordon	There are 3 milestones for this action 1 of which has been achieved. The Building Services Procedure 001, Sub-contracting work has been reviewed, a briefing session was held on 21 June 2016 where the amended procedure was discussed and where officers' actions and responsibilities were reiterated and explained. Work is progressing well to achieve the successful letting of this framework contract by agreed target date.
<u>2(b). Back-up Framework Tender</u> A procedure is to be put in place to record the contractors contacted under the Back-up Framework and why they could not perform	Although there have been no incidents where this has occurred over the last six years, a review of Procedure 001 Sub-contracting will be carried out. This will	✓	<div><div>100%</div></div>	30-Sep-2016	30-Sep-2016	Martin Feeney	Complete.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
the work before the next rated contractor is contacted. (Medium Risk)	include a process to record information where non 1st ranked back up contractors are used with information on the reason why. If possible, we will include a flag on the IHMS to ensure this data is automatically recorded on the new management system.						
<u>3. Formal Tendering Arrangements</u> Formal tendering arrangements need to be put in place for all works that it is anticipated will cost in excess of £50K (cumulative) in accordance with the Council's Financial Regulations. Evidence should be maintained of the appointment of contractors where the value of the contract is between £2,000 and £50,000. This will include evidence of at least three quotes obtained under the quick quote process. (High Risk)	Following the meeting with Building Services on 11 May 2016, CPU will work with Building Services to ensure that the relevant tender process or framework call off is carried out and contracts put in place.			31-Mar-2017	31-Mar-2017	Martin Feeney; Andrew Gordon	This action has 3 milestones 1 of which has been achieved to date. A quotation folder has been set up to record all estimates and costs received from contractors where it is necessary to sub-contract work. Quotations will be scanned to the folder and records will be available to be reviewed at a future date if necessary. Work to let all high priority contracts is progressing and is on track for completion by due date.
<u>4. Record of Contracts</u> CPU should establish and maintain a register of contracts where the level of expenditure may require the work to be awarded by tender. All departments should review the register on a regular basis to ensure that	CPU maintains a contracts register which contains all development, live and pipeline contracts. CPU regularly request updated procurement project pipelines from all departments to ensure that all future and			31-Aug-2016	31-Aug-2016	Andrew Gordon	Complete and ongoing.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
all contracts relevant to them are listed and up to date. (Medium Risk)	recurring requirements are captured, and are tendered where required.						
<u>5. Inspection Checks</u> Management must always ensure that, in determining the specific requirements of work done by specialist contractors, appropriate inspections and checks are performed and evidenced by a Building Services Officer (or other Officer with the required technical knowledge) before the work is authorised. (Medium Risk)	Officers will be reinstructed and briefed on their duty and need to specify works and not rely upon contractors to provide work schedules.			30-Jun-2016	30-Jun-2016	Martin Feeney	A briefing session was delivered at Clydebanks Town Hall on Tuesday 21 June 2016 entitled Audit Report - Procurement and Approved Contractors. Building Services Officers, Craft Supervisors, Technical Officers and other officers attended the briefing session where we discussed the updated Building Services Procedure 001 - Sub Contracting Work. Item 9 in the procedure states "Whilst it is acceptable to use contractors' expertise and experience, the Authorising Officer is responsible to specify works and should not rely upon contractors to provide work schedules including dimensions and quantities of the works required". The updated Procedure 001 - Sub Contracting Works has been distributed to all officers involved in the process of sub contracting works.
<u>6. Expenditure Authorisation</u> A formal policy should be introduced where the Housing Revenue Account is required to incur costs on essential repair and rectification costs that would normally be borne by the	The existing process will be formalised into a formal policy in discussion with colleagues from estate management to include work that would normally be the			28-Oct-2016	28-Oct-2016	Martin Feeney	This action has 2 milestones the first of which is due for completion at the end of September 2016. The development of the formal policy and approval process where the HRA is to bear the cost of work which

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
occupant of the property, this to include management authorisation. (Low Risk)	responsibility of the tenant where it is recommended costs are met from the HRA including management approval process.						would normally be the responsibility of the tenant is progressing well and work on this action is on track for completion by due date.
<u>7. Retention of Supporting Documentation</u> Building Services should retain all relevant supporting documentation in accordance with Council's document retention schedules for housing. i.e.: - Major Repairs-Current plus 10 years/5 years - Minor Repairs- Current plus 7 years/5 years This can be achieved by scanning all signed inspection reports and completion reports. (High Risk)	Data on all repairs is already retained within Client and Contractor systems. A procedure for document retention is already in place. This will be reviewed and amended if appropriate and reissued to teams. In addition and for the implementation of the IHMS document scanning is being introduced. In the interim, all post inspection records will be scanned and filed in the 'X' drive, Maintenance and Repairs folder.			30-Sep-2016	30-Sep-2016	Martin Feeney	This action has 3 milestones of which 2 are complete. New procedures have been developed to retain all supporting documentation where inspection records will be scanned to folders within the X-drive. Briefing sessions were held with responsible officers on the 6 June 2016. Effective progress has been made on this action which is on track for completion by due date.
<u>8. Separation of Duties</u> The post inspection checks of work done should be carried out by an Officer independent of the Officer responsible for raising the works order and supervising the work. (Medium Risk)	The current practice is that an independent officer carries out sample testing of post inspections (in the region of 30%); this officer is entirely detached from the repair inspection and completion of works processes. This arrangement will be reinforced in view of the results of audit testing.			31-Aug-2016	31-Aug-2016	Martin Feeney	Already implemented.

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>9. Keeping Committees up to date</u></p> <p>The Strategic Director of Regeneration, Environment & Growth should ensure that all Committee decisions are implemented. If for some reason a Committee decision is not implemented then the Strategic Director of Regeneration, Environment & Growth should ensure that a further report is provided to that Committee advising of the issues.</p> <p>(Medium Risk)</p>	<p>In the unlikely event a committee decision can't be implemented, a report will be submitted to the appropriate committee outlining the issues and seeking approval for any variance in future.</p>			31-Aug-2016	31-Aug-2016	Martin Feeney	<p>All building services officers that produce committee reports have been briefed on the need to submit a further report to a subsequent committee if a decision made at a previous committee cannot be implemented outlining the reasons why and seeking committee approval for the variation.</p>

Appendix B Internal Audit Reports (Previously Issued)

Generated on: 19 September 2016





Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed



Project 90. Review of Key Reconciliations (Report Issued February 2016)

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>3. Written Procedures</u> Procedures should be written for all of the reconciliations with a full explanation of how they should be completed. (Low Risk)	The existing procedures manuals will be reviewed and updated to ensure the correct details are documented for all reconciliations.		<div>0%</div>	31-Dec-2016	31-Dec-2016	Karen Shannon	Procedure manuals are currently under review & being updated. However, this action has 2 milestones and until all manuals are reviewed and updated neither milestone can be marked as complete. The action is still on line for completion by the deadline.



Project 92. Internet and Email Controls (Report Issued February 2016)

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>4. Staff Awareness</u> Awareness sessions which highlight the increased risk of web facing services for Administrators and key system users should take place regularly. The use of 3rd party software to raise awareness of phishing exercises to staff should be considered.</p> <p>(Medium Risk)</p>	<p>In addition to awareness sessions already delivered to relevant staff, a systematic review of these sessions is underway to address new and emerging threats, and will be re-enforced regularly.</p>			30-Sep-2016	30-Sep-2016	Michael Butler; Iain Kerr	<p>Awareness sessions already delivered to approx. 55% of staff accessing systems, however, refreshers will be delivered to key system users in keeping with this audit item, action is on track with three of four milestones complete.</p>



Project 93. Senior Officer Financial Controls (Report Issued February 2016)




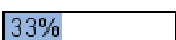
Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>7. Register of Interests</u> Management should consider whether a register of interests for employees is developed and maintained.</p> <p>(Low Risk)</p>	<p>Options around the creation of a register of interests for employees will be reviewed and reported to CMT for consideration.</p>			31-Mar-2017	31-Mar-2017	Peter Hessematt; Stephen West	<p>Options considered and it has been agreed that a central register will be created.</p> <p>This action has four milestones, three of which has been completed.</p>

Project 94. SEEMIS (Report Issued April 2016)


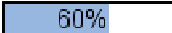


Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
1. Active SEEMIS Users It is recommended that Educational Services make all 'blank' accounts inactive and have any wrong information corrected. The Department should then liaise with HR to remove all former employees or any staff that no longer require access from the active users list. (Medium Risk)	This is an ongoing process which will be completed during session 2016/17.			31-Mar-2017	31-Mar-2017	Andrew Brown	Click+Go users were checked for blank entries and any found were corrected. Schools were notified that they had to mark end dates on accounts of staff members who leave as and when required rather than leaving it until there were a large group to be done. Comparison checks with HR21 will be carried out bi-annually for quality assurance purposes.

Project 97. Asset Management Strategy - Vehicles (Report Issued April 2016)


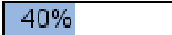
Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
1. Review of the Vehicle Fleet Asset Management Plan It is recommended that the Vehicle Fleet Asset Management Plan be updated for the following reasons: . Continuing financial constraints . The requirement for a 'Vehicle Fleet Replacement Programme' for the years 2017 to 2022. . EU directives on carbon dioxide emissions for fleet cars and vans. . The Scottish Government's commitment to convert	The current Vehicle Fleet Asset Management Plan will be updated by end September 2016.			30-Sep-2016	30-Sep-2016	Rodney Thornton	Work is underway to update & refresh the Vehicle Fleet Asset Management Plan - two of three action milestones have been completed


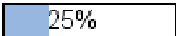

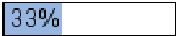
Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
public sector fleets to electric vehicles . Possible changes to client department needs. (Medium Risk)							
<u>4. Performance Indicators</u> It is recommended that the new fleet management system is introduced as soon as possible, in order to benchmark with other local authorities and confirm that performance is satisfactory. (Low Risk)	Arrangements are being made to ensure that performance network information will be submitted to APSE from financial year 2016/17.			31-Mar-2017	31-Mar-2017	Rodney Thornton	APSE Performance Network software is currently being tested on a test platform within the existing Fleet Management System. One of two action milestones have been completed.
<u>5. Licence Endorsement Policy</u> There should be a standard policy that confirms what actions, if any, will be taken in the event of drivers having their licences endorsed / withdrawn. Staff should be aware of their responsibilities when driving Council vehicles and the consequences if they do not meet those standards. (Low Risk)	Discussions will be held with Audit & Risk (in-house Insurance team) and the Council's Vehicle Fleet Insurers to establish best practice for managing vehicle fleet drivers incurring endorsement(s) (Penalty Points) on their driving licences with a view to adopting such best practice as policy.			31-Aug-2016	30-Nov-2016	Rodney Thornton	Feedback from the local authority insurers forum has not yet been received and is now being pursued further - The completion date for this action has been altered to 30 November 2016 to reflect this delay

Project 98. ICT Infrastructure Management (Report Issued May 2016)





Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Patch Management</u> Although a system is in place to systematically check and deploy Microsoft patches, improvements could be made to replicate this for non Microsoft patches. (Medium Risk)	A review of the current planned maintenance schedule and scope is underway with a view to increasing the level of patching being carried out.			31-Dec-2016	31-Dec-2016	Brian Miller	Aug 16 - Three of five milestones complete. Talks ongoing with trade unions and staff after meeting took place on 24th
<u>2. Review of Alerts and Logs</u> A system should be established to proactively review logs and alerts for unusual network activity which could potentially highlight security incidents before they take hold (Medium Risk)	A review of the resourcing required has been completed and additional resource agreed to undertake this additional work.			31-Oct-2016	31-Oct-2016	Brian Miller	30 Aug 16 - Four of six milestones complete. Sifting complete and interviews scheduled


Project 99. Web based applications (Report Issued May 2016)

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>2. Contract Review</u> The Council should continue to review the contracts it has in place where cloud based services are used. The review should focus on the identification of risks as well as the timeliness and effectiveness of any response. (Low Risk)	This will be led by the ICT Security Officer, with support from Operational ICT, Procurement and Legal as appropriate.			31-Mar-2017	31-Mar-2017	Iain Kerr	Of the 5 milestones, two are complete with action on track

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>3. Identify, Categorise and Risk Assess information being collected</u> The Council's web pages, particularly the on line forms component, has the capacity to either store information gathered internally or in the cloud. As forms are introduced, a risk assessment should be conducted to determine the sensitivity of the information and where it should be directed. (Medium Risk)	ICT will develop and implement a risk assessment process for all new forms. A programme to review existing forms and implement changes where needed will be carried out.			31-Mar-2017	31-Mar-2017	James Gallacher	Aug 16 - 1 out of 4 milestones complete.
<u>4. Review User Access permissions</u> Management should review access controls to determine if it's possible to implement a 2nd factor of authentication or other means of tightening. (Medium Risk)	The software vendor will be approached to determine if the introduction of additional security measures, such as a 2nd authentication factor for Admins is possible with potential implementation costed.			31-Oct-2016	31-Oct-2016	Jonathan Muir	Several options are being explored at present to address the audit issue. This action has three milestones, one of which has been completed.

Code of Good Governance - Improvement Action Plan

Improvement Actions for 2016-17						
Recommendation	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>1. Improvements to service planning process</u> Ensure learning from customer feedback, including complaint information is embedded in the Strategic Planning and Performance Framework		<div><div>66%</div></div>	31-Mar-2017	31-Mar-2017	Amanda Coulthard	2 of 3 milestones complete. work to deliver the third is in progress. new organisational framework has been developed to reflect the new structure and role of the PPP business partner.
<u>2. Outcome based PI's</u> Develop an approach to embed outcome-focused Performance Indicators into the Planning and Performance Framework and processes		<div><div>0%</div></div>	31-Mar-2017	31-Mar-2017	Amanda Coulthard	0 of 2 milestones complete. Activity currently underway to review PIs and develop the approach by end of September 2016
<u>3. Embedding of quality standards</u> Establish and monitor customer satisfaction of Council services		<div><div>25%</div></div>	31-Mar-2017	31-Mar-2017	Stephen Daly	3 Milestones the first of which will be complete in October 2016. The Mystery Shopping volunteer group has been established and the question bank set. Intention to roll out October on track.
<u>4. Continuous improvement</u> Review the effectiveness of the continuous improvement strategy focusing on reporting and benchmarking of performance		<div><div>100%</div></div>	31-Mar-2017	31-Mar-2017	Amanda Coulthard	Action complete. new self-evaluation framework launched to ensure a robust approach to continuous improvement. this is a core element of the strategic planning and performance framework and ensures awareness in services on areas for improvement and of best practice as well as evidencing learning in service planning and delivery.






<u>5. Performance Reporting</u> Improve annual reporting process to include information on service user feedback and lessons learned			31-Dec-2017	31-Dec-2017	Amanda Coulthard	2 of 3 milestones complete. the new self-evaluation framework and 15/16 annual report are delivering on aspects of this action. further work will ensure lessons learned information can be captured and reported.
<u>6. Continuous Improvement</u> Implementation of self-evaluation framework corporately where existing models of evaluation currently do not exist, including approach to embedding benchmarking processes and corporate monitoring of outcomes			31-Dec-2017	31-Dec-2017	Amanda Coulthard	New framework launched and self-evaluation activity commenced in priority areas
<u>7. Risk Management</u> Review approach to Strategic Risk management following management restructure			31-Mar-2017	31-Mar-2017	Vicki Rogers	1 milestone of 4 completed. On track to complete by 31/3/17

Appendix C


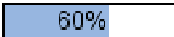
External Audit Reports

Generated on: 19 September 2016






Project 15. Annual Report on the 2012/13 Audit

Risk Identified	Action Status Progress Bar	Original Due Date of Action	Actual Due Date of Action	Sub-Action Code	Planned Management Action	Sub-Action Progress Bar	Sub-Action Status Icon	Sub-Action Due Date	Sub-Action Assigned To	Sub-Action Latest Note
4. Financial Pressure: The Council currently has an assumed cumulative funding gap of £21.68 million over the period 2013/14 - 2016/17 and continues to face an increase in demand for services due to the current economic climate and changes in demography. Risk: The Council may not be able to generate efficiencies and savings to bridge the funding gap.		31-Aug-2016	31-Oct-2016	CS/EAAP/117a	The Long Term Financial Strategy going to Council on 30 October 2013 asks CMT to identify efficiencies for forward planning to meet the anticipated gap.			30-Oct-2013	Stephen West	Updated Long Term Financial Strategy provided to and agreed by Council on 30 October 2013.
				CS/EAAP/117b	Updates of the Long Term Financial Strategy will be presented to Council on at least an annual basis to update the projections as new information becomes available.			31-Oct-2016	Stephen West	Noted at June 2016 Council that this will now come to October Council to better align to budget process.


Project 19. Annual Audit Report on the 2014/15 audit

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>2. Financial Planning</u></p> <p>The council currently has an estimated cumulative funding gap of £6.80 million over the period 2015/16 - 2017/18 and continues to face an increase in demand for services due to the current economic climate and changes in demographics.</p> <p>Risk: The council may not be able to generate sufficient efficiencies and savings to bridge the funding gap.</p> <p>Recommendation: The council should continue to keep its long term financial strategy under review and progress its intention to roll out priority based budgeting.</p>	<p>The council recently agreed an update to the long term finance strategy and updates will be provided to Members at least annually.</p> <p>The intended roll out of priority based budgeting is planned to be implemented to inform the budget process for 2017/18 onwards.</p>			10-Mar-2018	10-Mar-2018	Gillian McNeilly; Stephen West	The three year budget submissions are due 31 August 2016, with the draft budget and long term finance strategy due to Council in October 2016






Local Scrutiny Plan 2016/17

1. Housing and Homelessness					
Code & Title	Status Icon	Progress Bar	Due Date	Latest Note	Ownership Assigned To
H&E/2016/HDH/04 Carry out comprehensive Tenant Satisfaction Survey to inform service delivery and improve satisfaction levels		<div><div>40%</div></div>	28-Feb-2017	Action on track - two of the five milestones have concluded and the remaining three will be delivered within agreed timescales.	John Kerr 2
H&E/2016/HDH/08 Carry out detailed analysis and develop and implement interventions aimed at reducing level of repeat homelessness		<div><div>45%</div></div>	31-Dec-2016	Action on track - Targetted approach and strengthening of management arrangements has seen an early reduction in repeat homeless levels (11% reduction), this will continue through the action planning process and will be monitored on a monthly basis. 5 of the 11 milestones have been achieved with regards this action, the remaining 6 are on track and will be completed within the timescales identified.	John Kerr 2
H&E/2016/HDH/09 Identify and resolve weaknesses in relation to reporting the provision of temporary accommodation		<div><div>100%</div></div>	31-May-2016	Action completed - Analysis identified areas for improvement which were introduced at once, this has had a positive impact on customer service and the provision of temporary accommodation to the most vulnerable members of our communities.	John Kerr 2
H&E/2016/HO/01 Implement Rent Collection Action Plan and improve performance around rent arrears		<div><div>66%</div></div>	31-Mar-2017	On track.	Andy Cameron
H&E/2016/HO/02 Reduce the average number of days to carry-out non-emergency repairs		<div><div>40%</div></div>	31-Mar-2017	On track.	Martin Feeney

2. Staff Absence



Code & Title	Status Icon	Progress Bar	Due Date	Latest Note	Ownership Assigned To
PT/16-17/HR/001 Develop innovative strategies and best practice to support employee attendance and reduce absence		<div><div>42%</div></div>	31-Mar-2017	3 out of 7 milestones complete (40%). All outstanding actions on track for completion by due date. Current focus - review of scope of Attendance Working Group, Absence Audit Action Plan and Wellbeing Masterclasses.	Tracy Keenan

3. Efficiency

Code & Title	Status Icon	Progress Bar	Due Date	Latest Note	Ownership Assigned To
CS/EAAP/152 2. Financial Planning - update to the long term financial strategy and provide update to members regularly (2016/17 and 2017/18)		<div><div>60%</div></div>	10-Mar-2018	The three year budget submissions are due 31 August 2016, with the draft budget and long term finance strategy due to Council in October 2016	Gillian McNeilly; Stephen West
FAR/16-17/01 Review and update the Council's long-term finance strategy and report to Elected Members		<div><div>60%</div></div>	31-Oct-2016	The updated draft three year budgets are due submitted by Services by 31 August 2016, with the budget report and long term finance strategy due to Council in October 2016	Gillian McNeilly
FAR/16-17/02 Monitor monthly agreed savings options & management adjustments through the budgetary control process		<div><div>20%</div></div>	31-Mar-2017	The budgetary control report (together with the monitoring of savings appendix) was prepared for services & internal monitoring for period 3. Period 4 is due reported to Council in august 2016	Gillian McNeilly
FAR/16-17/03 Monitoring of progress through the CMT of strategic projects planned for review during 2016/17, for report to future Council/committees with a view to increasing income / reducing costs for the Council		<div><div>25%</div></div>	31-Mar-2017	The strategic projects will be monitored by the Performance and Monitoring Review Group monthly and will follow through as part of the long term finance strategic projections	Gillian McNeilly
FAR/16-17/04 Prepare and deliver short, medium and long term budgets through robust financial planning which reflect the Council's (& other bodies)		<div><div>60%</div></div>	31-Mar-2017	The revised draft budget submissions are due submitted by services by 31 August 2016. The revised draft budget and long term finance strategy is due to be reported to Council in October 2016	Gillian McNeilly

corporate aims and objectives					
-------------------------------	--	--	--	--	--

4. Delivery of Education

Code & Title	Status Icon	Progress Bar	Due Date	Latest Note	Ownership Assigned To
E/12-17/LSP/301 Monthly quality assurance meetings with Education Scotland Area Lead Officer to review educational provision.			31-Mar-2017	The first of the four formal meetings of the year with Area Lead Officer, Marion Burns, has taken place.	Laura Mason