

**AUDITED ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2023**

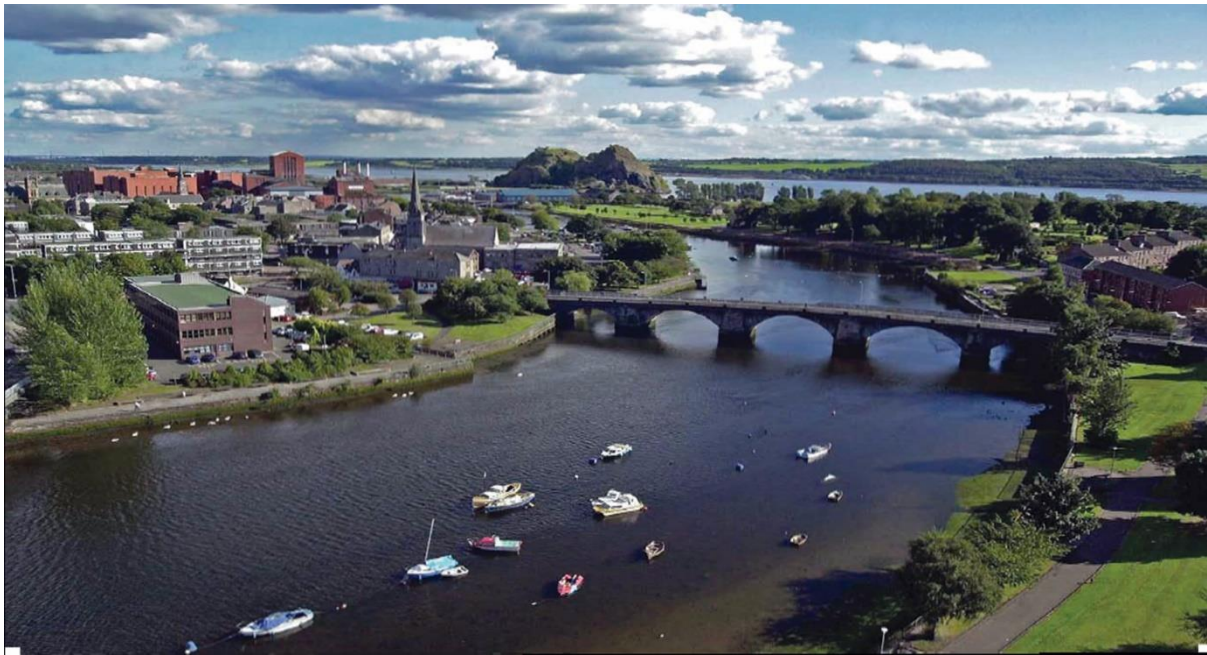


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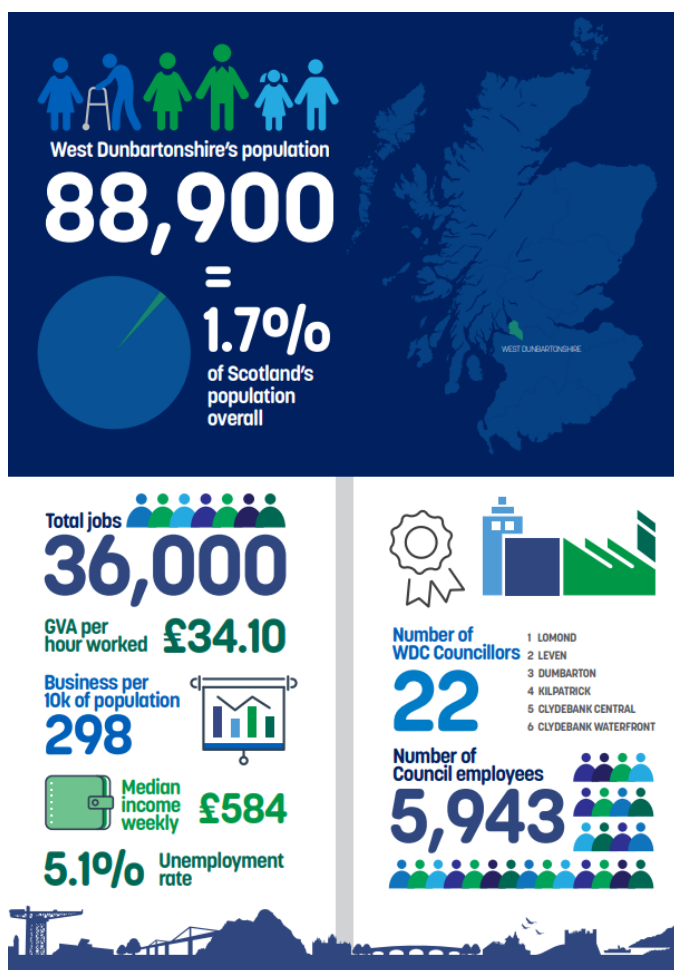
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Management Commentary

1. Introduction

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

2. Profile of West Dunbartonshire Council



The Council is an average sized Council at around 71 square miles and has many strengths; including significant sites of natural beauty and heritage, good transport links and close proximity to Glasgow and its airport. The area has a rich past, shaped by its world-famous shipyards along the Clyde, and boasts many attractions ranging from the iconic Dumbarton Rock and the Titan Crane, to the beauty of Loch Lomond.

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

The Council is led by 22 councillors, elected every five years to represent the residents within the area. Following the Local Government elections in May 2017, the Council had a minority SNP administration with Councillor Jonathan McColl as its Leader. The Local Government Elections in March 2022 returned a majority Labour administration and Councillor Martin Rooney was appointed as the new Council Leader.

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

The Council also has:

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



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

3. The Strategic Plan, Vision and Priorities

During 2022 the Council developed their new [2022-2027 Strategic Plan](#) using feedback from communities, a strategic needs assessment and elected member/officer engagement. The plan outlines the future direction for the Council with an emphasis on improving the lives of residents and reducing inequality.

The Strategic Plan sets out a new vision that '*West Dunbartonshire Council will deliver services which build on the strengths and resilience of our neighbourhoods and supporting all residents to fulfil their individual potential, and that of their communities.*'

The Strategic Plan illustrates how the Council will improve the lives of residents by supporting delivery of the overarching Community Planning West Dunbartonshire's (CPWD) Local Outcomes and Improvement Plan (LOIP). It identifies the following four strategic priorities:

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

Each of the four priorities is supported by a suite of underpinning objectives and detail on what success will look like in delivery of these priorities. In addition to this, a performance framework has been developed which details key performance indicators to track progress.

To support delivery of the Strategic Plan each Chief Officer has developed Service Delivery Plans. These are refreshed annually and progress reported to relevant Committees every six months. The HSCP also has a Strategic Plan which is linked to the Council's and the LOIP.

4. Performance Reporting

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

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

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

Priority 1 – Our Communities are Resilient and Thriving

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

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

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



In relation to education the Council:

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

Priority 2 – Our Environment promotes A Greener Future

The Council has:

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



Priority 3 – Our Economy is Strong and Flourishing

The Council has:

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



Priority 4 – Our Council is Inclusive and Adaptable

The Council has:

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



5. Council's 2022/23 Budgets

Revenue

The Council approved the 2022/23 revenue budget on 9 March 2022 based on band D Council tax at £1,332.36. The budget was set at £251.693m (as detailed in the table below) to be funded by Scottish Government Grant (£209.066m); Council tax (£38.126m), use of capital receipts to fund transformation (£0.700m), use of COVID funding (£2.767m) with a net contribution from reserves for the remainder (£1.034m).

Service Area	Budget (£m)	% of Budget
Corporate Services	21.934	8.71%
Educational Services	107.787	42.82%
Infrastructure, Regeneration and Economic Development	24.965	9.92%
Housing and Communities	3.612	1.44%
Health & Social Care Partnership, including Criminal Justice	83.392	33.13%
Loan charges	6.634	2.64%
Other	3.369	1.34%
Total	251.693	100%

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

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

Housing Revenue Account

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

end revenue budgetary position is detailed on page 10 of this commentary, with the capital year end budgetary position shown on page 12.

6. Overview of Core Financial Statements

The Statement of Accounts contains the Financial Statements of the Council and its group for the year ended 31 March 2023. The Council operates two main Funds:

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

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

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

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

Page	Statement	Statement Details
34	Comprehensive Income and Expenditure Statement (CIES)	Income and expenditure for all Council services.
35	Movement in Reserves Statement	How the surplus/deficit on the Income and Expenditure Account for the year reconciles to the movement on the General Fund. Also highlights movement on all other reserves held on the Council's Balance Sheet. Further information on each of the reserves held and how they may be used is detailed within notes 30 and 31 on pages 97 to 101.
102-104	Housing Revenue Account	Income and expenditure for Council housing services for the year and includes the Statement of Movement on the Housing Revenue Account Balance
83, Note 20	Capital expenditure	Capital expenditure and the sources of finance used to fund the capital plan investment in 2022/23.
37	Balance Sheet	A summary of the Council's assets and liabilities. It is a statement of the resources of the Council and the means by which they have been financed. It is also a snapshot of the Council's financial affairs at the close of the year expressed in accounting terms.
38	Cash Flow Statement	Inflows and outflows of cash arising from transactions with third parties on revenue transactions and capital activities. Cash is defined for the purpose of the statement as cash-in-hand and deposits repayable on demand less overdrafts repayable on demand.
39-51	Notes to the Core Financial Statements	Further information and analysis of each statement, including the main accounting policies.

7. 2021/22 Financial Performance

Revenue: Outturn against Budget

General Fund

This account covers the day to day operational income and expenditure for each service of the Council and is reported in line with the Council's committee structure. Income from council tax, non-domestic

rates, capital and revenue support grants was £269.798m with a net expenditure on services for the year of £296.219m (shown on page 34 - Net Cost of Services).

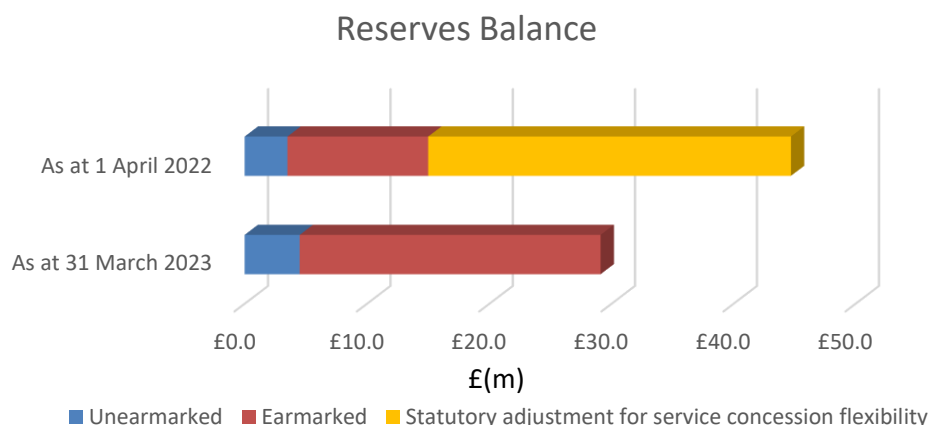
During 2022/23, the Scottish Government issued Finance Circular 10/2022, which permits the authority to apply an accounting flexibility for service concession arrangements entered into prior to April 2022. The application of this flexibility has resulted in the repayment of the liability being reprofiled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

The Council's financial performance is presented in the CIES on pg 34 which shows a deficit on the provision of service of £51.881m (represented by a £51.619m deficit on the General Fund and a £0.262m deficit in the HRA). This statement is prepared using International Financial Reporting Standards as interpreted by the Code. However, it does not reflect the true cost or the amount to be funded from taxation and government grant income. Note 6 details the accounting adjustments required to reflect performance against the use of reserves and statutory funds. The adjustments remove the impact of non-cash items such as depreciation, revaluation and replace these with the actual cost of debt repayment. Consequently, the general fund balance has decreased by £15.675m, against a planned use of reserves during 2022/23 budget setting of £9.068m. The table below shows a summary of the movements that contributed to the final position as reported in the Expenditure & Funding Analysis.

	Original Budget £000	Revised Budget £000	Outturn £000	Variance £000
Total General Services Reserves Held as at 31/3/22				
Corporate Services	21,934	21,260	21,561	301
Educational Services	107,787	112,862	110,075	(2,787)
Infrastructure, Regeneration and Economic Development	24,965	26,430	32,813	6,383
Housing and Communities	3,612	4,511	1,244	(3,267)
Health & Social Care Partnership, including Criminal Justice	83,392	83,453	82,466	(987)
Loan charges	10,134	10,134	10,756	622
Capital Receipts	(3,500)	(3,500)	(700)	2,800
Other (including one-off covid spend)	3,369	3,147	10,864	7,717
Total Expenditure (1)	255,193	258,297	258,323	10,782
Council Tax	(38,126)	(38,126)	(39,313)	(1,187)
Revenue Support Grant/ NDR	(209,066)	(211,103)	(213,222)	(2,119)
Use of Reserves	(4,501)	(9,068)	(9,068)	0
Total Income (2)	(251,693)	(258,297)	(261,603)	(3,306)
Revenue Budget Outturn position				7,476
Transfer to/(from) other statutory reserves				(1,469)
Use of Earmarked reserves				9,068
Surplus/(deficit) on the Provision of service per expenditure and Funding Analysis				15,075

Movement – Budget to Actual Outturn	£'000
Budgeted (surplus)/deficit	0
Reduction in capital receipts	2,800
Creation of voluntary redundancy/severance provision	3,400
Increase in loan charges	266
Service overspend	1,045
Increase Council Tax income	-904
Overspend after use of reserves	6,607
Agreed use of reserves	9,068
Decrease in general fund	15,675

As a result of the overall deficit, the General Fund reserves reduced from £44.754m to £29.079m. The graph below shows how the useable reserves of the Council are made up, including the £24.590m earmarked to support future budget strategy which are detailed in Note 30. The Council has a policy of holding a minimum of £3.438m uncommitted balance (2% of the Council's budgeted net annual running costs). As at 31 March 2023 the Council had £4.489m of free reserves (2.59% of actual running costs). The use of reserves is reviewed as part of the budget setting each year.



Provisions

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

Cash Flow Statement

The Council's cash flow statement shows an increase of cash and cash equivalents of £0.410m during 2022/23 (see page 42) mainly as a result of borrowing for capital spend on non-current assets.

Housing Revenue Account (HRA)

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

Opening house numbers	10,378
Disposals	(1)
Buy back	17
New builds	29
Closing house numbers	10,423

After the impact of earmarked balances, the account shows a deficit for the year of £0.099m. In line with the prudential reserves policy (2% of expenditure), the target reserves level for the HRA for 2022/23 is £0.984m. Taking account of the £0.099m in-year deficit, the brought forward balance from the previous year £2.734m, the balance available to the HRA for future use is £2.635m, (earmarked reserves of £1.650m and free reserves of £0.985m). The HRA's budget performance for the year is summarised in the following table. The table also highlights how the in-year deficit affects the overall reserves balance held for future use. Further information is noted on pages 102 to 104.

	Budget £000	Spend Against Budget £000	Variance £000	£000
Total HRA Reserves Held as at 31/3/22	47,018	47,545		(2,734)
Total Expenditure	(47,018)	(47,545)	(527)	
Total Income	47,018	47,545	527	
Net Budgetary Control Position			0	
Net transfer from earmarked balances			99	
Movement in Reserves from 1/04/22 to 31/03/23				99
Total HRA Reserves Held as at 31/3/23				(2,635)

The net budgetary position on the HRA Statement noted compares to the surplus noted within the HRA Income and Expenditure Statement (page 102) as detailed below:

	£000	£000
(Surplus)/Deficit for the year on HRA Services		77
<u>HRA Movement in Reserves</u>		
Adjustments to the revenue resource	(9,837)	
Adjustments between Revenue and Capital Resources	9,421	
Transfers (to)/from Other Statutory Reserves	438	22
Movement in the HRA Reserve		99
<u>Adjustments for earmarked funds:</u>		
Use of earmarked sums		(99)
Net HRA budgetary control position 2022/23		0
HRA reserve as at 1 April 2022		(2,734)
Use of earmarked sums		99
Transfer of surplus to reserves		0
HRA reserve as at 31 March 2023		(2,635)

Spend relating to the net budget position is included within note 16 (Expenditure and Funding Analysis) on pages 87 to 91.

8. COVID Funds

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

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

	£'000	£'000
2021/22 COVID Funding Carried Forward		3,445
Capital Receipts Financial Flexibility	(600)	
2022/23 COVID Spend	(2,845)	
		(3,445)
Total COVID Funding to Carry Forward into 2023/24		0

In addition, to the COVID funds carried forward from 2021/22, the Scottish Government announced an £80m Local Authority COVID Economic Recovery (LACER) Fund, of which £1.458m was awarded to the Council in 2022/23. The fund was fully utilised in-year, while adhering to the spend principles as set out by the Scottish Government, with spend being reflected within the budget control reports.

9. Balance Sheet

The Balance Sheet on page 37 summarises the Council's assets and liabilities as at 31 March 2023 and explanatory notes are provided. The net worth of the Council has increased by £289.333m from £327.122m as at 31 March 2022 to £616.455m as at 31 March 2023. The major changes are set out in the table below.

Main Balance Sheet Changes

	31 March 2022 £000	31 March 2023 £000	Change £000	Main Reason
Long Term Assets	1,054,610	1,338,462	283,852	Movement from a Pension liability to a Pension Asset as at 31 March 2023. Also, an increase in Property Plant and Equipment, in line with capital expenditure offset by depreciation in year.
Current Assets	76,404	71,414	(4,990)	Cash and Cash Equivalents increased slightly and a decrease in Debtors
Current Liabilities	(349,509)	(402,179)	(52,670)	Short-term Borrowing has increased (in line with the Treasury Strategy and capital spend).
Long Term Liabilities	(454,383)	(391,242)	63,141	Net Pension Liability has significantly decreased and is now shown as a long term asset on the Balance Sheet.
Total	327,122	616,455	289,333	

Pension Assets and Liabilities

The Balance Sheet on page 37 shows an assessed pension fund asset of £260.242m, using a snapshot valuation at 31 March 2023. Further information on this is provided in note 14 on pages 68 to 72. The valuation states that assets held at the valuation date were sufficient to cover 133% of accrued liabilities (95% in 2021/22). The pension scheme liability has decreased by £315.932m as advised by the appointed actuaries, and this is mainly as a result of a large increase in the discount rate based on market conditions as at 31 March 2023, partially offset by future pension, and salary decrease assumptions. The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers together with planned recent increases in employers' contributions provide sufficient security and future income to meet future pension liabilities.

Non-Current Assets

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

The Council requires to assess the value of assets held based on current market conditions. During 2022/23 particular assets have increased in value by £2.402m however, at the same time, impairment and downward revaluations have reduced the value of other Council assets by £1.708m, resulting in a net decrease in value of £3.262m. These movements adjust either the revaluation reserve in the Balance Sheet or are included within the Net Cost of Service within the Income and Expenditure Statement, depending on the history of the asset.

Borrowing

The Council's 2022/23 Treasury Strategy was agreed by the Council on 23 March 2022. The Council raised new long term loans of £7.375m (2021/22 £35.000m) and short term loans of £311.00m (2021/22 £315.500m) and repaid naturally maturing debt of £279.186m (2021/22 £320.748).

The total outstanding long term debt (excluding PPP debt) as at 31 March 2023 was £300.851m (2021/22 £307.485m) including £117.047m (2021/22 £117.047m) for the Council's housing stock. The total outstanding short term debt was £319.980m (2021/22 £271.457m), including £132.351m (2021/22 £132.351m) for the housing stock.

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

Capital Finance

The Council is able to regulate its own capital spending limits within the framework recommended by the Chartered Institute of Public Finance and Accountancy and endorsed by the Scottish Government. The necessary treasury indicators and safeguards have been approved by Council. The Council's Treasury Management Strategy and Capital Strategy are approved at Council. Details of the capital expenditure and financing are shown in note 20 on page 83. Total gross capital expenditure amounted to £62.226m with the split between General Services and HRA is noted in the table below. The main capital projects progressed during 2022/23 were:

General Services	HRA
Exxon City Deal	Void Housing Strategy Programme
Posties Park Hub	Building external component renewals
Clydebank Charrette	Statutory compliance works
Artizan Redevelopment	Targeted Energy Efficiency Targets in Social housing (ESSH) compliance works
Local Economic Development and Regeneration	Heating Improvement works
	Affordable Housing Supply Programme

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

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

The majority of the reprofiling has occurred within a number of larger capital projects and is mainly due to the timing of starting individual projects, for various reasons, not all within Council control, and the delayed spend on these projects moved into capital budgets for 2023/24 onwards. The most significant reprofiling was experienced against the following projects:

General Services	
District Heating Expansion	Network expansion to Golden Jubilee National Hospital will commence pending positive commercial discussions.
Heritage Capital Fund	The original plans were affected by COVID19. Officers are now progressing the projects with an aim to bring them back on track.
Vehicle Replacement	Delay due to the vehicle build time associated with the specialist vehicles and the delivery lead time from the date of supply order placement.
Schools Estate Improvement Plan	Artizan Development will progress following completion of the development plan.
HRA	
New house build	While the programme has progressed with a new site completed and handed over in 2022/23, due to a number of different complexities there were delays in progress to newer new build sites.
Projects to deliver housing strategies (Buy Backs)	These are subject to stringent criteria to ensure accountability and value for money for tenants and involves several key stakeholders which resulted in time delays
Doors/Windows	Installations are behind original planned targets due to internal and external contractor resource issues
Building external components	Many tiled roof blocks require owner involvement and under the current financial climate, it has been more difficult to progress works with owners.

Public Private Partnership (PPP) and other Long Term Liabilities

The Council entered into a PPP for the provision of three community learning centres and a primary school providing the Council with replacement buildings for three secondary schools which were handed over in 2009/10 with the primary school handed over during 2011/12. In accordance with statutory accounting guidance, full detail is provided within note 23 on pages 84 to 86.

On 31 March 2016, the Council entered into a 25 year 'Design, Build, Finance and Maintain' (DBFM) arrangement with the Scottish Government via the Scottish Futures Trust, for the provision of a further new secondary school. The school was handed over for use by the Council during 2017/18. The detail is also included within note 23.

During 2022/23, the Scottish Government issued Finance Circular 10/2022, which permits the authority to apply an accounting flexibility for service concession arrangements entered prior to April 2022. The application of this flexibility has resulted in the repayment of the liability being reprofiled over the asset life, therefore extending the repayment period. The unitary charge will continue to be paid to the contractor over the original contract period.

10. 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 further subsidiaries – West Dunbartonshire Leisure Trust and Clydebank Property Company). The effect of combining these entities on the Group Balances Sheet is to increase reserves and net assets by £56.829m creating an overall net asset of £673.284m. This includes the combined pension liability of these organisations similar to that of the Council. As there is no reason to suggest the future funding to these organisations will not continue, the accounts have been prepared on a going concern basis.

11. The Financial Outlook, Key Risks and the Future

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

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

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

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

Management of Risk

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

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

The Annual Governance Statement, shown on pages 20 to 25, details the arrangements the Council has put in place for the proper governance of the Council's affairs and for the management of risk. This Statement explains the system of internal control in place and sets out improvement actions to the governance framework identified from the Council's ongoing review of these arrangements.

Risks are identified with actions to minimise and/or mitigate those risks (where possible) through the Council's performance monitoring system (Pentana), which is reported to Members on a regular basis.

The Future

In recognition of the scale of the current financial challenge the Council will continue to identify service redesign and business transformation options and these will be reported to appropriate committees during 2023/24. Significant cost reductions have been generated through planned actions in prior years however more work is required to deliver a balanced budget in 2024/25 and future years.

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

- **Glasgow City Region City Deal** – the Council, together with a number of other Scottish local authorities, is participating in the Glasgow Region City Deal which will see over £1.1 billion invested in the area. The City Deal consists of a number of significant capital projects across the area together with employability projects – in order to generate economic regeneration and additional jobs. The project within the City Deal specific to the Council is an infrastructure project

at the Exxon site at Bowling to regenerate that site and to create a relief road along the A82 at Milton. The project is progressing with the full business case approved by Council in June 2023.

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

12. Other Information

Asset Management

The Council has a significant investment embedded in assets, comprising offices, schools, vehicles, houses, ICT infrastructure and equipment, etc. and it is important that these are managed in an efficient and effective manner. The Council has an overarching Corporate Asset Framework and Property Asset Plan 2023-2028 was approved by Committee in February 2023. In addition there are service specific Asset Plans covering Open Spaces, Roads Structures, Housing and Vehicle, Fleet and Plant which were all approved at the relevant service committees and will undergo refreshes in future years. We continue to identify any areas of over provision or inefficient value within the Councils assets in line with the Property and Land Disposal Strategy 2021-2026.

Carbon Emissions and Energy Consumption

The Council has exceeded its annual target set out in the Carbon Management Plan, emitting a total of 24,022 tonnes of carbon dioxide from our operations in 2021/22. This equates to a 1.64 % increase (mainly due to increase in water consumption and waste) against the previous financial year, or 27.1 % total reduction overall against the 2012/13 baseline year. The Council approved a Climate change Strategy in November 2020 which has set an overall target to reduce carbon emissions to 'net zero' by 2045 which will align with Scottish Government targets. This includes two interim targets of a 61% reduction by 2030/31 (versus 2012/13 baseline) and 87% reduction by 2040/41 (versus 2012/13 baseline). Annual progress of the Climate Change Action Plan is monitored through annual reporting to the Council's Infrastructure, Regeneration & Economic Development (IRED) Committee and

additionally monitored as part of the Regulatory and Regeneration Services Delivery Plan twice per year to Corporate Services and IRED Committees. Furthermore progress on the Action Plan is monitored via the multi-departmental Climate Change Action Group and reported to the senior management team in the Recovering and Renewal Board on a quarterly basis.

Equality and Diversity

The Council is firmly committed to the principle of equality of opportunity. The Council recognises its responsibility as a community leader, service provider and employer to encourage the fair treatment of all individuals and to tackle social exclusion. The Council is also committed to eradicate all forms of discrimination, direct or indirect and aims to eliminate discriminatory practices and promote measures to combat its effects.

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

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

Consultation and Communication with Workforce

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

13. Remuneration Report

This report presents information on the remuneration of senior elected members and senior officers within the Council (pages 33 to 43).

14. Financial Performance Indicators

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

2021/22 Outturn			2022/23 Target	2022/23 Outturn
	Housing Performance			
18.94%	Percentage of current tenants owing more than 13 weeks rent, excluding those owing	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	21.35%
1,805	number of current tenants owing more than 13 weeks rent, excluding those owing less	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	2,043
9.11%	Current / former / total tenant arrears as a percentage of net rent due in year	Demonstrates the Council's effectiveness in collecting local housing rents	10.35%	9.57%
£4.027m	Amount of current/ former/ total tenant rent arrears	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	4,345
100%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the HRA has, in comparison to the agreed minimum	100%	100%
2.00%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by free reserves (2% minimum target)	2.00%	2.61%
(£0.017m)	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	n/a	£(0.044m)
99.99%	Revenue budget compared to actual outturn at year end	Demonstrates actual spend as a percentage of the planned budget (less than 100% indicates an underspend)	n/a	100.00%
	General Services Performance			
£5.85	Cost of collecting council tax (per dwelling)	Demonstrates the Council's effectiveness in collecting local taxation	£5.00	£2.48
15.10%	Council tax as a percentage of overall funding	Demonstrates the amount of budget raised through council tax	n/a	15.03%
94.53%	In-year council tax collection rate	Demonstrates the Council's effectiveness in collecting local taxation	93.50%	94.83%
£36.485m	Amount of income from council tax for the year that was received	Demonstrates the Council's effectiveness in collecting local taxation	n/a	£38.188m
112%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the GS has, in comparison to the agreed minimum	100%	100%
2.06%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by free reserves (2% minimum target)	2.00%	2.61%
£0.166m	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	n/a	£0.986m
99.93%	Revenue budget compared to actual outturn at year end - including top up of provisions	Demonstrates actual spend as a percentage of the planned budget (less than 100% indicates an underspend)	n/a	104%
	Prudence And Affordability – Capital			
3.28%	Ratio of financing costs to net revenue stream (excluding PPP) – General Services	Demonstrates how much of the General Fund revenue budget is used to support previous capital investment	4.06%	3.97%
23.55%	Ratio of financing costs to net revenue stream – HRA	Demonstrates how much of the HRA revenue budget is used to support previous capital investment	27.08%	29.40%
£680.113m	Capital Financing Requirement	The amount of planned capital expenditure not yet funded	£706.242m	£712.667m
£670.893m	External Debt Levels (including PPP)	The amount of external debt held by the Council. Increases due to funding of the capital programme	£704.290m	£715.913m

15. Where to find more information

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

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

16. Conclusion

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

Acknowledgement

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

Councillor Martin Rooney
Leader of the Council
Date: 30 June 2023

Peter Hessett
Chief Executive
Date: 30 June 2023

Laurence Slavin
Chief Officer - Resources
Date: 30 June 2023

Statement of Responsibilities

The Authority's Responsibilities:

The Authority is required:

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

I confirm that these Annual Accounts were authorised for issue on 30 June 2023.

Signed on behalf of West Dunbartonshire Council

Councillor Martin Rooney
Leader of the Council
Date: 30 June 2023

The Chief Officer - Resources Responsibilities:

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

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

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

The Chief Officer - Resources has also:

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

I certify that the Financial Statements give a true and fair view of the financial position of the local authority (and its group) at the reporting date and the transactions of the local authority (and its group) for the year ended 31 March 2023.

Laurence Slavin
Chief Officer - Resources
Date: 30 June 2023

Annual Governance Statement

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

Scope of Responsibility

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

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

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

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

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

The Purpose of the Governance Framework

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

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

The governance framework has been in place at the Council for the year ended 31 March 2023 and up to the date of the approval of the Statement of Accounts.

The Governance Framework

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

- The overarching strategic vision and objectives of the Council are detailed in the Strategic Plan 2022/27, which sets out the key priorities of the Council and key outcomes the Council is committed to delivering with its partners, as set out in the Local Outcome Improvement Plan.
- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their Delivery Plans. Performance management and monitoring of service delivery is reported through service committees regularly. The CMT monitors performance information regularly. The Council regularly publishes information about its performance.
- The West Dunbartonshire Community Alliance, which supports Community Planning West Dunbartonshire, represents the views of community organisations, communities of interest and geographical communities. In addition the Council has an Engaging Communities Framework in place which sets out our approach to engaging with citizens, community organisations and stakeholders. Consultation on the future vision and activities of the partnership is undertaken in a range of ways, including seeking the views of the Alliance and through specific service consultations and the Council actively engages with its partners through community planning arrangements.
- The Council has adopted a Code of Conduct and associated employment policies for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members in a localised format. In addition, the Council has in place a protocol on member/officer relations and an inter-party protocol.
- The Council operates within an established procedural framework which incorporates a Scheme of Delegation, Standing Orders and Financial Regulations. These describe the roles and responsibilities of Elected Members and officers and are subject to regular review. The Council facilitates policy and decision making through the agreed committee structure.
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Council's Chief Officer Resources as Section 95 Officer. The system of internal financial control is based on a framework of regular management information, the Financial Regulations, administrative procedures (including separation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council.
- The functions of the Audit Committee are undertaken as identified in CIPFA Guidance - Audit Committees: Practical Guidance for Local Authorities.
- The Council's approach to risk management is set out in the Risk Management Framework. A strategic risk register is in place and an update report on this is regularly submitted to the Corporate Services Committee and Audit Committee. The approach is embedded within the Council's strategic planning and performance management framework with regular reporting of risk management arrangements to service committees.
- Comprehensive arrangements are in place to ensure Elected Members and officers are supported by appropriate training and development.
- The Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption.
- The Council continues to assess and monitor ongoing compliance with the CIPFA Financial Management Code.

Review of Effectiveness

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

The Council's current Code of Good Governance was approved at the Audit & Performance Review Committee on 8 March 2017. An assessment of the Council's compliance with the Code of Good Governance is supported by a process of self-assessment and assurance certification by Chief Officers and the outcome of this assessment was reported to the Audit Committee on 8 June 2023.

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

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

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

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

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

It is our view that the Council has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify areas of weakness. This is corroborated by an annual assurance statement prepared by the Shared Service Manager – Audit & Fraud stating that the overall control environment opinion was "Generally Satisfactory with some improvements needed" such that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control systems. There were two audits which received an overall opinion of "Requires Improvement", namely Occupational Therapy – Waiting Times and Fleet Management. Action plans are in place to address all issues identified in relation to both audits which will be monitored and reported to CMT and Audit Committee.

Due to the COVID-19 pandemic, some audits from 2021/22 could not be carried out and were completed in early 2022/23 which has impacted on the completion of the fieldwork for the 2022/23 audit plan. However, the overall audit plan is set within the context of a multi-year approach to audit planning such that key risk areas are reviewed over a 5 year cycle.

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

COVID-19

The significant incident in late March 2020 and the Council's management as a Category 1 responder during the COVID-19 pandemic has continued to test how well the risk management, governance and internal controls framework operated. The longevity of the COVID-19 pandemic and its extension from 2020/21 into 2021/22 meant that the effect on the Council's businesses, residents and workforce remained an area of concern in 2022/23.

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

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

Governance Issues and Planned Actions

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

Improvement Area identified by 2022/23 Exercise	Responsible Officer
Embedding Be the Best Conversations within all service teams.	Chief Officer, Citizen, Culture and Facilities
Work is required in some services to review and update business continuity planning documentation.	Chief Officer, Housing and Employability
Business Classification Scheme will be rolled out to relevant service areas.	Chief Officer, People and Technology Chief Officer, Resources Chief Officer, Education, Learning and Attainment
Evaluation processes are built into some key projects but not all. The HSCP would benefit from a consistent planning approach in this respect and this has been highlighted via external inspection activity.	Chief Officer, HSCP
In relation to self-evaluation, work is ongoing to review complaints and consider how all feedback can be captured and used to inform service improvement across HSCP.	Chief Officer, HSCP
Work is ongoing to implement the Council's information classification policy and procedure as part of the Microsoft Office 365 project.	Data Protection/Information Governance Officer
A review of Learning Disability Service is underway to improve on ways of working to ensure the service is fit for future demands. Full review to be picked up as part of renewal and recovery work. Internal Audit support will be provided to the project.	Head of Mental Health, Addictions & Learning Disabilities
There is currently a resourcing issue in terms of community engagement and participation and although the HSCP Board have adopted a strategy this will be reviewed in 2023/24.	Chief Officer, HSCP
Process for reporting on the status of external audit actions regularly to Audit Committee will be developed and implemented.	Chief Officer, Resources
Arrangements for Procurement and Commissioning arrangements remains an area of high risk for the HSCP. Additional resource is now in place to provide focus in this area and address actions arising from a recent Internal Audit review.	Chief Officer, HSCP
The HSCP employ a small number of consultants through relevant procurement processes. A review of current appointments was undertaken in early 2023 utilising the manager's guidance and the HMRC website to ensure invoices were being treated appropriately. The HSCP Head of HR and the CFO will support Heads of Service in any new contract arrangements that must comply with off payroll working guidance.	Chief Officer, HSCP

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

Improvement Area identified by 2021/22 Exercise	Status
Embedding Be the Best Conversations within all service teams.	Ongoing. There is improvement to be made to ensure all employees have regular 121s.

Work is required in some services to review and update business continuity planning documentation.	Ongoing.
Business Classification Scheme will be rolled out to relevant service areas.	Ongoing.
Due to ongoing COVID-19 restrictions during 2021/22, some services have been unable to access offices and therefore physical access to hard copy files for destruction has not been possible. This will be resumed in line with easing of restrictions.	Complete.
Appropriate and proportionate assurances will be sought from key partners and suppliers in relation to business continuity arrangements in place for managing key risks.	Complete.
Although improvement activity stimulated by external inspection and internal improvement activity is monitored by HSCP Board and relevant Projects, it is recognised that HSCP would benefit from establishing arrangements to ensure consistency in monitoring processes.	Ongoing.
Staff training and development has been identified as an area for improvement and resources have been identified and agreed to ensure co-ordination of approach to training and development across the HSCP.	Complete.
An integrated workforce plan is being developed for HSCP for approval by HSCP Board during 2022/23. Succession planning has been identified as an area for improvement for the HSCP and work is ongoing in this regard.	Complete.
In relation to self-evaluation, work is ongoing to review complaints and consider how all feedback can be captured and used to inform service improvement across HSCP.	Ongoing.
Work is ongoing to implement the Council's information classification policy and procedure as part of the Microsoft Office 365 project.	Ongoing.
Review of Learning Disability Service to improve on ways of working to ensure the service is fit for the future demands. Service Improvement lead aligned to service. Full review to be picked up as part of renewal and recovery work.	Ongoing.
A Project Overview document has been developed and approved by the Integrated Housing Project Board in relation to the IHMS. This document is being utilised to manage all remaining Phase 2 implementation items.	Complete.

Best Value Assurance Report

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

Health and Social Care Integration

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

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

The financial arrangements for the Council's funding to the HSCP Board are aligned and budget processes run parallel to ensure that appropriate budgets for the HSCP Board are aligned with

Council policy and budgeting approaches. On an ongoing basis the Council continues to receive budgetary control information in relation to HSCP Board services funded by the Council.

Compliance with Best Practice

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

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

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

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

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2022/23 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principle objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment with plans in place to address improvement areas.

Martin Rooney
Leader of the Council
Date: 30 June 2023

Peter Hessett
Chief Executive
Date: 30 June 2023

Laurence Slavin
Chief Officer – Resources
Date: 30 June 2023

Remuneration Report

Introduction

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

a) Remuneration - Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2022 (SSI No. 2022/18). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Civic Head (Provost), Senior Councillors and Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure. The regulations stipulate that in addition to the Leader of the Council and the Provost, West Dunbartonshire can appoint a maximum of ten Senior Councillors. The level of remuneration paid to the Leader of the Council, Provost and Senior Councillors is detailed in Table 1.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2022/23 the salary for the Leader of West Dunbartonshire Council was £39,148. The Regulations also state that the maximum yearly amount that may be paid to the Provost (£29,361) is 75% of the total yearly amount payable to the Leader of the Council.

The Regulations also state the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor (£29,361) is 75% of the total yearly amount payable to the Leader of the Council. For 2022/23 the total yearly amount payable by the Council for remuneration of all of its Senior Councillors shall not exceed £244,670. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. Council policy is to pay Senior Councillors a salary of £24,467, per the decision at Council on 18 May 2022 for 2022/2023 onwards.

During 2022/23, the Council agreed the appointment of a Council Leader, Provost and 10 Senior Councillors and the remuneration due to be paid to the 10 Senior Councillors for a full year will total £244,670 (£232,570 in 2021/22 for those Senior Councillors). The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme. The pension entitlements for the year to 31 March 2023 are shown in Table 5 on pages 40 and 41.

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

Table 1: Remuneration of Senior Councillors

Name	Position	Year ended 31 March 2023				2021/22
		Salary, Fees & Allowances	Taxable Expenses	Non-cash Expenses, Benefits-in kind	Total Remuneration	Total Remuneration
		£	£	£	£	£
Martin Rooney	Leader of Council (from 18 May 2022) Convener of Cultural Committee (from 18 May 2022) Convener of Recruitment & Individual Performance Management Committee (from 18 May 2022) Leader of Opposition (until 4 May 2022) Convener of Vale of Leven Fund Committee (until 4 May 2022)	35,885	0	0	35,885	18,604
Douglas McAllister	Provost (from 18 May 2022)	27,729	0	0	27,729	18,604
Karen Conaghan	Leader of the Opposition (from 18 May 2022) Convener of Audit & Performance Review Committee (from 18 May 2022) Depute provost (until 4 May 2022) Depute Leader (until 4 May 2022) Convener of Appeals Committee (until 4 May 2022) Convener of Educational Services Committee (until 4 May 2022)	24,145	0	0	24,145	23,254
Gurpreet Singh Johal	Convener of Appeals Committee (from 18 May 2022) Convener of Housing & Communities Committee (from 13 October 2022)	21,803	0	0	21,803	N/A
Daniel Lennie	Convener of Corporate Services Committee (from 18 May 2022)	23,677	0	0	23,677	18,602
David McBride	Convener of Infrastructure Regeneration & Economic Dev Committee (from 18 May 2022) Convener of Joint Consultative Forum (from 18 May 2022)	23,651	0	0	23,651	18,604
Michelle McGinty	Depute Leader (from 18 May 2022) Convener of West Dunbartonshire Health & Social Care Partnership Board (IJB) (from 18 May 2022)	21,803	0	0	21,803	N/A
John Millar	Depute Provost (from 18 May 2022) Convener of Tendering Committee (from 18 May 2022)	23,651	0	0	23,651	18,604

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

Salaries, allowances and expenses in 2022/23 have only been included for Senior Councillors.

Remuneration paid to all Councillors

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

2021/22	2022/23
£	£
470,582 Salaries	500,319
4,020 Expenses	8,508
474,602 Total	508,827

b) Remuneration - Senior Employees and Senior Employees of Subsidiaries

Note: The annual return of Councillors' salaries and expenses for 2022/23 is available for any member of the public to view at all Council libraries and public offices during normal working hours

and is also available on the Council website at <https://www.west-dunbarton.gov.uk/media/wauoue1u/register-of-allowances-2022-2023.pdf>

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/152 sets the amount of salary for the Chief Officials of the Council for the period 1 April 2022 to 31 March 2023. The post of Chief Officer Health and Social Care Partnership is a joint post between the Council and NHS Greater Glasgow and Clyde. The post of Chief Officer Roads & Neighbourhood is a joint post between the Council and Inverclyde Council.

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

Name	Position at 31/03/23	Salary, Fees & Allowances 2022/23	Election Duties 2022/23	Total Remuneration 2022/23	Total Remuneration 2021/22
		£	£	£	£
Remuneration of Senior Employees					
Joyce White	Chief Executive (until 26 June 2022)	32963 (FYE 140,001)	1,246	34,209	142,287
Peter Hissett	Chief Executive (from 27 June 2022) Chief Officer - Regulatory & Regeneration (until 26 June 2022)	126,052	1,259	127,311	102,302
Richard Cairns	Strategic Director of Regeneration, Environment & Growth (seconded role from 1/10/2020 -until 30 September 2022)	56,191 (FYE 115,114)	0	56,191	115,070
Lesley James	Head of Children's Healthcare & Criminal Justice - Chief Social Work Officer	92,861	0	92,861	27,411 (FYE 88,322)
Laura Mason	Chief Officer - Education, Learning & Attainment	101,506	0	101,506	96,399
Laurence Slavin	Chief Officer - Resources - S95 Officer	98,654	150	98,804	22,357 (FYE 92,817)
Alan Douglas	Chief Officer - Regulatory & Regeneration (from 3 October 2022)	85,049 (FYE 97,458)	0	85,049 (FYE 97,458)	N/A
Victoria Rogers	Chief Officer - People & Technology	101,210	0	101,210	97,154
Angela Wilson	Chief Officer - Supply, Distribution & Property	115,158	0	115,158	115,070
Peter Barry	Chief Officer - Housing & Employability	101,210	0	101,210	96,804
Amanda Graham	Chief Officer - Citizen, Culture & Facilities	98,646	180	98,826	74,720 (FYE 93,197)
Remuneration of Senior Employees of Subsidiaries					
John Anderson	General Manager of West Dunbartonshire Leisure	81,464	0	81,464	77,780

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

Details of the post of Chief Officer HSCP are included in the remuneration report of the Integration Joint Board. The Council funds 50% of this post and NHS Greater Glasgow fund the remaining 50%.

Details of the post of Chief Officer Roads & Neighbourhood (shared post with Inverclyde Council) are included in the remuneration report of Inverclyde Council. The Council funds 50% of this post which was £64,300 (including employer on costs).

Notes

- The term *senior employee* means any local authority employee:
 - who has responsibility for the management of the local authority to the extent that the person has the power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
 - who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or

- whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.
- 2. The figure for gross salary, fees and allowances shown for senior employees for the year ended 31 March 2023 includes any amounts received for the roles performed for West Dunbartonshire in the elections. There was one election during 2022/23 (Scottish Local Elections). There was one elections during 2021/22 (Scottish Parliamentary Election).
- 3. The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement. There were no discretionary payments made to senior employees during the year.

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

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

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

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

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 2023 are shown in Table 5 on pages 40 and 41. The table details the pension entitlement and contributions made by the Council in respect of all senior Councillors and senior officers of the Council who have opted to join the LGPS.

For local government employees, the LGPS 2015 is a career average pension scheme. This means that pension benefits from 01/04/2015 are based on pensionable pay with inflation added. Pension is

accrued at a rate of 1/49 of pensionable pay for each scheme year. Pension benefits can be accessed from age 55 but are reduced prior to 60th birthday. Pension benefits accrued before 1 April 2015 are protected and are based on final pay on retiring.

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

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

Table 4: Contribution Rate

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

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th 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. You can retire and receive your benefits in full from your normal pension age. The normal pension age is 65 for any benefits built up before 1 April 2015. For pension build up from 1 April 2015, the Normal Pension Age is not fixed at age 65 but, instead, is the same as the State Pension Age (but with a minimum of age 65).

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

		In-year pension contributions		Accrued pension benefits	
Name	Position at 31/03/23	For year to 31 March 2023	For year to 31 March 2022	As at 31 March 2023	Difference from 31 March 2022
Senior Councillors		£	£	£	£
Martin Rooney	Leader of Council (from 18 May 2022) Convener of Cultural Committee (from 18 May 2022) Convener of Recruitment & Individual Performance Management Committee (from 18 May 2022) Leader of Opposition (until 4 May 2022) Convener of Vale of Leven Fund Committee (until 4 May 2022)	6,926	3,591	11,184	2,021
Douglas McAllister	Provost (from 18 May 2022)	5,352	3,591	2,396	612
Karen Conaghan	Leader of the Opposition (from 18 May 2022) Convener of Audit & Performance Review Committee (from 18 May 2022) Depute provost (until 4 May 2022) Depute Leader (until 4 May 2022) Convener of Appeals Committee (until 4 May 2022) Convener of Educational Services Committee (until 4 May 2022)	4,647	4,480	2,790	522
Gurpreet Singh Johal	Convener of Appeals Committee (from 18 May 2022) Convener of Housing & Communities Committee (from 13 October 2022)	4,233	0	451	N/A
Daniel Lennie	Convener of Corporate Services Committee (from 18 May 2022)	4,564	3,584	2,316	530
David McBride	Convener of Infrastructure Regeneration & Economic Dev Committee (from 18 May 2022) Convener of Joint Consultative Forum (from 18 May 2022)	4,565	3,591	8,677	1,469
Michell McGinty	Depute Leader (from 18 May 2022) Convener of West Dunbartonshire Health & Social Care Partnership Board (IJB) (from 18 May 2022)	4,233	N/A	451	N/A
John Millar	Depute Provost (from 18 May 2022) Convener of Tendering Committee (from 18 May 2022)	4,565	3,591	2,319	535
Lawrence O'Neill	Convener of Licensing Committee (from 18 May 2022) Convener of Planning Committee (from 18 May 2022)	4,565	3,591	3,809	3,447
Clare Steel	Convener of Educational Services Committee (from 18 May 2022)	4,233	0	451	N/A
Jonathan McColl	Leader of Council (until 4 May 2022) Convener of Recruitment & Individual Performance Management Committee (until 4 May 2022) Convener of Sub Committee on Scheme of Delegation (until 4 May 2022)	4,140	7,182	11,099	1,172
Denis Agnew	Bailie (until 4 May 2022) Convener of West Dunbartonshire Health & Social Care Partnership (IJB) (until 4 May 2022) Convener of Cultural Committee (until 4 May 2022)	453	4,489	10,353	2,050
Ian Dickson	Councillor Convener of Corporate Services Committee (until 4 May 2022) Convener of Tendering Committee (until 4 May 2022) Convener of Licensing Board (until 4 May 2022)	3,973	4,480	2,727	459
Diane Docherty	Councillor Convener of Housing & Communities Committee (until 4 May 2022)	3,850	4,480	2,714	446
Jim Finn	Convener of Licensing Committee (until 4 May 2022) Convener of Planning Committee (until 4 May 2022)	453	4,489	5,871	869

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Iain McLaren	Convener of Infrastructure Regeneration & Economic Development Committee (until 4 May 2022)	414	4,480	2,381	113
John Mooney	Convener of Audit Committee (until 4 May 2022)	453	4,489	4,636	191
Caroline McAllister	Depute Leader (to 29/3/2021)	331	3,570	2,273	100

		In-year pension contributions		Accrued pension benefits	
Name	Position at 31/03/23	For year to 31 March 2023	For year to 31 March 2022	As at 31 March 2023	Difference from 31 March 2022
Senior Employees		£	£	£	£
Joyce White	Chief Executive (until 26 June 2022)	6,464	27,404	42,447	1,458
Peter Hissett	Chief Executive (from 27 June 2022) Chief Officer - Regulatory & Regeneration (until 26 June 2022)	24,171	18,646	133,394	34,707
Richard Cairns	Strategic Director of Regeneration, Environment & Growth (seconded role from 1/10/2020)(until 30 September 2022)	11,079	24,037	74,692	1,887
Lesley James	Head of Children's Healthcare & Criminal Justice - Chief Social Work Officer (from 6 Dec 2021)	17,782	5,431	36,403	35,811
Laura Mason	Chief Officer - Education, Learning & Attainment	19,591	18,605	149,429	12,402
Laurence Slavin	Chief Officer - Resources - S95 Officer (from 3 Jan 2022)	19,051	4,466	2,108	1,635
Alan Douglas	Chief Officer - Regulatory & Regeneration (from 3 October 2022)	16,434	13,297	111,850	29,261
Victoria Rogers	Chief Officer - People & Technology	19,542	18,646	78,239	5,243
Angela Wilson	Chief Officer-Supply,Distrubtion & Property	22,157	22,157	164,600	2,613
Peter Barry	Chief Officer - Housing & Employability	19,542	18,646	65,155	4,620
Amanda Graham	Chief Officer - Citizen, Culture & Facilities (from 5 Jan 2022)	19,049	14,357	12,323	2,220
Senior Employees of Subsidiaries					
John Anderson	General Manager of West Dunbartonshire Leisure	15,694	14,979	64,068	4,272

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total public sector service, and not just their current appointment. The pension entitlements for the year to 31 March 2023 for Senior Councillors are shown in Table 5, together with the contribution made by the Council to each Senior Councillor's pension during the year. Senior councillors omitted from the table above are not members of the Local Government Pension Scheme.

e) Table 6: Exit Packages

Banding	Number of departures		Total cost	
	2022/23	2021/22	2022/23	2021/22
			£	£
£0 - £20,000	3	0	36,606	0
£40,001 - £150,000	3	0	248,164	0
Total	6	0	284,771	0

f) Trade Union Facility Time

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

Details of the facility time within West Dunbartonshire Council during the year to 31 March 2023 is shown in Table 7 below. Further detail can be found at:

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

Education Function Employee		All Other Function Employee	
Number of Employees	FTE employee Number	Number of Employees	FTE employee Number
43	35	53	50
Percentage of Time Spent on Facility		Percentage of Time Spent on Facility	
Percentage	Number of Employees	Percentage	Number of Employees
Less < 1%	30	Less < 1%	38
1-50%	11	1-50%	13
51%-99%	2	51%-99%	0
100%	0	100%	2
Total cost of facility time		Total cost of facility time	
£12,599		£122,733	
Total pay bill		Total pay bill	
£60,490,986		£97,835,127	
Percentage of Pay Bill Spent on Facility Time		Percentage of Pay Bill Spent on facility	
0.200%		0.125%	
Paid TU Activities		Paid TU Activities	
7.00%		20.00%	

Martin Rooney
Leader of the Council
Date: 30 June 2023

Peter Hessett
Chief Executive
Date: 30 June 2023

Comprehensive Income and Expenditure Statement

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

Further detail on the expenditure and income within the Net Cost of Services below is available in Note 16 on pages 87 to 91.

2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000	Note	Service	2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000
70,188	(37,337)	32,851		Corporate Services	67,056	(37,937)	29,119
134,332	(15,317)	119,015		Educational Services	133,308	(18,926)	114,382
66,182	(13,334)	52,848		Infrastructure, Regeneration and Economic Development	67,949	(14,516)	53,433
39,631	(31,853)	7,778		Housing and Communities	38,226	(32,211)	6,015
58,847	(44,363)	14,484		Housing Revenue Account	43,183	(45,927)	(2,744)
7,021	(8,501)	(1,480)		Miscellaneous Services	10,641	(8,964)	1,677
191,951	(107,449)	84,502		Health and Social Care Partnership	214,678	(122,556)	92,122
2,517	0	2,517		Requisitions	2,215	0	2,215
570,669	(258,154)	312,515		Net Cost of Service (1)	577,256	(281,037)	296,219
	998			(Gain) / loss on Disposal of Fixed Assets			(365)
	998			Other Operating Expenditure (2)			(365)
	(38,207)			Council Tax			(39,313)
	(81,408)		10	Non-Domestic Rates			(107,740)
	(133,404)		10	Revenue Support Grant			(105,482)
	(7,746)		10	Recognised Capital Income (Grants, Contributions & Donations)			(17,263)
	(260,765)			Taxation and Non-specific Grant Income (3)			(269,798)
	(81)		27	Interest Earned			(344)
	17,865		27	External Interest Payable / Similar Charges			22,967
	1,101			Impairment Loss - Debtors			1,363
	3,557		13	Pension Interest Cost/Expected Return on Pension Assets			1,839
	22,442			Finance/Investment Income and Expenditure (4)			25,825
	75,190			(Surplus)/Deficit on Provision of Services (5) = (1)+(2)+(3)+(4)			51,881
	(6,039)			(Surplus)/Deficit arising from revaluation of property, plant and equipment			1,554
	(300)			(Surplus)/Deficit on revaluation of available for sale assets			0
	(140,041)		13	Actuarial (gains)/losses on pension fund assets and liabilities			(342,767)
	(146,380)			Other Comprehensive (Income) and Expenditure (6)			(341,213)
	(71,190)			Total Comprehensive (Income) and Expenditure (5) + (6)			(289,332)

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line in the Comprehensive Income and Expenditure Statement (page 34) shows the true economic cost of providing the Council's services. These are different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes. The net increase/decrease before transfer to other statutory reserves line shows the statutory general fund balance and housing revenue account balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Usable Reserves											
	Note	General Fund balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
2022/23											
Closing Balance at 31 March 2022		(15,020)	(2,734)	(30)	(42)	(758)	0	(468)	(19,052)	(308,070)	(327,122)
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility		(29,734)							(29,734)	29,734	0
Opening Balance at 1 April 2022		(44,754)	(2,734)	(30)	(42)	(758)	0	(468)	(48,786)	(278,336)	(327,122)
									0		
Movement in reserve 2022/23											
Total Comprehensive Expenditure and Income		51,619	262						51,881	(341,214)	(289,333)
Adjustments between accounting basis and funding basis under regulations		6	(34,475)	(432)			(702)		(35,609)	35,609	(0)
Net (Increase)/Decrease before Transfers to Other Statutory Reserves		17,143	(170)	0	0	0	(702)	0	16,271	(305,605)	(289,333)
Transfers to/from other statutory reserves		(1,469)	269			758	702	206	466	(466)	0
Closing Balance at 31 March 2023		(29,079)	(2,635)	(30)	(42)	0	0	(262)	(32,048)	(584,407)	(616,455)

West Dunbartonshire Council
Statement of Accounts for the Year Ended 31 March 2023

2021/22

Opening Balance at 1 April 2021

	(15,028)	(7,364)	0	(42)	(1,469)	0	(308)	(24,211)	(231,721)	(255,932)
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Movement in reserve 2021/22

Total Comprehensive Expenditure and Income

	55,921	19,269	0	0	0	0	0	75,190	(146,380)	(71,190)
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Adjustments between accounting basis and funding basis under regulations

6

	(53,525)	(14,944)	(30)	(1,837)	0	(403)	0	(70,739)	70,739	0
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Net (Increase)/Decrease before Transfers to Other Statutory Reserves

Transfers to/from other statutory reserves

	(2,388)	305	0	1,837	711	403	(160)	708	(708)	0
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Closing Balance at 31 March 2022

	(15,020)	(2,734)	(30)	(42)	(758)	0	(468)	(19,052)	(308,070)	(327,122)
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Balance Sheet

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

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

2021/22			2022/23
£000	Note		£000
1,051,605	16	Property, Plant and Equipment	1,075,489
617	17	Intangible Assets	722
21		Long Term Debtors	20
1,485	19	Heritage Assets	1,518
882		Long Term Investments	471
		Net Pensions Asset	260,242
1,054,610		Long Term Assets	1,338,462
5,417	18	Asset Held for Sale	5,417
1,279		Inventories	1,337
67,568	23	Short Term Debtors	62,110
2,140	26	Cash and Cash Equivalents (net)	2,550
76,404		Current Assets	71,414
0		Provisions	(3,428)
(76)		Donated Inventories	0
(75,140)	28	Short Term Creditors	(75,642)
(270,923)	27	Short Term Borrowing	(319,980)
(3,370)	22	PPP	(3,129)
(349,509)		Current Liabilities	(402,179)
781,505			1,007,697
(307,485)	27	Long Term Borrowing	(300,851)
(89,115)	22	PPP and Finance Lease Liabilities	(86,993)
(55,690)	13	Net Pensions Liability	
(2,093)	10	Capital Grants Receipts in Advance	(3,398)
(454,383)		Long Term Liabilities	(391,242)
327,122		Net Assets	616,455
		Represented by:	
19,052	MIR/30	Usable Reserves	(32,048)
308,070	MIR/31	Unusable Reserves	(584,407)
327,122		Total Reserves	(616,455)

The unaudited Financial Statements were authorised for issue on 30 June 2023.

Laurence Slavin
Chief Officer - Resources
West Dunbartonshire Council

Date: 30 June 2023

Cash Flow Statement

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

2021/22 £000		2022/23 £000	2022/23 £000
75,190	Operating Activities		
	Net deficit on the provision of services		51,881
(65,954)	Depreciation, amortisation and impairment	(37,954)	
(1,006)	Net gain/loss on fixed assets	365	
(32,116)	Movement in pension liabilities	(26,835)	
(82)	Movement in inventories	58	
376	Movement in debtors	(5,459)	
(6,345)	Movement in creditors and provisions	3,930	
272	Other non-cash movements	439	
(104,855)	Adjustments to net deficit on the provision of services for non-cash movements		(65,456)
15	Financing movements	(7,254)	
7,746	Investing movements	17,263	
7,761	Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities		10,009
(21,904)	Net cash inflow from Operating Activities		(3,566)
66,167	Purchase of property, plant and equipment and intangible assets	62,099	
(2,262)	Proceeds from sale of property, plant and equipment and intangible assets	(702)	
393	Movement on long term investments	411	
(6,943)	Other receipts from investing activities	(18,568)	
57,355	Net cash outflows from investing activities		43,240
(350,501)	Cash receipts of short-term and long-term borrowing	(42,423)	
3,808	Repayment of PPP liabilities	2,339	
320,751	Repayment of short-term and long-term borrowing		
(888)	Debtors held for agency payments	0	
1,480	Creditors held for agency payments	0	
(25,350)	Financing Activities		(40,084)
10,101			(410)
12,241	Cash and cash equivalents at the beginning of the reporting period		2,140
(2,140)	Cash and cash equivalents at the end of the reporting period		2,550
10,101	Movement – (Increase)/ Decrease in Cash		(410)

Notes to the Financial Statements

Note 1 - Accounting Policies

1. General Principles

The Financial Statements summarises the Council's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Council is required to prepare an Annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the code") and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS).

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

2. Accruals of Income and Expenditure

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

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

3. Changes in Accounting Policies, Estimates and Errors

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

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

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

4. Charges to Revenue for Property, Plant and Equipment

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

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

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

5. Intangible assets

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

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

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

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

6. Property, Plant and Equipment

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

Recognition

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

Measurement

Initially measured at cost, comprising of:

- purchase price (the Council has no de minimis level set)

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

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

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:

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

Revaluation

Assets included in the Balance Sheet at fair value are re-valued regularly to ensure their carrying amount is not materially different from the fair value at the year end, as a minimum every five years. The programme of revaluation for 2022/23 and planned each of the following four years is as follows:

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

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

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

- Where the combined value of building historic cost and any enhancement expenditure incurred since the last revaluation date spend is less than £2m but the value of the enhancement expenditure exceeds 50% of building historic cost and in value is more than £0.500m then the asset will be revalued.

Valuations in 2022/23 have been carried out by an external valuer. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

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

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

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

Impairment

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

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

Disposals

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

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

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

Disposal and Derecognition of Infrastructure Assets

When a component of an infrastructure asset is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Where any part of infrastructure assets are replaced, an adaptation provided in a separate update to the Code assumes that from the introduction of the IFRS based Code when parts of an asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

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

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

Depreciation

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

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

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

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

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

Tangible fixed assets and depreciation – Common Good Assets

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

7. Assets Held for Sale

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

8. Heritage Assets

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

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

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

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

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

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

10. Employee Benefits

Benefits payable during employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

Discretionary Benefits

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

11. Events after the Reporting Period

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

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

12. Exceptional Items

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

13. Financial Liabilities

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

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

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
- old discounts are written off over a maximum of 5 years.

Straight Repayment

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

14. Financial Assets

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

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

Amortised Cost

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

Fair Value Through Other Comprehensive Income

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

Fair Value Through Profit or Loss

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

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
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

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

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

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

Instruments Entered Into Since 1 April 2006

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

15. Fair Value Measurement

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

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

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

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.
- Level 3 – unobservable inputs for the asset or liability.

16. Government Grants and Contributions

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

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

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

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

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

17. Inventories

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

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

18. Leases

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

Council as Lessee

Finance Leases

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

lease liability. Contingent rents are charged to revenue in the years they incur. Lease payments are apportioned between:

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

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

Operating Leases

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

Council as Lessor

Finance Leases

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

- a receipt for the acquisition of the interest in the asset – applied to write down the lease asset (together with any premiums received)
- 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.

19. Overhead and Support Services

The costs of overheads and support services are charged to non General Fund services that benefit from the supply in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2022/23. The total absorption costing principle is used – the full cost of overheads and support services are shared between those users in proportion to the benefits received. General Fund

Services have not been charged for these support service costs, in line with the Council's budgetary reporting structure.

20. Public Private Partnership (PPP) and Similar Contracts

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

21. Service Concession Arrangement Flexibility Application

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

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

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

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

Annuity method for revised repayment of debt liability

The recalculation of the debt liability charges applies the annuity method to calculate the revised repayments. This method best represents the consumption of the assets over their useful lives. This methodology is applied within the Councils current Loans Fund repayment policy. The use of an annuity method for the writing down of the PPP debt liability therefore ensures a consistent approach for the writing down of all debt which is financing capital expenditure, in that;

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

Useful Economic Life

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

Capital Financing Requirement

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

Accounting Treatment

The statutory adjustment can be made as at 1 April in the year the revised repayments are applied. This option has been exercised in 2022/23 and has been applied retrospectively. Being a cumulative statutory adjustment there is no prior year restatement of statutory adjustments in the Annual Accounts. The statutory adjustment up to 31 March 2022 results in a retrospective debit to the Capital Adjustment account in 2022/23 with a corresponding credit in the Movement in Reserves Statement within the General Fund. Further in year annual reductions will be applied along similar lines as the retrospective adjustment until the end of the contract period for each of the three SCAs. Thereafter the revised charges will result in higher cost being charged to the General fund that the current repayment profile until the end of the UEL.

22. Provisions

Provisions are made where an event has taken place that gives the Council a legal obligation or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of that obligation.

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

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

23. Impairment of Debt

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

24. Interest in Companies and Other Entities

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

25. VAT

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

26. Loans Advances Repayment

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

Note 2 – Critical Judgement in Applying Accounting Policies

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

Public Private Partnership (PPP) and Design-Build-Finance-Maintain (DBFM) - The Council has entered into a PPP contract for the provision of three secondary schools and one primary school. The Council has also entered into a DBFM contract for one secondary school. The contracts include the build of the schools as well as their maintenance and provision of related facilities over the period of each contract. After consideration of International Financial Reporting Interpretations Committee IFRIC12 (Service Concession Arrangements), it has been concluded that these are service concession arrangements and the Council controls the services provided under the scheme and ownership of the schools will pass to the Council at the end of the contracts for no additional charge. The assets used to provide services at the schools are recognised on the Council's Balance Sheet as operational assets and as a finance lease liability. The value of these assets (£98.765m) is included within the Property, Plant and Equipment (note 17) and the liability within note 23 - Private Finance Initiatives and similar Contracts (£90.122m).

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

Council Acting as Principal or Agent - When the Council receives funding it requires to consider the degree of control it has over how this funding is to be utilised. If the Council has no discretion over the utilisation of the funds it deems that it is acting as an agent and this funding is reported in the Agency Services note and not reflected in the Council's income and expenditure, but with any amounts owed to/ from the Council held within its Balance Sheet.

Provision or Contingent Liability - Where the Council faces a future liability and this can be quantified with a reasonable degree of certainty, a provision for that liability is made. If the liability cannot be quantified, it will be disclosed as a Contingent Liability (Note 32). Most of these involve ongoing or prospective legal action meaning the outcome and potential amounts involved cannot be determined with any level of accuracy.

Group Accounts consolidation - Two Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an "associate" although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent local authorities and the Joint Boards.

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

The Financial Statements contain estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet as at 31 March 2023, for which there is a significant risk of material adjustment in the forthcoming financial year are noted below. Examples are provided of each potential uncertainty and the effect it would have within the Financial Statement are also noted. These examples provide an understanding of the significance of a small change in the estimation assumption:

Estimation assumptions which impact within the next 12 months:

Item	Uncertainty	Potential effect
Property Plant and Equipment – valuation	<p>The Council's assets are valued on a rolling programme over a maximum of 5 years. The valuation assumptions are ascertained by the professional valuers used by the Council.</p> <p>The Council's valuers considered uncertainty regarding the valuation of assets following COVID and have concluded that the valuations are not subject to 'material valuation uncertainty' due to the current economic climate as at the valuation date.</p>	<p>If the actual results differ from the assumptions, the value of the assets could be affected.</p> <p>The value of the assets subject to revaluation over the rolling programme is £898.688m.</p> <p>During 2022/23 the assets that were revalued are now held in the Balance Sheet to a total value of £25.600m for General Services and £6.747m for HRA (new dwellings)</p> <p>The impact for each 1% change in these valuations would be £0.256m General Services and £0.067m HRA within the Balance Sheet, resulting in an increase or a decrease to the Revaluation Reserve, or an impairment charge, but with no effect on the General Fund or the HRA reserves.</p> <p>Any change would also impact on annual depreciation charges.</p>
Property Plant and Equipment – depreciation / useful lives	<p>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.</p>	<p>If the useful lives of assets were too high, it is estimated that the annual depreciation charge for buildings would increase by £1.262m for every year that useful lives had to be reduced, resulting in a further charge to that value through the Comprehensive Income and Expenditure Statement and the value of the assets held in the Council's Balance Sheet would also be reduced by the same value. Any change would not affect the reserves position of the Council.</p>
Arrears and bad debts	<p>As at 31 March 2023, the Council had a balance of various debtors of £67.568m with a sliding scale of bad debt provision written against each type, depending on the age of the debt. For example of the council tax debt of £43.466m, the Council holds £26,718m as a provision for doubtful debts; of the debt held for HRA rents of £4.027m, £2.444m is held as a provision for doubtful debts.</p>	<p>If collection rates were to deteriorate, the provision for bad debts would require to be reviewed to consider the appropriate level of provision.</p> <p>If a 10% increase was considered appropriate, this would result in a further £2.672m being required to be provided for council tax provision and £0.244m for an HRA rent provision. Any change in the provision would affect the reserves position of the Council.</p> <p>However, based upon prior experience, in year movements and with each type of debt considered individually, the bad debt provision is considered adequate.</p>

Item	Uncertainty	Potential effect
Fair Value Measurement	<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>The Council uses the 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</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. 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).</p> <p>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>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. 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>
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Estimation assumptions which impact longer term:

Item	Uncertainty	Potential effect
Pension liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase by, changes to retirement ages, mortality rates and expected returns on pension assets held. This is further detailed within Note 14 to the Financial Statements. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions applied.</p>	<p>The effect on the net liability can be measured. For example, a decrease in the discount rate of 0.1% would decrease the pension asset held on the Balance sheet by 2% or £14.190m; and increase in the pension rate by 0.1% would decrease the pension asset held on the Balance sheet by 2% or £12.434m</p> <p>However, the assumptions interact in complex ways. During 2022/23 the appointed actuaries advised that the net liability had decreased year on year by £315.932m as a result of estimates being updated and an update to the assumptions. The current asset held in the Council's balance sheet is £260.242m.</p>

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

For 2022/23, the Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards:

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

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

IFRS16 Leases will require local authorities that are lessees to recognise these leases on their Balance sheet as right-of-use assets along with the corresponding liabilities, except for low value and short term leases. CIPFA/LASACC have deferred implementation of this until 1 April 2024.

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
Housing Benefit received	Benefit received to support customers on low incomes with housing rent costs	(30,789)
Housing Benefit paid	Benefit paid to support customers on low incomes with housing rent costs	31,421
Unitary Charge Payment	Public Private Partnership agreement for the provision of 3 secondary schools and one primary school	15,234
Landfill Tax	A tax paid on the disposal of waste. It is payable to Her Majesty's Revenue and Customs (HMRC)	4,040
Insurances	Insurance premiums for all policies	3,145
Care Homes	Cost of providing care home services by external providers	10,120
Supplementation	Accommodation based services	27,714
HSCP	Payments to other bodies	5,253
HSCP	Day Support	2,392
HSCP	Payments to Clients	5,440
HSCP	Payments to external fostering agencies	3,086
HSCP	Agency Costs	4,303

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

This note provides further breakdown of the adjustments summarised in the Movement in Reserves Statement on page 35. It is identified under the headings Usable and Unusable Reserves. Further detail of the reserves identified under the classification of usable and unusable is given in notes 30 and 31 on pages 97 to 100.

2022/23

	General Fund Balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000
Usable Reserves								
Adjustments to the Revenue Resources								
Pension Costs (transferred to (or from) the Pensions Reserve)	(25,731)	(1,104)	0	0	0	0	0	(26,835)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(96)	(72)	0	0	0	0	0	(168)
Holiday Pay (transferred to the Accumulated Absences Reserve)	(273)	0	0	0	0	0	0	(273)
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	(12,014)	(8,677)	0	0	0	0	0	(20,691)
	(38,114)	(9,853)	0	0	0	0	0	(47,967)
Adjustments between Capital and Revenue Resources								
Transfer of non-current asset sale gain/loss from revenue to the Capital Receipts Reserve	365	0	(365)	0	0	0	0	0
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	2,988	6,510	0	0	0	0	0	9,498
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	286	0	0	0	0	0	0	286
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	2,911	0	0	0	0	0	2,911
	3,639	9,421	(365)	0	0	0	0	12,695
Adjustments to the Capital Resources								
Disposal of non-current asset sale proceeds	0	0	(337)	0	0	0	0	(337)
Transfer from the Capital Receipts Reserve to the Capital Fund/ Capital Grants and Receipts Unapplied Account	0	0	702		0	(702)	0	0
Application of capital grants to finance capital expenditure	0	0	0		0	0	0	0
	0	0	365	0	0	(702)	0	(337)
Total Adjustments	(34,475)	(432)	0	0	0	(702)	0	(35,609)

2022/23

Unusable Reserves

Adjustments to the Revenue Resources

Pension Costs (transferred to (or from) the Pensions Reserve) 0
Financial Instruments (transferred to the Financial Instruments Adjustment Account) 0
Holiday Pay (transferred to the Accumulated Absences Reserve) 0
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account) 18,348

Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
0	0	26,835	0	0	26,835
0	0	0	0	168	168
0	0	0	273	0	273
18,348	2,343	0	0	0	20,691
18,348	2,343	26,835	273	168	47,967

Adjustments between Capital and Revenue Resources

Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account) (9,498)
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility (286)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (2,911)

(9,498)	0	0	0	0	(9,498)
(286)					(286)
(2,911)	0	0	0	0	(2,911)
(12,695)	0	0	0	0	(12,695)

Adjustments to the Capital Resources

Disposal of non-current asset sale proceeds 337
Depreciation adjustment between Capital Adjustment Account and Revaluation Reserve 0
Write out Revaluation Reserve of Disposals 0
Use of the Capital Receipts Reserve to finance capital expenditure 0
Application of capital grants to finance capital expenditure 0

337	0	0	0	0	337
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
337	0	0	0	0	337
5,990	2,343	26,835	273	168	35,609

Total Adjustments

West Dunbartonshire Council
Statement of Accounts for the Year Ended 31 March 2023

2021/22

	General Fund Balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000
Usable Reserves								
Adjustments to the Revenue Resources								
Pension Costs (transferred to (or from) the Pensions Reserve)	(30,947)	(1,169)	0	0	0	0	0	(32,116)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	8	7	0	0	0	0	0	15
Holiday Pay (transferred to the Accumulated Absences Reserve)	252	35	0	0	0	0	0	287
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	(25,720)	(32,487)	0	0	0	0	0	(58,207)
	(56,407)	(33,614)	0	0	0	0	0	(90,021)
Adjustments between Capital and Revenue Resources								
Transfer of non-current asset sale gain/loss from revenue to the Capital Receipts Reserve	(998)	0	998	0	0	0	0	0
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,808	5,495	0	0	0	0	0	9,303
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	72	13,175	0	0	0	0	0	13,247
	2,882	18,670	998	0	0	0	0	22,550
Adjustments to the Capital Resources								
Disposal of non-current asset sale proceeds	0	0	(3,268)	0	0	0	0	(3,268)
Transfer from the Capital Receipts Reserve to the Capital Fund/ Capital Grants and Receipts Unapplied Account	0	0	2,240	(1,837)	0	(403)	0	0
Application of capital grants to finance capital expenditure	0	0	0		0	0	0	0
	0	0	(1,028)	(1,837)	0	(403)	0	(3,268)
Total Adjustments	(53,525)	(14,944)	(30)	(1,837)	0	(403)	0	(70,739)

2021/22

	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
Unusable Reserves						
Adjustments to the Revenue Resources						
Pension Costs (transferred to (or from) the Pensions Reserve)	0	0	32,116	0	0	32,116
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	0	0	0	0	(15)	(15)
Holiday Pay (transferred to the Accumulated Absences Reserve)	0	0	0	(287)	0	(287)
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	58,207	0	0	0	0	58,207
	58,207	0	32,116	(287)	(15)	90,021
Adjustments between Capital and Revenue Resources						
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(9,303)	0	0	0	0	(9,303)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(13,247)	0	0	0	0	(13,247)
	(22,550)	0	0	0	0	(22,550)
Adjustments to the Capital Resources						
Disposal of non-current asset sale proceeds	3,268	0	0	0	0	3,268
Depreciation adjustment between Capital Adjustment Account and Revaluation Reserve	(7,865)	7,865	0	0	0	0
Write out Revaluation Reserve of Disposals	(617)	617	0	0	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
	(5,214)	8,482	0	0	0	3,268
Total Adjustments	30,443	8,482	32,116	(287)	(15)	70,739

Note 7 – Events After the Balance Sheet Date

The draft Financial Statements were authorised for issue by the Chief Officer - Resources on 30 June 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place after this date provide information about conditions existing as at 31 March 2023, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 8- Related Parties

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

Central & Scottish Government

The Scottish Government has effective control over the general operations of the Council. It provides the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties (e.g. council tax, housing benefits). The details of grants received and balances due in comparison to previous year are as shown in Note 11 Grant Income. Related transactions with comparison to previous years detailed below:

Central & Scottish Government

2021/22	2022/23
£000	£000
214,812 Revenue Grants Received	222,142
5,272 Capital Grants Received	17,154
54,833 Other Grants Received	54,910
480 Capital Grants Balance due at 31 March 2022	
1,554 Other Grants Balance due at 31 March 2022	1,428

Elected Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in the remuneration statement on pages 33 to 43. 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 2023, the Council has not had any material transactions for any body in which Members have an interest. The elected member's register of interest can be found on the Council's website page:

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

Subsidiaries

Subsidiaries are independent bodies over which the Council is considered to have control. The following subsidiaries have been identified and are included in the group accounts pages 107 to 117.

West Dunbartonshire Leisure Trust

Established in April 2012, the Leisure Trust is a company limited by guarantee and has charitable status. It is responsible for the Strategic and Operational Management of West Dunbartonshire Council's sports and leisure facilities. Community facilities, Sports development, Active Schools and Events.

The Council has representation on the Board of Trustees, with three of the nine Trustees being Council elected members. The related transactions with comparison to previous year are as detailed below:

West Dunbartonshire Leisure Trust

2021/22	2022/23
£000	£000
5,706 Contribution to Leisure Trust	6,085
(71) Income from Leisure Trust	(132)

Clydebank Property Company

The company is owned by the Council which holds 100% of the issued share capital. The Council holds an investment within its Balance Sheet and has full representation on the Board of Directors, with each of the three Directors of the company being senior officers within the Council. The company paid a dividend to the Council in 2022/23. Related transactions with comparison to previous year are as detailed below:

Clydebank Property Company

2021/22	2022/23
£000	£000
273 CPC Investment held	287
(50) Dividend Received from CPC	(50)

Clydebank Municipal Bank

Clydebank Municipal Bank was established in 1921 to provide basic banking to residents of West Dunbartonshire. The Council has full representation on the Board with the Chair and the Directors being Elected Members of the Council, and both the Bank Manager and the Company Secretary to the Board being council officers. Banking staff are employed by the Council.

Clydebank Municipal Bank

2021/22	2022/23
£000	£000
62 Costs charged to the Bank	66
1,306 Balance due from the Council	
84 Balance due to the Council	66

West Dunbartonshire Energy LLP

An Energy Services Company established in May 2021, and is a Limited Liability Partnership (LLP) which relates to the running and expansion of a local District Heating Network. The service is delivered within a partnership between the Council and Vital Energi (the Network Operator). The Council owns 99.9%, with Clydebank Property Company (a wholly owned subsidiary of the Council) owning 0.1%. The Members of the partnership (LLP) are the Council and the Clydebank Property Company related transactions are noted below:

West Dunbartonshire Energy LLP

2021/22	2022/23
£000	£000
397 Balance due to the Council	705

Associates

Associates are bodies which the Council has significant influence over, but do not meet criteria of subsidiaries. The following associates have been identified in the financial year 2022/23 and are included in the wider group accounts pages 107 to 117.

Strathclyde Passenger Transport (SPT)

SPT is the statutory body responsible for formulating the public transport policy on behalf of the 12 local authorities in the West of Scotland. The Council make a contribution to SPT with comparison to previous year figures as detailed below:

Strathclyde Passenger Transport

2021/22	2022/23
£000	£000
1,421 Contribution from Council	1,405

Strathclyde Concessionary Travel Scheme

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 Council made a contribution with comparison to previous year figures as detailed below:

Strathclyde Concessionary Travel Scheme

2021/22	2022/23
£000	£000
164 Contribution from Council	163

West Dunbartonshire Health & Social Care Partnership (HSCP)

The Council is also a partner in the (HSCP). The HSCP was established in July 2015 as a partnership between the Council and NHS Greater Glasgow & Clyde. It is responsible for planning and overseeing the delivery of a full range of community health and social work/social care services, including those for older people, adults, children and families. People in the Criminal Justice System and allied health professionals. The Council made a contribution to the HSCP relating to the integrated and social care functions, with comparison to previous year figure as detailed below:

West Dunbartonshire Health & Social Care Partnership

2021/22	2022/23
£000	£000
74,925 Contribution from Council	83,178

Dunbartonshire and Argyll and Bute Valuation Joint Board (DABVJB)

DABVJB 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. The Council made a contribution to DABVJB with comparison to previous year figure as detailed below:

Dunbartonshire and Argyll and Bute Valuation Joint Board (DABVJB)

2021/22	2022/23
£000	£000
736 Contribution from Council	779

Joint Ventures

The following Joint ventures in which the Council is a joint venture were identified. **Joint Boards**

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.

As well as being included under the wider definition of "Associates". The council is also a member of the following joint boards of which the related transactions are detailed above under Associates.

Strathclyde Passenger Transport
Strathclyde Concessionary Travel
Dunbartonshire Argyll and Bute Valuation Joint Board
West Dunbartonshire Health & Social Care Partnership.

Key Management

Within the Council's Management Team, the Chief Officer of the HSCP is employed by the Council. Details of remuneration are included within the Council's Remuneration Statement pages 26 to 33.

Other Related Parties

Voluntary Sector

The following voluntary organisations received over £50,000 in grant funding from the Council during 2022/23:

Voluntary Sector

2021/22 £000	2022/23 £000
349 West Dunbartonshire Citizens Advice Bureau	379
216 Independent Resource Centre	0
156 Y-Sort It Youth Information Project	156
177 The Environment Trust	177
177 Dumbarton Women's Aid	167
187 Clydebank Women's Aid	167

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

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 related transaction with comparison to previous year is shown below:

Strathclyde Pension Fund

2021/22 £000	2022/23 £000
2,006 Balance owed by the Council at 31st March 2022	(2,218)

Senior Officers

Senior Officers have control over the Councils financial and operating policies. The remuneration paid to these individuals is as listed in the remuneration statement pages 26 to 33. Officers are required to follow a Code of Conduct and are required to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Should this situation arise, the senior officer does not take part in any discussion or decision in relation to that interest. There are no significant related party transactions with senior officers of the Council.

Note 9 – Agency Services

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

2020/21 Net Payment/ (receipt) £000	Organisation	Description	2022/23 Receipts £000	2022/23 Payment £000	(Debtor)/ Creditor at 31.03.23 £000
14,412	Scottish Water	Water and sewerage charges collected by Council and paid over		15,419	200
(76,298)	Scottish Government	Non Domestic Rates	(83,772)		(774)

Note 10 – Grant Income

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

31 March 2022 £000	31 March 2023 £000
214,812	213,222
1,992	1,319
972	20
909	0
682	337
629	8,550
481	0
444	821
344	838
279	0
259	0
139	676
122	0
120	0
102	0
0	439
0	717
0	134
0	44
222,286	227,117
Grants under £0.100m	

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

31 March 2022	31 March 2023
£000	£000
34,111 Housing Benefit Subsidy	30,789
10,083 NHS Resource Transfer	10,256
9,247 Early Learning	10,007
2,917 Pupil Equity Fund	3,766
2,229 Criminal Justice	2,027
979 Scottish Attainment Challenge Scotland Fund	0
901 Scottish Attainment	1,840
580 Business Gateway	586
569 Young Person's Guarantee	335
534 Vaccination Centres (COVID)	0
446 Private Sector Housing	446
413 Care Experienced Children and young People	345
349 Asylum Seekers	542
308 Mental Wellbeing	231
287 Education additional staff support (COVID)	0
280 Education Maintenance Allowance	288
229 Parental Employability Support Fund	196
0 Holiday Hunger	1,897
0 Teacher's Pay Award	580
0 No-one Left Behind	275
454 Grants under £0.100m	555
64,916	64,961

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

31 March 2022	31 March 2023
£000	£000
30 Clydebank Canal Investment	707
641 Place Based Investment	676
192 Exxon City Deal	0
142 Town Centre Fund	0
128 Bonhill Gaps sites	0
120 Queen Quay District Heating	0
119 Pappert New Builds	119
102 Knowes Nature Reserve	47
41 Digital Inclusion	41
69 Levelling Up Funding	1,105
86 Willox Park	136
81 Bank Street	102
0 Queen Mary Avenue	140
342 Grants under £0.100m	355
2,093	3,428

Note 11 – Operating Leases

Council as Lessee

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

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

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

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

31 March 2022	31 March 2023
£000	£000
236 Not later than one year	286
336 Later than one year and not later than five years	232
0 Later than five years	0
572	518

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

Council as Lessor

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

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

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

31 March 2022	31 March 2023
£000	£000
3,583 Not later than one year	4,228
11,249 Later than one year and not later than five years	11,145
127,729 Later than five years	131,838
142,561	147,211

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23, £2.610m contingent rents were receivable by the Council (2021/22 £1.413m).

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

Note 12 – Termination Benefits

The Council terminated the contracts of a number of employees in 2022/23. Details of which are included in Table 6 of the Remuneration report.

Note 13 – Defined Benefit Pension Schemes

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

The Council participates in the following pension schemes:

The Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The employer's contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2022/23 was 19.3%, and 2023/24 is set at 19.3%. In 2022/23, the Council paid an employer's contribution of £21.084m (2021/22 £19.851m).

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

The employer pays a set contribution rate of 23% which is effective from 1 September 2019, prior to this it was 17.2%. This is charged directly to the revenue account for the Education service. The amount paid over in respect of employer's contribution was £11.100m (2021/22 £10.291m) in respect of expenditure for teachers added years, £0.041m payments were made (2021/22 £0.039m).

The scheme is unfunded and all contributions (payable by members or employers) are paid to the Scottish Government, and the Scottish Government then meets the costs of all the benefits. A specific amount is held by the Scottish Government for this purpose. As a proportion of the total contributions into the Scottish Teachers Superannuation Scheme 2022/23, the Council's own contribution equates to 1.66%.

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

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 2022/23 the capitalised costs that would have arisen from the early retiral of the Council employees and from predecessor authorities were as follows:

	£000
2022/2023	(9,974)
In earlier years	53,394
Total	<u>43,420</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.

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

2021/22 £000	2022/23 £000
Net cost of services	
51,324 Current service cost	48,832
0 Past service cost	190
51,324	49,022
Financing and investment Income and Expenditure	
3,557 Net interest expense	1,839
54,881	50,861
Total post employment benefit charged to the Surplus or Deficit on the provision of Services	
(55,488) Expected return on assets	44,999
(7,291) Actuarial gains and losses arising from changes in demographic assumptions	(8,670)
(78,984) Actuarial gains and losses arising from changes in financial assumptions	(430,331)
1,722 Actuarial gains and losses arising from experience assumptions	51,235
(85,160)	(291,906)
Total post employment benefit charged to the comprehensive income and expenditure statement	
Movement in Reserves Statement	
(54,881) Reversal of gross charges made to surplus or deficit for post employment benefits	(50,861)
22,765 Actual amount charged against the General Fund balance in the year - employer contributions payable to Scheme	24,026
(32,116)	(26,835)
Reversal of gross charges made to surplus or deficit for post employment benefits	

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

2021/22 £000	2022/23 £000
1,052,202 Fair value of plan assets	1,038,933
(1,054,498) Present value of defined benefit obligations	(735,271)
(2,296)	303,662
Net assets in the Strathclyde Pension Fund	
<u>Present Value of Unfunded Liabilities</u>	
(25,835) LGPS Unfunded	(20,792)
(22,386) Teachers' pensions	(18,258)
(5,173) Pre Local Government Reorganisation	(4,370)
(55,690)	260,242
Net pension asset/(liability)	

1) Local Government Pension Scheme

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total asset of £260.242m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

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

The fair value of plan assets have decreased by £13.269m. This is due to asset returns being less favourable than anticipated.

The estimated liabilities have decreased by £329.201m, due to financial assumptions as at 31 March 2023 being more favourable than they were at 31 March 2022 with a large increase in the discount rate based on market conditions as at 31 March 2023.

2) Pension Assets and Liabilities

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

	%
Active Members	53.8%
Deferred Members	8.3%
Pensioner Members	33.2%
Pre-Local Government Re-organisation Members	4.7%
	<u>100%</u>

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

2021/22 £000	2022/23 £000
1,137,958 Opening balance	1,107,892
51,324 Current service cost	48,432
23,072 Interest cost	30,292
6,137 Contributions by Members	6,446
(7,291) Actuarial gains/losses – change in demographic assumptions	(8,670)
(78,984) Actuarial gains/losses – change in financial assumptions	(430,331)
1,722 Actuarial gains/losses – other experience	51,235
0 Past service costs/(gains)	190
(2,914) Estimated unfunded benefits paid	(2,942)
(23,132) Estimated benefits paid	(24,253)
<u>1,107,892 Closing Balance as at 31 March</u>	<u>778,291</u>

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

2021/22	2022/23
£000	£000
974,343 Opening balance	1,052,202
55,488 Expected return on assets	(44,999)
0 Actuarial gains/ losses - othe experience	0
19,515 Interest Income	28,453
6,137 Contributions by Members	6,446
19,851 Contributions by employer	21,084
2,914 Contributions in respect of unfunded benefits	2,942
(2,914) Estimated unfunded benefits paid	(2,942)
(23,132) Estimated benefit paid	(24,253)
<u>1,052,202 Closing Balance as at 31 March</u>	<u>1,038,933</u>

The Council's share of the pension fund asset at 31 March 2022 comprised:

2021/22			Asset Category	2022/23		
Quoted prices in Active Markets	Prices not quoted in Active Market	Total		Quoted prices in Active Markets	Prices not quoted in Active Market	Total
£000	£000	£000		£000	£000	£000
231,344	501	231,845	Equity Securities	202,878	1,862	204,740
0	205,983	205,983	Private Equity		255,358	255,358
0	88,736	88,736	Real Estate		85,659	85,659
5,837	493,028	498,865	Investment funds and unit trusts	4,475	469,019	473,494
26,418	355	26,773	Cash and Cash Equivalent	14,369	5,313	19,682
<u>263,599</u>	<u>788,603</u>	<u>1,052,202</u>	Totals	<u>221,722</u>	<u>817,211</u>	<u>1,038,933</u>

Assets are now held at bid value.

Asset and Liability Matching Strategy (ALM)

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

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

The actuarial valuation states that assets held on the valuation date were sufficient to cover 133% (2021/22 95%) of accrued liabilities at that date.

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

31/03/2022

31/03/2023

Long term expected return on assets

3.20% Pension increase rate	2.95%
3.90% Salary Increase rate	3.65%
2.70% Discount rate	4.75%

Mortality

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

19.6 Current pensioners – Men	19.3
22.4 Current pensioners - Women	22.2
21.0 Future pensioners – Men	20.5
24.5 Future pensioners - Women	24.2

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

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

Sensitivity Analysis

In order to quantify the impact of a change in the financial assumptions used, the actuaries have calculated and compared the value of the scheme liabilities as at 31 March 2023 on varying bases. The approach taken is consistent with that adopted to derive at the IAS19 figures provided. To quantify the uncertainty around life expectancy, the actuaries have calculated the difference in cost to the employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of around 3% to 5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

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

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

	Approximate % increase to Employer Liability	Approximate monetary Amount £000
Real Discount Rate (0.5% decrease)	2%	14,190
1 year increase in the member life expectancy	4%	31,148
Salary Increase Rate (0.5% increase)	0%	1,952
Pension Increase Rate (0.5% increase)	2%	12,434

The total contribution expected to be made to the Local Government pension scheme for 2023/24 is £21.084m.

Note 14 – External Audit Costs

In 2022/23 the Council incurred £0.316m (2021/22 £0.281m) in respect of its external audit services on behalf of the Council and £0.007m (2021/22 £0.002m) on behalf of the Trust Funds, undertaken in accordance with the Code of Audit Practice.

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

Note 15 – Expenditure and Funding Analysis

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

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

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

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

2021/22 £000		2022/23 £000
	Expenditure	
232,907	Employee benefits expenses	245,142
266,430	Other service expenses	288,455
3,962	Support service recharges	4,853
65,954	Depreciation, amortisation, impairment	37,954
21,422	Interest payments	24,806
2,517	Precepts and levies	2,215
998	Loss on the disposal of assets	(365)
594,190	Total Expenditure	603,060
	Income	
(258,154)	Fees, charges and other service income	(281,037)
(81)	Interest and investment income	(344)
(119,615)	Income from council tax and non-domestic rates	(147,053)
(141,150)	Government grants and contributions	(122,745)
(519,000)	Total Income	(551,179)
75,190	(Surplus) / Deficit on the Provision of Services	51,881

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

2021/22	2022/23
£000	£000
(37,337) Corporate Services	(37,937)
(15,317) Education	(18,926)
(13,334) Infrastructure, Regeneration and Economic Development	(14,516)
(31,853) Housing and Communities	(32,211)
(44,363) Housing Revenue Account	(45,927)
(8,501) Miscellaneous Services	(8,964)
(107,449) Health and Social Care Partnership	(122,556)
<u>(258,154) Total Fees, Charges and other service income</u>	<u>(281,037)</u>

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

<u>2021/22</u>				<u>2022/23</u>			
Net Chargeable to the General Fund and HRA Balance £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Chargeable to the General Fund and HRA Balance £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	
25,095	7,756	32,851	Corporate Services	21,674	7,445	29,119	
98,757	20,258	119,015	Education	102,993	11,389	114,382	
33,659	19,189	52,848	Infrastructure, Regeneration and Economic Development	34,252	19,181	53,433	
3,660	4,118	7,778	Housing and Communities	2,209	3,806	6,015	
(20,106)	34,590	14,484	Housing Revenue Account	(17,018)	14,274	(2,744)	
690	(2,170)	(1,480)	Miscellaneous Services	4,013	(2,336)	1,677	
74,017	10,485	84,502	Health and Social Care Partnership	82,657	9,465	92,122	
2,517	0	2,517	Requisitions	2,215	0	2,215	
218,289	94,226	312,515	Net Cost of Services	232,995	63,224	296,219	
0	998	998	(Gain)/Loss on disposal of Fixed Assets	0	(365)	(365)	
(253,019)	(7,746)	(260,765)	Taxation and Non-specific Grant Income	(252,537)	(17,263)	(269,800)	
41,451	(19,009)	22,442	Finance / Investment Income and Expenditure	36,514	(10,689)	25,825	
6,721	68,469	75,190	(Surplus) or Deficit on Provision of Service	16,972	34,907	51,879	
(22,392)			MIR Opening General Fund and HRA Balance as at 1 April	(47,488)			
2,396			MIR (Surplus) or Deficit on Provision of Service (General Fund)	17,145			
4,325			MIR (Surplus) or Deficit on Provision of Service (HRA)	(169)			
(2,083)			MIR Transfer to/from other statutory reserves	(1,200)			
(17,754)			MIR Closing General Fund and HRA Balance as at 31 March	(31,712)			

<u>2021/22</u>				<u>2022/23</u>			
Adjustments for Capital Purposes £000	Net Change for the Pension Adjustment £000	Other differences £000	Total £000	Adjustments for Capital Purposes £000	Net Change for the Pension Adjustment £000	Other differences £000	Total £000
3,204	4,552	0	7,756	3,474	3,971	0	7,445
14,477	5,738	43	20,258	5,969	5,132	288	11,389
13,414	5,775	0	19,189	14,083	5,098	0	19,181
13	4,105	0	4,118	13	3,793	0	3,806
33,456	1,169	(35)	34,590	13,170	1,104	0	14,274
312	(2,187)	(295)	(2,170)	0	(2,321)	(15)	(2,336)
1,078	9,407	0	10,485	1,245	8,220	0	9,465
65,954	28,559	(287)	94,226	37,954	24,997	273	63,224
998	0	0	998	(365)	0	0	(365)
(7,746)	0	0	(7,746)	(17,263)	0	0	(17,263)
(22,551)	3,557	(15)	(19,009)	(12,696)	1,839	168	(10,689)
36,655	32,116	(302)	68,469	7,630	26,836	441	34,907

Both the Movement in Reserves (page 46) and note 7 (page 69) total the adjustments between funding accounting basis and funding basis under regulations relating to the General Fund balance (£34.475m net deductions) and HRA balance (£0.432m net deductions) and this matches the total adjustments above of £34.907m.

Adjustment for Capital Purposes

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

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

Net Change for the Pension Adjustments

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

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

Other Differences

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

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

Note 16 – Property, Plant and Equipment

1) Movements in 2022/23

	Council dwellings £000	Other Land & buildings £000	Industrial Units £000	Vehicles & Plant £000	Community £000	Surplus Assets £000	Assets Under Construction £000	Property Plant & Equipment £000	Infrastructure £000
Cost/Valuation at 1 April 2022	542,780	420,810	45,360	31,511	10,168	6,011	28,179	1,084,819	
Additions	30,577	7,247		3,761	127		11,316	53,028	8,849
Revaluations:									
- To Revaluation Reserve			141			264		405	
- To Net cost of Service			(907)			(358)		(1,265)	
Disposals		(165)	(349)	(34)			(33)	(581)	
Assets reclassified to/from Held for Sale								0	
Adjustments - assets at nil NBV								0	
Adjustments - change in asset type								0	
As at 31 March 2023	573,357	427,892	44,245	35,238	10,295	5,917	39,462	1,136,406	194,003
Depreciation/Impairment at 1 April 2022	(81,351)	(46,215)	(2,052)	(12,525)	(2,582)	3	0	(144,722)	
	(12,664)	(10,497)	(409)	(3,640)	(844)	(3)		(28,057)	(8,054)
Depreciation charge								0	
Depreciation:									
- To Revaluation Reserve								0	
- To Net Cost of Service								0	
Impairments:									
- To Revaluation Reserve			50					50	
- To Net Cost of Service		(47)	(441)					(488)	
Adjustments - assets at nil NBV								0	
Adjustments - change in asset type								0	
As At 31 March 2023	(94,015)	(56,759)	(2,852)	(16,165)	(3,426)	0	0	(173,217)	
Net Book Value at 31 March 2022	461,429	374,595	43,308	18,986	7,586	6,014	28,179	940,097	111,508
Net Book Value at 31 March 2023	479,342	371,133	41,393	19,073	6,869	5,917	39,462	963,189	112,300

2) Movements in 2021/22

	Council dwellings £000	Other Land & buildings £000	Industrial Units £000	Vehicles & Plant £000	Community £000	Surplus Assets £000	Assets Under Construction £000	Property Plant & Equipment £000	Infrastructure £000
Cost/Valuation at 1 April 2021	502,600	403,348	45,367	30,903	8,463	6,329	70,910	1,067,920	
Additions	28,080	9,024	0	3,056	575	4	12,736	53,475	10,024
Revaluations:									
- To Revaluation Reserve	0	(7,493)	0	0	0	0	0	(7,493)	0
- To Net cost of Service	(23,206)	(1,785)	0	0	0	(183)	0	(25,174)	0
Disposals		(229)	0	0	0	0	0	(229)	0
Assets reclassified to/from Held for Sale	0	0	0	0	0	0	0	0	0
Adjustments - assets at nil NBV	0	(80)	(7)	(2,448)	0	(139)	0	(2,674)	(772)
Adjustments - change in asset type	35,306	18,025	0	0	1,130	0	(55,467)	(1,006)	906
As at 31 March 2022	542,780	420,810	45,360	31,511	10,168	6,011	28,179	1,084,819	
Depreciation/Impairment at 1 April 2021	(71,578)	(40,599)	(1,649)	(11,463)	(2,032)	(132)	0	(127,453)	
Depreciation charge	(9,773)	(8,550)	(410)	(3,510)	(550)	0	0	(22,793)	(7,484)
Depreciation:									
- To Revaluation Reserve	0	9,796	0	0	0	0	0	9,796	0
- To Net Cost of Service	0	0	0	0	0	0	0	0	0
Impairments:									
- To Revaluation Reserve	0	0	0	0	0	0	0	0	0
- To Net Cost of Service	0	(6,942)	0	0	0	(4)	0	(6,946)	0
Disposals								0	
Adjustments - assets at nil NBV	0	80	7	2,448	0	139	0	2,674	772
Adjustments - change in asset type	0	0	0	0	0	0	0	0	0
As At 31 March 2022	(81,351)	(46,215)	(2,052)	(12,525)	(2,582)	3	0	(144,722)	
Net Book Value at 31 March 2021	431,022	362,749	43,718	19,440	6,431	6,197	70,910	940,467	108,062
Net Book Value at 31 March 2022	461,429	374,595	43,308	18,986	7,586	6,014	28,179	940,097	111,508

* Please note, with reference to the Asset movements tables 1) and 2) above, infrastructure asset values have been disclosed in accordance with the Scottish Government's Finance Circular 9/2022 Statutory Override – Accounting for Infrastructure Assets. The council has applied both statutory overrides set out in the circular which are as follows:

- For accounting periods commencing from 1 April 2021 until 31 March 2024, a local authority is not required to report the gross carrying amount and accumulated depreciation for infrastructure assets.
- For the accounting periods from 1 April 2010 to 31 March 2024, the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be accounted for as a nil amount, and no subsequent adjustment can be made to the carrying amount of the asset with respect to that part.

The approach is set out in Note 1 Accounting Policies.

3) Capital Commitments

As at 31 March 2023, the Council has commitments on capital contracts for the construction or enhancement of property, plant and equipment for non-housing and housing projects in 2022/23 budgeted to cost £5.816m (2020/21 £10.335m) and £27.514m (2020/21 £1.477m) respectively. The main commitments are:

General Services	£000
Connectin Dumbarton	2,695
Posties Park	802
Elm Road - salt dome	982
Alexandria Masterplan	362
 HRA	 £000
Clydebank East - new build site	26,928
External Wall Insulation	400
Pappert - new build site	100

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

Restated 2021/22 £000	2022/23 £000
Cost or Valuation	
114,219 At 1 April 2022	114,219
<u>Revaluations</u>	
0 To Revaluation Reserve	0
0 Additions	0
114,219 At 31 March 2023	114,219
 Accumulated Depreciation and Impairment	
(7,578) At 1 April 2022	(10,104)
(2,526) Depreciation Charge	(5,350)
<u>Depreciation written out</u>	
0 To revaluation reserve	0
0 To NCS	0
(10,104) At 31 March 2023	(15,454)
106,641 Opening Net Book value	104,115
104,115 Closing Net Book value	98,765

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

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

Note 17 – Intangible Assets

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

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

Where appropriate, the carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.084m charged to revenue in 2022/23 was charged to Information Services. The charge to Information Services is then absorbed as an overhead across all the service headings in the Net Cost of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

2021/22 £000		2022/23 £000
	Balance at 1 April 2022	
667	Gross carrying amount	1,053
(396)	Accumulated amortisation	(436)
271	Net carrying amount at start of year	617
357	Acquisitions in year	189
29	Transfer from Assets Under Construction	0
(40)	Amortisation for period	(84)
617	Net carrying amount at 31 March 2023	722
	Comprising:	
1,053	Gross Carrying amounts	1,242
(436)	Accumulated amortisation	(520)
617		722

Note 18 – Assets Held for Sale

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

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

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

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

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

2021/22		2022/23
£000		£000
7,755	Balance at 1 April 2022	5,417
114	Acquisitions	0
639	Assets previously omitted	0
	Assets newly classified as held for sale:-	
71	Property, Plant and Equipment	0
(173)	Impairment	0
50	Revaluation Gains	0
(3,039)	Disposals	0
0	Assets declassified as held for sale*	0
5,417	As at 31 March 2023	5,417

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

Note 19 - Heritage Assets

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

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

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

2021/22		2022/23
£000		£000
1,406	Balance at 1 April 2022	1,486
79	Additions/ Disposals / Newly Classified	32
1,485	Balance at 31 March 2023	1,518

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

- Collections Store, Poplar Road
- Collections Store, Stanford Street

- Clydebank Town Hall.

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

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

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

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

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

Note 20 – Capital Expenditure and Capital Financing

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

31-Mar-22 £000	31-Mar-23 £000
646,190 Opening Capital Financing Requirement	680,113
Capital Investment	
63,495 Property, Plant and Equipment	61,887
357 Intangibles	189
114 Asset held for sale	0
79 Heritage Assets	32
Sevice Concession - statutory adjustment	29,734
64,045	91,842
Less Sources of Finance	
(2,270) Receipts from Sale of Assets	(702)
7,572 Government Grants and other Contributions	17,263
2,270 Transfer to Capital Fund/ Capital Receipts Fund	702
13,247 Revenue Contributions	2,911
9,303 Loan Fund Principal Repayments	9,498
30,122	29,672
680,113 Closing Capital Financing Requirement	742,283
0 Increase in Underlying Need to Borrow (Supported)	
33,923 Increase in Underlying Need to Borrow (Unsupported)	62,170
33,923 Movement in Capital Financing Requirement	62,170

Note 21 – Impairment Losses

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

During 2022/23, the Council has recognised impairment losses of £1.708m (2021/22 £7.060m) relating to non-value adding enhancement and/or consumption of economic benefit of various assets.

These impairment losses have been charged as appropriate within the Comprehensive Income and Expenditure Statement and the Revaluation Reserve.

Note 22 – Private Finance Initiatives and Similar Contracts

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

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

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

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

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

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

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

Payments remaining to be made under the PPP and DBFM contracts at 31 March 2023 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Repayment of Liability £000	Interest Charges £000	Operating Costs £000	Lifecycle Replacement £000	Total Unitary Payment £000
Less than 1 year	2,623	7,832	3,377	1,787	15,619
2-5 years	14,054	28,723	14,861	5,452	63,090
6-10 years	20,590	28,389	22,250	13,710	84,939
11-15 years	35,260	16,191	27,037	13,009	91,497
16-20 years	17,595	2,135	8,811	5,044	33,585
21-25 years	0	0	0	0	0
PPP Contractual Liability as at 31.03.23	90,122	83,270	76,336	39,002	288,730

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:

2021/22	2022/23
£000	£000
96,292 Opening Balance	92,485
0 New Liabilities	0
(3,807) Repayments	(2,373)
92,485 Closing Balance	90,112

Application of PPP Service Concession Arrangement Flexibilities

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

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

PPP debt repayment	Current repayment £000	Revised repayment £000	(Reduction)/ Cost £000
Pre 2022-23	28,740	2,090	(26,650)
Paid in 2022-23	3,370	286	(3,084)
Payable within two to five years	15,754	1,383	(14,381)
Payable within six to ten years	21,548	2,375	(19,173)
Payable within eleven to twenty-five years	51,813	15,276	(36,537)
Payable within twenty-six to forty years	0	45,160	45,160
Payable within forty-one to fifty years	0	48,105	48,105
Payable within fifty-one to sixty years	0	6,561	6,561
Total	121,224	121,224	0

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

The reprofiling of the debt liability repayments increases the Capital Financing Requirement (CFR) by £26.650m as at 1 April 2022. The increase in the CFR (Note 20) will continue to be reduced by the revised repayments after each SCA contract has expired until the end of the revised period. Being a cumulative statutory adjustment there is no prior year restatement of statutory adjustments in the

Annual Accounts. The statutory adjustment up to 31 March 2023 has the following impact on the 2022/23 Balance sheet (Capital Adjustment Account) and Movement in Reserves statement:

	£000	£000	£000
Capital Adjustment Account (Note 31)	26,650	3,084	29,734
Movement in Reserves Statement (Note 6)	(26,650)	(3,084)	(29,734)

Note 23 – Debtors

2021/22 £000	2021/22 £000		2022/23 £000	2022/23 £000
		Central government bodies		
1,662		Grant Income	5,207	
4,717		VAT Recoverable	4,737	
<u>1,567</u>	7,946	Other Debtors	<u>4,561</u>	14,505
	448	Other local authorities		788
	13,867	NHS Bodies		639
	8	Public Corporations and trading funds		8
		Other Entities and individuals		
18,026		Arrears of local taxation *	18,261	
<u>27,273</u>	45,299	Other Debtors	<u>27,909</u>	46,170
	67,568			62,110

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

2021/22			2022/23		
Gross debtor before impairment	Impairment	Net Debtor after impairment	Gross debtor before impairment	Impairment	Net Debtor after impairment
£000	£000	£000	£000	£000	£000
4,709	1,499	3,210	2,911	463	2,448
42,138	27,322	14,816	40,555	24,742	15,813
46,847	28,821	18,026	43,466	25,205	18,261
		Total			

Note 24 - Common Good Fund

The Council administers the Dumbarton Common Good Fund Account. The Fund is applied for the benefit of the people of Dumbarton. The figures below summarise the income and expenditure for the year as well as the assets and liabilities as at 31 March 2023. The fund does not represent assets of the Council and has not been included within the Balance Sheet on page 37.

Income and Expenditure Account

2021/22	2022/23
£000 Expenditure	£000
109 Payments to Other Bodies	127
36 Bellsmyre Digital	36
50 Denny Tank	50
40 WD Citizen's Advice Bureau	40
25 General Expenditure	35
260	287
Income	
(320) Rent – Sites and Offices	(320)
0 Other Income	(11)
(320)	(331)
(60) Net (surplus)/deficit for year	(44)
(60) In Year Usable Gain/ (Loss)	(44)
0 In Year Un-usable Gain/ (Loss)	0
(60)	(44)
(521) Balance brought forward	(581)
(60) In Year Usable Gain	(44)
(581) Balance carried forward	(625)

Balance Sheet as at 31 March 2022

2021/22	2022/23
£000 Fixed Assets	£000
3,485 Investment properties	3,487
Current Assets	
586 Investments – West Dunbartonshire Council	625
3 Debtors	8
Current Liabilities	
(8) Creditors falling due within one year	(8)
4,066 Total assets	4,111
Funds	
3,485 Capital Adjustment Account	3,487
581 General Fund	625
4,066	4,111

Accounting Policy Information

The asset owned by the Dumbarton Common good are classified within Investment Properties and the appropriate accounting policy is to value investment Properties annually.

Note 25 – Trust Funds

The Council acts as sole or custodian trustee for a number of trust funds, which may be used for various purposes depending on the terms of the Trust. In all cases, the funds do not represent assets of the Council and they have not been included within the Balance Sheet on page 48. Under the provisions of the “2005 Act” and the “Accounts Regulations” above, all registered charities in Scotland are required to prepare financial statements which must be externally scrutinised. The trust funds below are registered, under one registration, with the Office of the Scottish Charity Regulator. Management has reviewed the current arrangements for the trust funds to ensure the current arrangements reflect the needs of the Council and ensure that all obligations are met. Responsibility for the compliance with the new regulations was delegated to the Chief Officer - Resources.

Receipts and Payments Account

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

Statement of Balances as at 31 March 2022

	Balance as at 1/4/22 £000	(Surplus)/deficit for year £000	Balance as at 31/3/23 £000
Bank and Cash			
Dunbartonshire Educational Trust Scheme 1962	(91)	(2)	(93)
McAuley Prize for Mathematics	(22)	0	(22)
Alexander Cameron Bequest	(120)	2	(118)
Dr A K Glen Fund	(5)	5	0
UIE Award	(25)	0	(25)
Total	(279)	5	(258)

The Trust Funds hold no liabilities.

Note 26 – Cash and Cash Equivalents

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

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

	31-Mar-22 £000	Movement £000	31-Mar-23 £000
Net Bank Current Account*	2,140	(6,086)	(3,946)
Short term deposits with UK banks	11,442	(4,946)	6,496
Net Cash and Cash equivalents	13,582	(11,032)	2,550

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

31-Mar-22 £000	31-Mar-23 £000
805 Bank Current Accounts in balance	604
(10,107) Bank Current Accounts in overdraft	(4,550)
(9,302) Net Bank Current Account*	(3,946)

Note 27 – Financial Instruments

1) Types of Financial Instrument

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

	Long-term		Current	
	31-Mar-22 £000	31-Mar-23 £000	31-Mar-22 £000	31-Mar-23 £000
Debtors				
Loans and receivables	21	20	61,782	54,487
Borrowing				
Financial liabilities at amortised cost	307,485	301,605	281,030	324,504
Other long term liabilities				
PPP and finance leases	89,115	86,993	3,370	3,370
Creditors				
Financial liabilities at contract amount	0	0	75,140	75,140

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 2022/23:

- 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 2022/23;
- 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.

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 2023 have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking 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% which is the average discount rate applied to market loans for calculation of premature repayment. The fair value of local council loans are calculated using estimated interest rates of 0.70% which is the average discount rate applied to local council loans for calculation of premature repayment. Discount rates have been applied to provide the fair value under PWLB debt redemption procedures.
- PFI/Finance leases (Level 3) – These are not the liability of the Council as the debt is held by the PFI/lease provider. Fair value have been calculated at level 3 on a simple proxy basis. The same NPV methodology has been applied as for PWLB and non-PWLB debt.

Financial Assets

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

Policy Type Assets

- Long term debtors – Level 2.

Creditors

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

Transfers between Levels of the Fair Value Hierarchy

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

Changes in the Valuation Technique

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

31-Mar-22		31-Mar-23	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
£000	£000 Debtors	£000	£000
61,803	61,803 Loans and Receivables	54,507	54,507

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-22		31-Mar-23	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
£000	£000	£000	£000
Borrowing			
588,515	648,513	626,109	574,797
Other Long Term Liabilities			
92,485	136,477	90,121	136,477
Creditors			
75,140	75,140	75,642	75,140

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.

Fair value rates have changed materially from the previous year due to fluctuations in market rates, the changes that HM Treasury made to the PWLB new borrowing rates and due to the impact of the pandemic on interest rates

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

31-Mar-22			31-Mar-23		
Principal outstanding	Accrued interest / EIR adjustment	Carrying amount	Principal outstanding	Accrued interest / EIR adjustment	Carrying amount
£000	£000	£000	£000	£000	£000
11,091	1,289	12,380	2,410	1,736	4,146
0	761	761	0	682	682
257,000	135	257,135	311,000	2,896	313,896
631	16	647	1,257	0	1,257
268,722	2,201	270,923	314,667	5,314	319,981
Short Term Loans			Short Term Loans		
226,268	0	226,268	233,644	0	233,644
77,600	1,637	79,237	65,799	1,256	67,055
0	0	0	0	0	0
1,980	0	1,980	153	0	153
305,848	1,637	307,485	299,596	1,256	300,852
Long Term Loans			Long Term Loans		

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-22			31-Mar-23		
	Financial Assets: Loans & receivables £000	Financial Liabilities: amortised cost £000	Total £000	Financial Assets: Loans & receivables £000	Financial Liabilities: amortised cost £000	Total £000
Interest (investment)	81	0	81	344		
Interest payable and similar charges						
Interest/expense*	0	(17,865)	(17,865)		(22,967)	
(Gain)/Loss on de-recognition		15	15		151	
Net (Gain)/loss in year	0	(17,850)	(17,850)	0	(22,816)	0

* 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
- financial assets or liabilities at a fair value through profit and loss.

4) Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government (Scotland) Act 2003 and the associated regulations. During 2021/22 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.
 - maximum and minimum exposures to fixed and variable rates.
 - maximum and minimum exposures regarding the maturity structure of debt
 - maximum annual exposure to investments maturing beyond a year.
- (iv) by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment.

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

The 2022/23 annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 23 March 2022 and is available on the Council website. The key issues within the strategy were:

- the authorised limit for 2022/23 was set by Council at that meeting at £887.766m. This is the maximum limit of external borrowing
- the operational boundary was expected to be £813.7853m. This is the expected level of debt during the year
- the maximum amounts of fixed and variable interest rate exposure were set at 100% and 50% based on the Council's gross debt

- the maximum exposures to the maturity structure of debt is detailed with refinancing and maturity risk.

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

Credit Risk

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

The Council's maximum exposure to credit risk in relation to investments in banks and building societies of £10/018m cannot be assessed on a general basis as the risk of any institution failing to make interest payments or repay 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 2023 that this was likely to happen.

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

	Amount at 31.03.23 £000	Historical experience of non- payment adjusted for market conditions at 31.03.23 %	Estimated maximum exposure to default and uncollectibility £000
Customers and other income	45,172	7.80	1,303

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

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

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

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

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

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

Liquidity risk

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

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

Refinancing and Maturity Risk

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

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

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

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

The maturity analysis of financial liabilities is as follows:

	Creditors	PPP	Borrowing	Total
	£000	£000	£000	£000
Less than one year	75,642	2,623	324,504	402,769
Between one and two years		7,068	18,464	25,532
Between two and five years		13,649	10,000	23,649
More than five years		66,781	273,141	339,922
	75,642	90,121	626,109	791,872

Market risk

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

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

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

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

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

	£000	%
Fixed Interest Debt	621,586	99.3
Variable Interest Debt	4,523	0.7
	626,109	

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2023, with all other variables held constant:

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

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

Foreign Exchange Risk

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

Note 28 – Provisions

	VS/ER £'000	Other £'000	Total £'000
Balance as at 1 April 2022	0	0	0
Additional provisions	3412	16	3428
Amount utilised	0	0	0
unutilised released	0	0	0
Balance as at 31 March 2023	3412	16	3428

Compensation Payments – Voluntary Severance/Early Retirement (VS/VR) cost £3.412m

This provision is for future severance costs that were identified as part of the 2023/24 budget setting process.

Other Provisions £0.016m

Intromission liability for historic abuse claims following reorganisation of Strathclyde regional Council amounts agreed due from West Dunbartonshire Council to Glasgow City Council as at 31 March 2023.

Note 29 – Creditors

2021/22		2022/23
£000		£000
8,620	Central government bodies	13,153
37,430	Other local authorities	14,872
205	NHS Bodies	2,646
-	Public Corporations and trading funds	-
28,885	Other Entities and individuals	44,971
<u>75,140</u>		<u>75,642</u>

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

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

The General Fund balance stands at £29.079m on 31 March 2023, of which £24.590m is earmarked for ringfenced purposes, leaving an unearmarked balance of £4.489m (prudential target £3.438m).

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

	Balance at 1 April 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £000	Balance at 31 March 2022 £000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £000	Balance at 31 March 2023 £000
General Covid	1,972	-	1,473	3,445	-	3,445	-
Education - Covid reserves	-	-	2,662	2,662	-	2,452	210
Housing & Communities - Covid reserves	1,015	773	179	421	307	-	114
Resources - Covid reserves	83	83	263	263	-	-	-
Change Fund	1,553	296		1,257	1,137	-	120
HR/Legal Commitments	276	66		210	-	-	210
Miscellaneous Employability Reserves	421	248	163	337	337	250	250
Miscellaneous Housing & Communities Reserves	655	655	165	165	165	41	41
Miscellaneous HSCP	70	35		35	35	-	-
Miscellaneous CCF Reserves	64	16	58	106	82	6	31
Miscellaneous Resources Reserves	1,275	1,262	326	339	232	144	252
Miscellaneous Economic Development & Regulatory Rese	1,091	1,038		53	-	18	71
Miscellaneous Education Reserves	655	555	32	132	32	979	1,079
DABVJB - Scottish Parliamentary Elections	2,561	2,522		39	13		26
2022/23 budget commitment			1,034	1,034	1,034	-	-
Young person guarantee	-	-	1,018	1,018	1,018	-	-
Early Retiral/Voluntary Severance Reserve				-	3,710	16,000	12,290
Cost of Living	-	-	-	-	386	1,250	864
Smoothing Fund for 2 year Service Transformation Project	-	-	-	-	-	3,169	3,169
Future Pay Awards				-	-	4,390	4,390
Budget Funding reserve	-	-	-	-	6,607	8,080	1,473
Total	11,691	-	7,549	11,517	-	21,255	34,327
			7,374				24,590

- (2) The HRA balance is currently £2.634m as at 31 March 2023, of which £1.650m is earmarked for ring fenced purposes, leaving an unearmarked balance of £0.984m.

The earmarked balance held for future specific purposes is:-

	£000
Service Improvements	650
Welfare Reform Resilience Reserve	1,000
	<u>1,650</u>

Note 31 – Other Reserves

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

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

Usable reserves

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

31-Mar-22	31-Mar-23
£000	£000
15,020 General Services	29,079
2,734 Housing Revenue Account	2,635
30 Capital Receipts Reserve	30
42 Capital Grants and Receipts Unapplied	42
758 Capital Reserve	0
468 Other Reserves	262
<u>19,052 Total Usable Reserves</u>	<u>32,048</u>

General Fund Revenue Reserve

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

Housing Revenue Account Revenue Reserve

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

Capital Receipts Reserves

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

Capital Grant and Reserves Unapplied Reserve

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

Capital Items Replacement Fund (Other)

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

Capital Reserve

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

Unusable reserves

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

31-Mar-22 £000	31-Mar-23 £000
254,522 Capital Adjustment Account	218,602
124,778 Revaluation Reserve	120,881
(55,690) Pension Reserve	260,242
(4,100) Employee Statutory Adjustment Account	(4,373)
(11,440) Financial Instruments Adjustment Account	(10,945)
308,070 Total Unusable Reserves	584,407

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.

2021/2022 £000	2022/23 £000
284,963 Opening Balance	224,788
(31,713) Depreciation	(36,246)
(34,112) Impairment	(1,708)
7,739 Increase in Depreciation Caused by Revaluation	2,343
617 Write off Revaluation Reserve Balance re Disposals	0
(3,268) Disposal of Fixed Assets	(337)
7,746 Government Grants Applied	17,263
13,247 Capital Financed by Current Revenue	2,911
9,303 Long Term Debt Payment	9,784
0 To/from other statutory reserves	(196)
254,522 Closing Balance	218,602

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.

2021/2022	2022/23
£000	£000
126,924 Opening Balance	124,788
5,681 Unrealised Gains on Revaluation of Assets	1,892
(869) Impairments and Losses on Revaluation of Assets	(1,959)
(617) Write off Revaluation Reserve Balance re Disposals	0
(6,341) Depreciation due to Revaluation of Assets	(3,830)
124,778 Closing Balance	120,891

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.

2021/2022	2022/23
£000	£000
(163,615) Opening Balance	(55,690)
140,041 Actuarial (Loss)/Gain	342,767
22,765 Employer Contributions	24,026
(54,881) Reversal of IAS19 Entries	(50,861)
(55,690) Closing Balance	260,242

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.

2021/2022	2022/23
£000	£000
(4,388) Opening Balance	(4,100)
288 Staff Accrual Movement	(273)
(4,100) Closing Balance	(4,373)

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 2022 will be charged to the General Fund over the next thirty-seven years.

2021/2022	2022/23
£000	£000
(12,163) Opening Balance	(11,440)
708 Annual Write off of Premiums and Discounts	662
0 New Premiums and Discounts	0
15 Annual EIR Adjustment to Stepped Interest Instruments	(167)
(11,440) Closing Balance	(10,945)

Note 32 – Contingent Assets and Contingent Liabilities

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

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed as a note to the accounts, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The Council has a residual contingent liability relating to those workers who have yet to settle their pay protection claims.

The Council has a potential contingent liability relating to paid holiday entitlement, with approximately 400 live cases. Following an EU ruling UK employers are bound by employment law in relation to the definition of paid holiday entitlement. Case law has clarified that all pay elements intrinsically linked to the performance of a contract of employment should be included in the calculation of holiday pay, including payments made for additional working. The Council adjusted the method of calculation in August 2014 (backdated in line with the leave year to April) and has included on-going costs within the long term financial strategy. The legal position remains subject to challenge however, given the action taken, any potential claim by employees for any retrospective payments is likely to be minimal. As a result, whilst recognising there may be such a requirement, it is not possible to quantify such.

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

Note 33 – Financial Guarantee

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

The Clydebank Municipal Bank is a company limited by shares with the Council funding any annual losses incurred.

Movement on the Housing Revenue Account Statement

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

2021/22 £000	2022/23 £000	2022/23 £000
(7,364) Balance on the Housing Revenue Account at the End of the Previous Year (1)		(2,734)
19,269 Total Comprehensive Income and Expenditure (2)		77
(1,169) Pension Scheme Adjustments	(1,104)	
7 Financial Instruments Adjustment	(66)	
35 Holiday Pay Adjustment	0	
Reversal of entries included in the Surplus/Deficit on the Provision of Services in		
(32,487) relation to capital expenditure	(8,668)	
(33,614) Adjustments to the revenue resource (3)	(9,838)	
0 Net gain or loss on sale of non-current assets	0	
5,495 Statutory Repayment of Debt (Loans Fund Advances)	6,510	
13,175 CFCR	2,911	
18,670 Adjustments between Revenue and Capital Resources (4)	9,421	
(14,944) Total Statutory Adjustments (5)=(3)+(4)		(417)
305 Transfers (to)/from Other Statutory Reserves (6)		439
4,630 (Increase)/Decrease in Year (7)=(2)+(5)+(6)		99
Balance on the Housing Revenue Account at the end of the Current Year		
(2,734) (8)=(1)+(7)		(2,635)

Housing Revenue Account Income and Expenditure Statement

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

2021/22 £000		2022/23 £000	2022/23 £000
	Income		
(42,850)	Dwelling Rents (net of voids)	(43,656)	
(251)	Other Rents	(244)	
(1,574)	Other Income	(2,027)	
(44,675)			(45,927)
	Expenditure		
12,750	Repairs and Maintenance	15,255	
12,680	Supervision and Management	14,315	
33,456	Depreciation and Impairment	13,170	
273	Other Expenditure	443	
59,159			43,183
14,484	Net Cost of Service as Included in the Council Comprehensive Income and Expenditure Statement		(2,744)
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement		
(969)	Recognised Capital Income (Grants, Contributions and Donations)	(4,502)	
0	Gain or Loss on the Sale of HRA Non Current Assets		
4,717	Interest Payable and Similar Charges	6,900	
1,048	Impairment Loss - Debtors	821	
(11)	HRA Interest and Investment Income	(398)	
4,785			2,821
19,269	(Surplus)/Deficit for the year on HRA Services		77

Notes to the Housing Revenue Account Income and Expenditure Statement

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

The Council was responsible for managing 10,423 dwellings during 2022/23 (10,378 in 2021/22). The following shows an analysis of these dwellings by type.

Number at 31.03.22	2021/22 Average weekly rent £	Type of Dwelling	Number at 31.03.23	2022/23 Average weekly rent £
2,728	79.47	Two-apartment	2,745	81.07
4,676	81.71	Three-apartment	4,701	83.37
2,616	86.89	Four-apartment	2,618	88.63
338	94.25	Five-apartment	338	96.13
14	109.23	Six-apartment	14	111.41
2	86.98	Seven-apartment	3	238.15
2	95.49	Eight-apartment	2	97.40
2	95.49	Nine-apartment	2	97.40
10,378		Total	10,423	

Note 2 – Dwelling Rents

The £43.656m noted in the Income and Expenditure Statement is the total rental income less voids chargeable for the year of £1.740m (2020/21 £1.373m). It excludes irrecoverables and bad debts. Average rents were £84.57 per week in 2021/22 (£82.88 per week in 21/22).

Note 3 –Other Rents

This is the total income received from travelling person site rentals, lock-ups and shops less voids chargeable for the year, but excludes irrecoverables and bad debts. Lost rents from lock-ups in 2021/22 were £0.078m (£0.072m in 2021/22).

Note 4 - Rent arrears

As at 31 March 2023, total rent arrears amounted to £4.345m (2021/22 £4.027m as at 31 March 2022). This is 9.11% of the total value of rents due at 31 March 2022. It should be noted that the total arrears do not all relate to 2022/23 and the year on year movement in value of arrears is an increase of £0.208m.

Note 5 - Provision for Bad Debts

In the financial year 2022/23, the rental bad debt provision has been increased by £0.116m (£0.216m increase 2021/22). The provision to cover loss of rental income stands at £2.560m as at 31 March 2023 – equivalent of 60.27% (62.36% 2020/21) of the total value of rents due at that date.

Council Tax Account

Council Taxpayers: £39.313m (2021/22 £38.207m)

The Council Tax Income Account (Scotland) shows the gross income raised from council tax levied and deductions made under Statute. 2022/23 represents the tenth year of operation of the Council Tax Reduction Scheme in Scotland. The Council Tax Reduction Scheme represents a 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.

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

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	21	8	0	9	27	200/360	16
Band A	7,537	389	41	4,294	183	3,661	8,353	240/360	5,569
Band B	16,951	608	(7)	8,150	216	5,840	18,037	280/360	14,029
Band C	7,830	200	(2)	3,105	50	1,859	8,096	320/360	7,196
Band D	6,191	133	15	2,044	22	706	6,028	360/360	6,028
Band E	4,821	51	(45)	1,127	19	248	4,586	473/360	6,025
Band F	1,753	16	(13)	265	9	49	1,685	585/360	2,738
Band G	841	8	(8)	112	2	24	809	705/360	1,584
Band H	66	0	(2)	6	6	2	61	882/360	149
									43,335
								Provision for bad debt	(347)
								Council Tax Base	42,988

The nature and actual amount of each charge fixed

Gross Charges	2021/22 £ per year	2022/23 £ 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 2022/23 was £1332.36		
	862.37	Band A 888.24
	1,006.09	Band B 1,036.28
	1,149.82	Band C 1,184.32
	1,293.55	Band D 1,332.36
	1,699.58	Band E 1,750.57
	2,102.02	Band F 2,165.09
	2,533.20	Band G 2,609.21
	3,169.20	Band H 3,264.28

Discounts, Reliefs and Exemptions

A council tax bill is reduced by 25% where a property has only one occupant or 50% where the property is empty. For council tax purposes certain students are not regarded as occupants. Certain properties may also qualify for relief if the property has been adapted for a disabled person. Properties undergoing major renovation or held pending demolition may be awarded exemption from council tax.

Non Domestic Rates Account

Non-Domestic Rates Income £107.740m (2021/22 £81.408m)

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. The Council received £107.740m (2021/22 £81.408m) from the national pool. The Council's allocation from the pool now reflects the Council's duty to collect Scottish Gas utilities on behalf of all Scottish councils and this equates to £57.430m in year (£56.554m 2021/22). 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. Indications suggest the Council should not receive any additional income for the year 2022/23.

The amount deemed to be collected locally was £83.772m (2021/22 £76.850m). The sum actually collected locally and contributed to the pool was £86.119m (2021/22 £77.258m), made up as follows:

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

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

Analysis of rateable Values:		£	An explanation of the nature and amount of each rate fixed
Rateable value at 1/4/22		183,807,915	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)		1,862,745	
Rateable value at 31/3/23		185,670,660	The national non-domestic rate poundage set by the First Minister for Scotland for 2022/23 was: Basic Property Rate for 22/23 - £0.498 Intermediate Property Rate - £0.503 Higher Property Rate - £0.516
Less: partially exempt		721,750	
Less: wholly exempt		1,506,675	
Net rateable value at 31/3/23		183,442,235	

Group Accounts

Introduction

The Code of Practice on Local Authority 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. The Council has accounted for its interests in each associate and joint venture using the equity method of accounting.

Combining Entities

The Group Accounts consolidate the results of the Council with seven 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);
- Clydebank Property Company (CPC); and
- West Dunbartonshire Energy Limited Liability Partnership (WDE LLP).

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 2023.

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

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

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

The WDLT, CPC, WDE LLP and the Common Good and Trust Funds have been included as subsidiaries.

HSCP has been included as a joint venture.

Basis of Combination and Going Concern

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

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 £56.827m – representing the Council's share of net assets in these entities.

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

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

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

Group Comprehensive Income and Expenditure Statement

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

2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000		2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000
			Service			
70,085	(37,241)	32,844	Corporate Services	66,881	(37,854)	29,027
133,958	(15,317)	118,641	Educational Services	132,971	(18,926)	114,045
61,498	(13,044)	48,454	Infrastructure, Regeneration and Economic Development	63,016	(14,114)	48,902
39,614	(31,853)	7,761	Housing and Communities	38,209	(32,211)	5,998
58,847	(44,363)	14,484	Housing Revenue Account	43,183	(45,927)	(2,744)
7,035	(8,501)	1,466	Miscellaneous Services	10,665	(8,964)	1,701
191,943	(107,449)	84,494	Health and Social Care Partnership	214,612	(122,556)	92,056
2,517	0	2,517	Requisitions	2,215	0	2,215
8,150	(3,050)	5,100	Subsidiaries	9,196	(3,782)	5,414
573,647	(260,818)	312,829	Net Cost of Service (1)	580,948	(284,334)	296,614
		998	(Gain) / loss on Disposal of Fixed Assets			(365)
		998	Other Operating Expenditure (2)			(365)
		(38,207)	Council Tax			(39,313)
		(81,408)	Non-Domestic Rates			(107,740)
		(133,404)	Revenue Support Grant			(105,482)
		(7,746)	Recognised Capital Income (Grants, Contributions & Donations)			(17,263)
		(260,765)	Taxation and Non-specific Grant Income (3)			(269,798)

17,868 External Interest Payable / Similar Charges	22,973
1,101 Impairment Loss - Debtors	1,363
0 Surplus on Trading Undertakings not included in net cost of services	0
3,635 Pension Interest Cost/Expected Return on Pension Assets	1,848
22,573 Finance/Investment Income and Expenditure (4)	25,890
 75,635 (Surplus)/Deficit on Provision of Services	 52,341
(5) = (1)+(2)+(3)+(4)	
Share of other Comprehensive Income and Expenditure	
(6,614) of Associates and Joint Ventures	4,576
(6,051) (Surplus)/Deficit arising from revaluation of property, plant and equipment	1,981
(300) (Surplus)/Deficit on revaluation of available for sale assets	0
(145,797) Actuarial (gains)/losses on pension fund assets and liabilities	(356,641)
(158,762) Other Comprehensive (Income) and Expenditure (6)	(350,084)
 (83,127) Total Comprehensive (Income) and Expenditure (5)+(6)	 (297,743)

Group Movement in Reserves Statement

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

	Usable Reserves			Unusable Reserves			Total Reserves
	WDC Usable Reserves £000	Group Usable Reserves £000	Total Usable Reserves £000	WDC Unusable Reserves £000	Group Unusable Reserves £000	Total Unusable Reserves £000	
2022/23							
Opening Balance 1 April 2022	(19,052)	(28,881)	(47,933)	(308,070)	(19,254)	(327,324)	(375,257)
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	(29,734)	0	(29,734)	29,734	0	29,734	0
	(48,786)	(28,881)	(77,667)	(278,336)	(19,254)	(297,590)	(375,257)
Movement in reserve 2022/23							
(Surplus) or deficit on provision of services	51,931	410	52,341	(341,214)	(13,035)	(354,249)	(301,908)
Other Comprehensive Expenditure and Income	(35,607)	4,564	(31,044)	35,607	(403)	35,204	4,161
Net Increase/(Decrease) before Transfers to Other Statutory Reserves	16,324	4,974	21,298	(305,607)	(13,438)	(319,045)	(297,748)
Transfers to/from other statutory reserves *	416	477	893	(469)	(424)	(893)	0
Closing Balance at 31 March 2023	(32,046)	(23,431)	(55,477)	(584,412)	(33,116)	(617,528)	(673,005)
	Usable Reserves			Unusable Reserves			Total Reserves
	WDC Usable Reserves £000	Group Usable Reserves £000	Total Usable Reserves £000	WDC Unusable Reserves £000	Group Unusable Reserves £000	Total Unusable Reserves £000	
Opening Balance at 1 April 2021	-24,211	-22,443	-46,654	-231,722	-13,898	-245,620	-292,274
Movement in reserve 2021/22							
(Surplus) or deficit on provision of services	75,240	395	75,635	-146,379	-5,444	-151,823	-76,188
Other Comprehensive Expenditure and Income	-70,739	-6,693	-77,432	70,739	-246	70,493	-6,939
Net Increase/(Decrease) before Transfers to Other Statutory Reserves	4,501	-6,298	-1,797	-75,640	-5,690	-81,330	-83,127
Transfers to/from other statutory reserves *	658	-191	467	-708	241	-467	0
Closing Balance at 31 March 2022	-19,052	-28,932	-47,984	-308,070	-19,347	-327,417	-375,401

*The transfer of statutory reserves is in relation to dividends paid to the Council by Clydebank Property Company.

Group Balance Sheet

The balance sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the group. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories (pages 35 and 36 provides a further explanation).

2021/22 £000		2022/23 £000
1,052,257.00	Property, Plant and Equipment	1,076,094
623.00	Intangible Assets	6,967
7,390.00	Investment Properties	723
37,199.00	Investment in associates	34,464
21.00	Long Term Debtors	20
212.00	Long term Investments	1,518
1,485.00	Heritage Assets	(234)
0.00	Net Pensions Asset	272,299
1,099,187.00	Total Long Term Assets	1,391,851
5,417.00	Asset Held for Sale	5,417
1,311.00	Inventories	1,378
67,099.00	Short Term Debtors	61,778
5,987.00	Cash and Cash Equivalents	10,784
79,814.00	Current Assets	79,357
0.00	Provisions	(3,428)
(3,370.00)	PPP	(3,129)
(76.00)	Donated Inventories	0
(75,319.00)	Short Term Creditors	(75,693)
(269,923.00)	Short Term Borrowing	(323,730)
(348,688.00)	Current Liabilities	(405,980)
830,313.00	Total Assets less Current Liabilities	1,065,228
0.00	Liabilities in Associates	0
(307,485.00)	Long Term Borrowing	(300,851)
(89,115.00)	PPP & Finance Lease Liabilities	(86,993)
(702.00)	Provision for liability	(702)
(55,517.00)	Net Pensions Liability	0
(2,093.00)	Capital Grants Receipts in Advance (conditions)	(3,398)
(454,912.00)	Long Term Liabilities	(391,944)
375,401.00	Total Assets Less Liabilities	673,284
	Represented by:	
(47,984.00)	Usable Reserves	(55,756)
(327,417.00)	Unusable Reserves	(617,528)
(375,401.00)	Total Reserves	(673,284)

The unaudited Financial Statements were authorised for issue on 30 June 2023 and the audited Financial Statements were authorised for issue on

Laurence Slavin
Chief Officer - Resources
West Dunbartonshire Council

30 June 2023

Group Cashflow Statement

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

The incorporation of the associates and subsidiaries within the group cash flow statement is immaterial, therefore, no cash flow statement is noted within the Group Accounts.

The Council's cashflow is noted on page 38.

Notes to the Group Accounts

Note 1 - Details of combining entities

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

Associates and Joint Ventures

Strathclyde Partnership for Transport is the statutory body responsible for formulating the public transport policy on behalf of the 12 local authorities in the West of Scotland. In 2022/23, the Council contributed £2.243m (2021/22 £2.188m) or 3.97% of the Board's estimated running costs and its share of the year end net asset of £18.692m (2021/22 £19.187m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Strathclyde Concessionary Travel Scheme Joint Board oversees the operation of the concessionary fares scheme for public transport on behalf of the 12 local authorities in the West of Scotland. The costs of the scheme are funded through requisitions from the 12 councils and by the Scottish Executive via a 'section 70' grant. In 2022/23, the Council contributed £0.163m (2021/22 £0.164m), 4.03% of the Board's estimated running costs and its share of the year end net asset of £0.163m (2021/22 £0.185m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Dunbartonshire and Argyll and Bute Valuation Joint Board was formed in 1996 at local government re-organisation by an Act of Parliament. The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of West Dunbartonshire, East Dunbartonshire and Argyll and Bute. The Board's running costs are met by the three authorities, with surpluses and deficits on the Board's operations also shared between the councils. In 2022/23, the Council contributed £0.779m (2021/22 £0.738m) or 28.04% of the Board's estimated running costs and its share of the year end net asset of £2.683m (2021/22 £0.547m net liability) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Valuation Joint Board, 16 Church Street, Dumbarton G82 1QL.

The West Dunbartonshire Health & Social Care Partnership - the Public Bodies (Joint Working) Act (Scotland) 2014 sets out the arrangements for the integration of health and social care across the country. The Scottish Government approved the Integration Scheme for West Dunbartonshire which details the 'body corporate' arrangement by which NHS Greater Glasgow & Clyde Health Board and the Council agreed to formally delegate health and social care services for adults and children (including criminal justice, social work services) to a third body, which is described in the Act as an Integration Joint Board. The Integration Joint Board for West Dunbartonshire is known as the West Dunbartonshire Health & Social Care Partnership Board (HSCP Board) and started operations on 1 July 2015. The Board's running costs are met by the two bodies mentioned above, with surpluses and deficits on the Boards operations also shared between them. In 2022/23, the Council contributed £83.178m (2021/22 £74.925m) towards estimated running costs and its share of the year end net asset of £13.088m (2021/22 £17.280m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Chief Financial Officer to the Integration Joint Board, 16 Church Street, Dumbarton G82 1QL.

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

	Strathclyde Partnership for Transport £000	Strathclyde Dunbartonshires and Concessionary Travel Scheme Joint Board £000	Argyll and Bute Valuation Joint Board £000	West Dunbartonshire Health & Social Care £000	Total £000
<u>2022/23</u>					
Surplus/ (Deficit) on					
Operating Activities	307	(17)	118	(4,193)	(3,785)
Non Current Assets	12,699	0	2,256	0	14,955
Current Assets	7,012	216	252	13,232	20,712
Non Current Liabilities	0	0	0	0	0
Current Liabilities	(1,020)	(14)	(27)	(145)	(1,206)
<u>Restated</u>					
<u>2021/22</u>					
Surplus/ (Deficit) on					
Operating Activities	285	(46)	(63)	6,377	6,553
Non Current Assets	12,767	0	296	0	13,063
Current Assets	7,192	207	258	17,364	25,021
Non Current Liabilities	0	0	0	0	0
Current Liabilities	(772)	(22)	(17)	(84)	(895)

Subsidiaries

West Dunbartonshire Leisure Trust was formed in December 2011 and started trading on 5 April 2012. The Trust is a charitable company registered in Scotland and provides leisure facilities within the West Dunbartonshire area to the general public and operates sports centres, leisure centres, swimming pools, halls and community education centres owned by the Council. The Trust is paid a management fee by the Council for the provision of these services. The Trust's net asset at 31 March 2023 was £15.258m (2021/22 £3.468m net asset) and its surplus for the year was £0.094m (2021/22 £0.104m). The accounts of the Trust are published separately and can be obtained from the Manager, Leisure Trust Headquarters, Alexandria CE Centre, Alexandria, G83 0NU which is also the company's principal place of business.

Clydebank Property Company was part of a group organisation previously known as Clydebank Rebuilt which was a pathfinder urban regeneration organisation, limited by guarantee and included a commercial letting company (industrial units) and a registered charity (the Titan Trust). On 11 August 2014, following the transfer of the Titan Crane to the Property Company, the Council bought the commercial letting company with a view to continuing its regeneration objective. The Company's net asset at 31 March 2023 was £3.215m (2021/22 £3.635m) and its surplus for the year before payment of a dividend was £0.371m (2021/22 £0.077m). The accounts of the Company are published separately and can be obtained from the Company's Headquarters, Titan Enterprise, 1 Aurora Avenue, Queen's Quay, Clydebank G81 1BF which is also the Company's principal place of business.

West Dunbartonshire Energy Limited Liability Partnership is a company established in April 2021 and was Scotland's first large-scale water source heat pump district heating scheme. The ESCo is a Limited Liability Partnership (LLP) structure and is 99.9% controlled by WDC, with 0.1% being owned by Clydebank Property Company. Following its first year of inception, the Company has a net liability at 31 March 2023 of £0.400m (2021/22 £0.273m) funded as working capital advance from the Council. Its deficit for the year was £0.400m (2021/22 £0.273m). The accounts of the Company are published separately and can be obtained from the Company's Headquarters, 16 Church Street, Dumbarton G82 1QE.

Dumbarton Common Good is held in Trust by the Council. Although the council does not contribute to this fund financially, it has been included within the Council's Group through materiality by nature. Net usable income in 2022/23 was £0.044m (2021/22 £0.060m net usable spend).

Trust Funds are held in Trust by the Council. Although the Council does not contribute to these funds financially, they have been included within the Council's Group through materiality by nature. The net

decrease in funds of £0.005m (2021/22 £0.017m) for the Trust Funds. For the purposes of the Group Accounts, two Trust Funds managed by the Council (Dunbartonshire Educational Trust and McAulay Prize for Mathematics Trust) have been included pro rata to the Council's share. Copies of the accounts may be obtained from West Dunbartonshire Council, 16 Church Street, Dumbarton G82 1QL.

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

	West Dunbartonshire Leisure Trust £000	Clydebank Property Company £000	WD Energy LLP £000	Common Good £000	Trust Funds £000	Total £000
<u>2022/23</u>						
Surplus/ (Deficit) on Operating Activities	(94)	479	(400)	44	(5)	24
Non Current Assets	12,204	3,939	0	3,487	0	19,630
Current Assets	4,763	369	201	633	180	6,146
Non Current Liabilities	0	(975)	(432)	0	0	(1,407)
Current Liabilities	(1,709)	(118)	(169)	(8)	0	(2,004)
<u>2021/22</u>						
Surplus/ (Deficit) on Operating Activities	104	(206)	(273)	60	(17)	(332)
Non Current Assets	360	4,376	0	3,485	0	8,221
Current Assets	4,963	355	196	589	184	6,287
Non Current Liabilities	0	(975)	(397)	0	0	(1,372)
Current Liabilities	(1,855)	(121)	(72)	(8)	0	(2,056)

Note 2 – Non-Material Interest in Other Entities

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

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

Clydebank Municipal Bank is a company limited by shares set up based upon the Companies Act 1908 and 1913. It acts as banker for a number of private individuals/organisations. The Council provides services to the bank and funds any annual losses incurred. The bank's year end is 5 April. The principal business of the Municipal Bank is to accept deposits from private account holders and to invest funds with the 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 2023, 1,702 accounts were held with the bank (2021/22 2,475), with a total amount on deposit of £0.174m (2021/22 £1.658m), with £0.000m being invested with the Council (2021/22 £1.306m). Interest paid by the Council to the bank in the year was £0.024m (2021/22 £0.034m). On 5 September 2022 the Board of Directors agreed to close the Municipal Bank on 31 March 2023.

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

Business Loans Scotland Ltd was formed in March 2017 with 27 Scottish local authorities full members, including the Council, and the remaining five Scottish local authorities becoming associate members. In this respect, each member local council provides a level of loan finance for companies in their area under Phase 1, augmented in Phase 2 by Scottish Growth Scheme and European Regional Development Funding (ERDF).

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 £56.827m (2021/22 £48.279m) respectively representing the Council's share of the realisable surpluses/deficits in these organisations. The group account has an overall net asset of £297.751m (2021/22 £375.401m).

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:

Restated 2021/22 £000	2022/23 £000
19,187 Partnership for Transport	18,691
185 Concessionary Travel Board	202
547 Valuation Joint Board	2,481
17,280 West Dunbartonshire Health & Social Care	13,088
3,468 West Dunbartonshire Leisure Trust	15,258
3,635 Clydebank Property Company	3,215
(273) WD Energy LLP	(400)
4,066 Common Good	4,112
184 Trust Funds	180
48,279 Total	56,827

Note 5 - 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 39 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 cost price basis. The difference in valuation methods does not have a material impact on the results of the group given the levels of stock held within the organisations; and

Pensions – West Dunbartonshire Leisure Trust complies with the Financial Reporting Standard FRS102 concerning the disclosure of information on pensions. There is no difference in the Profit and Loss Account by using this method in comparison with IAS19 (which is used by other group entities) therefore there is no impact on the results of the group.

Glossary of Terms

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

- 1. Employee benefit expenses**
This includes salaries, wages, overtime, bonus, enhancements, pensions, employer's national insurance, travelling and subsistence expenses and other staff allowances.
- 2. Other service expenses**
This includes:
 - property costs (e.g. rent, rates, insurance, repairs and maintenance, upkeep of grounds, heating and lighting)
 - supplies and services (e.g. food, materials, books, uniforms and protective clothing, purchase/ maintenance of equipment)
 - transport costs (e.g. fuel, repairs and maintenance, tyres, licences, insurance and procurement of transport for school children)
 - administration costs (e.g. printing and stationery, advertising, postages, telephone costs);
 - Payments to Other Bodies (e.g. grants and payments to individuals, organisations and agencies providing services complementing or supplementing the Council's work.
- 3. Specific Government Grants**
This includes grants received from Central Government in respect of a specific purpose or service, usually calculated as a predetermined percentage of the expenditure actually incurred e.g. National Priority Action Fund, Benefits Administration.
- 4. General Income**
This includes the charges to persons and bodies for the direct use of council services.
- 5. Capital Expenditure**
This is expenditure incurred in creating, acquiring or improving assets where the expenditure is normally financed by borrowing over a period of years, finance leases, or utilising the income from the sale of existing assets.
- 6. Capital Financed from Current Revenue**
This is expenditure incurred in creating, acquiring or improving assets where that expenditure is charged directly to the revenue account.
- 7. Deferred Asset**
The deferred asset represents the net value of the premium paid/discounts received by the Council on the early repayment of external long term loans.
- 8. Useable Capital Receipts Reserve**
The Useable Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.
- 9. Pension Interest Cost**
The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement
- 10. Expected Return of Pension Assets**
The average rate of return expected over the remaining life of the related obligation on the actual assets held.
- 11. CIPFA**
Chartered Institute of Public Finance and Accountancy
- 12. LASAAC**
Local Council (Scotland) Accounts Advisory Committee
- 13. Budget**
The original revenue budget as set by Members at an appropriate Council meeting.
- 14. Intangible Assets**
Expenditure on assets such as software licences that do not have physical substance but are identifiable and controlled by the Council.
- 15. Revaluation Reserve**
This fund is a store of gains on the revaluations of fixed assets. It is a reserve held for technical accounting purposes and is not available for distribution.

Glossary of Terms

- 16. Capital Adjustment Account (CAA)**
This fund is a store of capital resources set aside to meet past expenditure. It is an account held for technical accounting purposes and is not available for distribution.
- 17. Financial Instrument Adjustment Account (FIAA)**
This account is used to balance for differences in statutory requirements and proper accounting practices for borrowing and lending. It is an account held for technical accounting purposes and is not available for distribution.
- 18. Associate Body**
An entity other than a subsidiary or a joint venture in which the Council has an interest and over who's operating and financial policies the Council is able to exercise significant influence.
- 19. Entity**
A body that is delivering a service or carrying on a business. It should have a separate legal personality and is legally obliged to prepare its own financial statements.
- 20. Statutory Additions**
Additional charges levied for late payment of council tax and non-domestic rates.
- 21. Capital Items Replacement Fund**
Reserve earmarked for specific purposes within Education
- 22. Available for Sale Reserve**
Assets that have a quoted market price and/or do not have fixed or determinable payments.
- 23. Current Service Costs (Pension)**
This relates to the real cost of benefit entitlement earned by employees.
- 24. Past Service Costs/Gains (Pension)**
This relates to posts/gains from years prior to the current year and arise from decisions made in year. This relates to the capitalised cost of early retirements on efficiency grounds.
- 25. Curtailments (Pension)**
Used to reduce the number of expected years of future service for employees. In year this relates to the capitalised cost of early retirements on efficiency grounds.
- 26. Interest Cost (Pensions)**
The amount needed to unwind the discount applied in calculating current service cost.
- 27. Expected Return on Assets (Pensions)**
A measure of the return on the investment assets held by the scheme for the year.
- 28. Public Private Partnership (PPP)/Public Finance Initiative (PFI)**
A contract between the Council and a private organisation for the provision of new Educational buildings maintenance and related facilities.
- 29. Available for Sale Assets**
These assets are in relation to Financial Instruments and include:
 - equity investments
 - other investments traded in an active market.
- 30. Heritage Assets**
An asset with historical, artistic, scientific, technological, geophysical or environmental qualities which is held for its contribution to knowledge and culture.
- 31. PPE**
Property, Plant and Equipment.

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

TO BE ADDED BY POST AUDIT COMPLETION