ITEM 05

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee: 23 September 2015

Subject: Annual Audit Report to Members and Controller of Audit

1. Purpose

1.1 To advise Committee of Audit Scotland's findings in relation to:

(a) the audit of the Council and its Annual Accounts for 2014/15; and
(b) the Financial Statements for the Charities managed by the Council.

2. Recommendations

2.1 Committee is invited to note the findings of these audits as detailed in Audit Scotland's reports dated September 2015.

3. Background

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

4. Main Issues

West Dunbartonshire Council Audit Report

4.1 Audit Scotland has issued a report dated September 2015 which details the main issues arising from the audit of the Council and its Annual Accounts. The full report is appended to this report (Appendix 1).

4.2 The report identifies a number of improvement recommendations together with management responses ("resolutions" in the report).

4.3 The report also appends the proposed independent auditor's report and the draft letter of representation (ISA 580) which the Head of Finance and Resources is required to sign and submit to Audit Scotland.

4.4 The Audit Opinion is detailed on page 7 of the report which advises that Audit Scotland expect to issue an unqualified opinion on the Council's Annual Accounts.

4.5 The draft (unaudited) Annual Accounts for 2014/15 were reported to Council on 24 June 2015.

4.6 A number of presentational and monetary adjustments were identified within the draft Annual Accounts during the course of the audit, the effect of which results in a net increase in the Council's General Fund of £0.006 million.

4.7 It is anticipated that the report on the 2014/15 audit will be presented to Council on 28 October 2015.

4.8 The report also appends the proposed independent auditor's report and the draft letter of representation (ISA 580) which the Head of Finance and Resources is required to sign and submit to Audit Scotland. The Audit Opinion is detailed on page 4 (key messages) of the report which advises that Audit Scotland expect to issue an unqualified opinion on the Council's Annual Accounts.

West Dunbartonshire Council Registered Charitable Trusts Audit Report

4.9 Audit Scotland has also issued a report dated September 2015 which details the main issues arising from the audit of the financial statements of the Charities. The full report is appended to this report (Appendix 2).

4.10 This report identifies three significant findings, together with management responses.

5. People Implications

5.1 There are no people implications.

6. Financial Implications

6.1 There are no financial implications.

7. Risk Analysis

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

8. Equalities Impact Assessment

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

9. Consultation

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

9.2 The draft Financial Statements 2013/14 has followed the required procedure for advertising and public inspection.

10. Strategic Assessment

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

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Angela Wilson
Executive Director of Corporate Services
Date: 17 September 2015

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

Background Papers: Council report – 24 June 2015: Draft Annual Accounts 2014/2015

Wards Affected: All

AUDIT SCOTLAND

West Dunbartonshire Council

Annual audit report to Members and the Controller of Audit

September 2015

The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies. (www.audit-scotland.gov.uk/about/ac)

Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General. (www.audit-scotland.gov.uk)

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

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

This report will be published on our website after it has been considered by the council. The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Key messages

Audit of financial statements	• Unqualified auditor's report on the 2014/15 financial statements. • Unqualified auditor's reports on the eight charitable trusts administered by the council.
Financial management and sustainability	• Financial management remains strong with robust budget monitoring in place. • The council is financially sustainable currently and for the foreseeable future although rising demand for and costs of services will continue to place a strain on the council's capacity to deliver services at the current levels.
Governance and transparency	• The council has sound governance arrangements in place. • Systems of internal control operated effectively. • The council has an effective internal audit function and anti-fraud arrangements.

Best Value	• The council's arrangements for securing Best Value are satisfactory. • The council has a strong framework in place for monitoring and reporting performance including good arrangements for public performance reporting.
Outlook	• Councils face rising demands for services and continued funding pressures alongside managing major reforms in welfare and health and social care. • Effective arrangements for Best Value will be essential for efficient use of available resources, and strong governance and leadership will be needed to achieve continuous improvement.

Introduction

1. This report is a summary of our findings arising from the 2014/15 audit of West Dunbartonshire Council (the council). The report is divided into sections which reflect our public sector audit model.
2. The management of the council is responsible for:

- preparing financial statements which give a true and fair view
- implementing appropriate internal control systems
- putting in place proper arrangements for the conduct of its affairs
- ensuring that the financial position is soundly based.

3. Our responsibility, as the external auditor of the council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, summarised at **appendices II and III**, include recommendations for improvements.
6. **Appendix IV** is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that the council understands its risks and has arrangements in place to manage these risks. The council and corporate management team should ensure that they are satisfied with proposed action and have a mechanism in place to assess, progress and monitor outcomes.
7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Audit of the 2014/15 financial statements

Audit opinion	We have completed our audit and issued an unqualified independent auditor's report.
Going concern	The financial statements of the council, its group and the associated charitable trusts have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the council, its group and associated charitable trusts ability to continue as a going concern.
Other information	We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.
Charitable trusts	We have completed our audit of the 2014/15 financial statements of the charitable trusts administered by the council and issued an unqualified independent auditor's report for each of the relevant trusts.
Group accounts	The council has accounted for the financial results of two subsidiaries and three associates in its 2014/15 group accounts. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £11.77 million.
Whole of government accounts	The council submitted a consolidation pack for audit by the deadline. The audit of the pack is ongoing we expect the certified return to be submitted to the Scottish Government by the deadline of 3 October 2015.

Submission of financial statements for audit

9. We received the unaudited financial statements on 8 June 2015, in accordance with the agreed timetable and well in advance of the statutory deadline of 30 June 2015. The working papers were of a good standard and council staff provided good support to the audit team which assisted the delivery of the audit to deadline.

Overview of the scope of the audit of the financial statements

10. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit & Performance Review Committee (A&PRC) on 11 March 2015.

11. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2014/15 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

12. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. **Appendix I** sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

13. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

The audit of charities' financial statements

14. The charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations) set out the accounting and auditing rules for Scottish charities. These require a full audit of all registered charities accounts where a local authority or some members are the sole trustees.

15. The council had eight funds which were subject to the full charities financial statements audit for 2014/15.

16. We have given an unqualified opinion on the 2014/15 financial statements of the relevant charities registered by the Council.

Group Accounts

17. Local authorities are required to prepare group accounts in addition to their own council's accounts where they have a material interest in other organisations.

18. The Council has accounted for the financial results of three associates, two subsidiaries, the Common Good Fund and sundry trusts in its group accounts for 2014/15. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £11.77 million.

19. At the time of certifying the council's annual accounts the audit of the Clydebank Property Company (CPC) was ongoing. CPC, as a subsidiary of the council, has been consolidated in the council's group accounts based on the most up-to-date accounts provided by the CPC's appointed auditors.

Materiality

20. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).

21. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

22. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of the council we set our planning materiality for 2014/15 at £3.51 million (1% of gross expenditure). We report all misstatements greater than £0.05 million. Performance materiality was calculated at £0.88 million, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.

23. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that our original calculation remained appropriate.

Evaluation of misstatements

24. All misstatements identified during the audit, which exceeded our misstatement threshold, have been amended in the financial statements.

25. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. The effect of these adjustments is a:

- £1.49 million decrease in the council's net worth, predominantly due to an error in the holiday pay accrual (refer to paragraph 26 for further details)
- minor decrease of £0.006 million in the council's general fund.

Significant findings from the audit

26. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:

- The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
- Significant difficulties encountered during the audit.
- Significant matters arising from the audit that were discussed, or subject to correspondence with management.
- Written representations requested by the auditor.
- Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.

27. During the course of the audit we identified the following significant issues that, in our view, require to be communicated to you:

Significant findings from the audit

Issue	Resolution
Prior year adjustment: In 2013/14 we identified that the council's housing stock was over valued by £37.7 million due to capital expenditure on housing stock not being removed when the stock was revalued. The council processed an adjustment in 2013/14 and committed to an exercise to identify if similar errors had been made within the general fund assets. This exercise identified the need for a prior year adjustment to reflect £15.76 million of impairment to property. The adjustment, and its impact on the 2013/14 financial statements has been appropriately disclosed in a note to the 2014/15 financial statements. This had no net impact on the general fund balance as the adjustment was offset by a reduction in the revaluation reserve.	The adjustment was identified as a result of an exercise carried out by council officers due to errors identified in the 2013/14 audit. The council have reviewed their procedures for processing revaluations to minimise the risk that errors of this nature will occur again in future.

Issue	Resolution
Creditors control account: Our audit identified £0.60 million of debtor balances in the creditors control account. During year end close down procedures invoices processed with a payment date in the following year are creating debit balances within the creditors control account. Consequently debtors and creditors balances are understated at the year end.	The council have adjusted the balances to show the correct presentation in the 2014/15 financial statements and will implement a process in 2015/16 whereby invoices received prior to the year end are paid in the final payment run of the financial year even if their payment due date is in the following year. This had no net revenue impact as these were purely balance sheet adjustments.
Holiday pay accrual: Our review of the holiday pay accrual identified that an audit adjustment agreed in our review of the 2013/14 financial statements had not been reflected in the 2014/15 opening balances. Consequently the opening balance for the accrual was the draft 2013/14 closing balance rather than the final adjusted one. This, in addition to other less material errors, resulted in a £1.48 million adjustment to the 2014/15 holiday pay accrual.	The error was corrected in the annual accounts, which now show the correct value for the holiday pay accrual. This had no net revenue impact and therefore did not affect the council's general fund balance.

Future accounting and auditing developments

Revisions to the Code of Practice

28. The financial statements of the council are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which interprets and adapts International Financial Reporting Standards (IFRS) to the local authority context. The following paragraphs set out the most significant changes to accounting requirements introduced by the 2015/16 Code.

29. **(IFRS) 13 Fair value measurement:** Although the measurement requirements for operational property, plant and equipment will not change, enhanced valuation disclosures will be required. However, the 2015/16 Code requires surplus assets to be measured at fair value in accordance with IFRS 13. The council will need to make the necessary preparations to ensure that the new requirements are addressed for the 2015/16 financial statements.

30. **Transport infrastructure assets:** The council's highway assets are currently carried within infrastructure assets in the balance sheet at depreciated historic cost. The 2016/17 Code will require highways to be measured, for the first time, on a depreciated replacement cost basis. This is a major change in the valuation basis for highways and will require the availability of complete and accurate management information on highway assets.

Health and Social Care Integration

31. From 1 April 2016 Integrated Joint Boards (IJBs) will be accountable for the provision of health and social care. IJBs will be required to produce financial statements in compliance with the Code and the Accounts Commission will appoint auditors to audit the financial statements. Refer to paragraphs 104-109 for further information on the West Dunbartonshire Health & Social Care Partnership (WDHSCP).

Financial management and sustainability

Net service budget expenditure
£217.58m

Service Outturn
£216.04m

Service Budget Underspend
£1.54m

Planned capital expenditure
£84.25m

Outturn Capital spend
£63.84m

Capital Underspend
£20.41m

Usable reserves

Outturn usable reserves
£19.06m

Movement in usable reserves
£0.43m

Savings target
£5.76m

Savings achieved
£4.74m

32. The capital underspend of £20.41million is a combination of slippage of £22.64 million, overspend of £3.92 million and underspend of £1.69 million. See paragraphs 65-67 for further information.

Financial management

33. In this section we comment on the council's financial outcomes and assess the council's financial management arrangements.

34. The council sets an annual budget to meet its service and other commitments for the forthcoming financial year. The setting of the annual budget impacts directly on residents as it determines council tax and other fees and charges. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

35. The council reported a surplus against service budget of £1.54 million. Significant underspends were recorded in Education and Corporate Services/Chief Executive with the Community Health and Care Partnership being the only service to record a significant overspend.

36. The underspend in Education amounted to £2.10 million (2.3% of budget) due mainly to teacher's pensions costs, vacant posts, and a reduction in demand for special needs children to be taught within the council area.

37. The underspend in Corporate Services/Chief Executive amounted to £0.94 million (4.8% of budget) due mainly to vacant posts.

38. The overspend in Community Health and Care Partnership amounted to £1.48 million (2.5% of budget) due mainly to an increase in service needs in areas such as residential accommodation for the elderly, physical disability and home care.

39. The council recorded a surplus against its general services budget. The £1.54 million surplus represents 0.7% of the original budget of £217.58 million. There are areas of underspend and overspend against budget lines, although these are not material variances as a percentage of the original budgets. However, the council should continue to consider these to ensure that future approved budgets reflect the anticipated underlying cost of service delivery,

40. The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set to at least cover the costs of its social housing provision. Rent levels are therefore a direct consequence of the budget set for the year. The HRA returned an overall surplus of £0.92 million in year increasing the balance on the HRA account to £4.57 million of which £3.75 million is earmarked. Therefore the balance available to the HRA for future use is £0.82 million.

Financial management arrangements

41. As auditors, we need to consider whether councils have established adequate financial management arrangements. We do this by considering a number of factors, including whether:

- the proper officer has sufficient status within the council to be able to deliver good financial management

- financial regulations are comprehensive, current and promoted within the council
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- members provide a good level of challenge and question budget holders on significant variances.

42. We assessed the role and status of the proper officer against CIPFA's "Statement on the role of the Chief Financial Officer in Local Government" and concluded that the council complies with the statement's five principles.

43. We reviewed the council's financial regulations, last revised in October 2013 and concluded that they are comprehensive and current. These regulations are available to staff via the Council's intranet.

44. Budgetary control reports (both revenue and capital) are submitted to the Corporate Management Team on a monthly basis, and the relevant committees and full council in line with the committee reporting timetable. Revenue reports compare annual budget with projected outturn with service variances in excess of £50,000 highlighted and explanations provided.

45. Revised capital monitoring reports were implemented in August 2014. These provide a better focus on projects graded red or amber in terms of projected overspend or delay, and highlight identified issues, mitigating action and the anticipated outcome.

46. The finance team are implementing a revised structure which is built around generic posts within grades. Staff rotation should allow for the development of knowledge and expertise, reduce the risk of knowledge being held by a single member of staff and facilitate succession planning at certain grades.

47. We attend a number of council and committee meetings each year. Members provide a good level of challenge and question budget holders on significant variances and service performance issues.

Conclusion on financial management

48. We have concluded that the council's financial management arrangements are satisfactory. Budget monitoring is regular and effective and the outturn against service budgets provides assurance that budgets are set realistically.

Financial sustainability

49. The council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the council has the capacity to meet the current and future needs of its communities.

50. In assessing financial sustainability we are concerned with whether:

- there is an adequate level of reserves
- spending is being balanced with income in the short term
- long term financial pressures are understood and planned for
- investment in services and assets is effective.

51. Effective long-term financial planning, asset management and workforce planning are crucial to sustainability.

Reserves

52. The overall level of usable reserves held by the council increased by £0.43 million compared to the previous year and totalled £19.06 million (see exhibit 1).

53. The general fund reserve has no restrictions on its use. The principal purpose of holding a general fund reserve is to provide a contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows. The General Fund balance includes £5.73 million of unallocated general fund reserves. Planned commitments from the general fund balance amounted to £3.89 million and include the Jobs Growth fund, modernisation fund, private sector housing grants, and contributions to budget setting 2015/16-2017/18.

54. The council has a policy of holding a minimum unallocated reserve of at least 2% of net service cost. The Council's unallocated reserve of £5.73 million as at 31 March 2015 represents 2.26% of the 2014/15 net cost of services (£253.69 million) which is at the lower end of CIPFA's best practice guidance of holding 2% - 4% of revenue expenditure.

Exhibit 1: Usable reserves

Description	31 March 2014 £ million	31 March 2015 £ million
General fund	10.11	9.62
Housing revenue reserve	3.64	4.57
Capital grants unapplied	0.31	0.42
Capital reserve	4.20	4.02
Other reserve	0.37	0.43
Total usable reserves	**18.63**	**19.06**

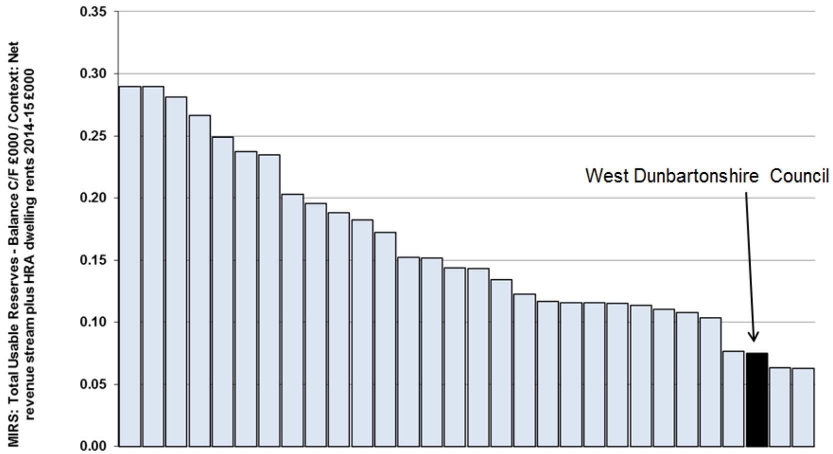
Source: West Dunbartonshire Council 2014/15 financial statements

55. Despite the in year increase, exhibit 2 highlights that the council has the third lowest usable reserves in relation to net revenue stream for the year in Scotland. The council, like all local authorities, faces ongoing financial pressures. Ensuring there are sufficient reserves is important in order to protect the council against the financial impact of unforeseen events or reductions in future funding. As highlighted in exhibit 3 the council are planning to use £1.30 million of reserves in 2016/17 to reduce the funding gap. This and the need to meet the funding gaps highlighted in exhibit 3 will place greater pressure on the council's reserves.

56. The council should consider its current reserves level and future plans for its use to determine if it will continue to provide an appropriate balance between meeting current obligations and preparing for future commitments and potential reductions in funding.

Action Plan 1

Exhibit 2: Usable reserves as a proportion of net revenue stream



Source: Scottish councils' unaudited accounts 2014/15

Financial planning

57. The council set its 2015/16 budget in February 2015. The 2015/16 budget was set at £223.46 million and assumes net savings of £5.92 million to generate a budgeted surplus of £0.51 million. The council also set indicative budgets for 2016/17 and 2017/18 which identify planned savings and further funding gaps which need to be managed. Exhibit 3 highlights the headline figures for the period 2015/16 – 2017/18.

58. A number of efficiency measures have been agreed and are being implemented or are planned for implementation in 2015/16. Some of the more significant measures include:

- implementing a new organisation wide operating model including service redesign and rationalisation
- review of workforce structures and staffing provision
- review of grounds maintenance and street cleaning
- reductions in funding of NHS health staff.

59. A number of proposed savings options were not supported by council in February 2015 and council have asked officers to revise them for further consideration. While the council has been proactive in its approach to identify savings opportunities, the realisation of these savings, and the identification of further savings to meet funding gaps, will become progressively more challenging.

60. In April 2015 the CMT agreed to the preparation of a priority based budget exercise with a view to completing the first cycle for the 2017/18 budget.

Action Plan 2

Exhibit 3: 2015/16 – 2017/18 budget, savings and funding gap

	2015/16 £ million	2016/17 £ million	2017/18 £ million
Income	218.05	211.30	212.58
Expenditure	223.46	227.61	229.92
Shortfall	5.41	16.31	17.34
Planned savings	5.92	10.51	10.38
Use of / (contribution to) reserves	(0.51)	1.30	0.16
Cumulative gap / (surplus)	**0.00**	**4.50**	**6.80**

Source: West Dunbartonshire Council reports December 2014, January 2015, February 2015 and Council administration budget

Council transformational programme/efficiency strategy

61. The council are undertaking a major transformation programme involving significant regeneration in the area. The programme includes building new schools, care homes, leisure facilities and office accommodation. Project management arrangements are well established and regular monitoring and scrutiny takes places through the council's Change Board referred to in paragraph 125.

62. Progress in achieving project milestones and outcomes are regularly reviewed by the council's Change Board. The August 2015 project summary indicates that the council are on target (green status) with 24 of the 31 projects. The remaining 7 projects have been categorised as amber and are being monitored to ensure future plans are on track.

63. One of these projects relates to delivery efficiencies through shared services, as agreed by Council in February 2015. The Chief Executive and Executive Director of Corporate Services brought together 25 managers from across the council to identify both income generation and cost reduction projects. A target of £1.5 million has been set and the areas targeted are split into commercial excellence, procurement capability and developing services through partnership.

64. The council has a range of plans in this area, and it is important that robust project management arrangements continue to be applied to support the transformation required to meet the challenging budget reductions ahead.

Capital programme 2014/15

65. The council approved a ten year general services capital plan in February 2013 which set out the anticipated investment over the ten year period to 2022/2023. Since its approval, it has been subject to updates in February 2014 and February 2015. The 2014/15 element of the capital programme was budgeted to be £41.37 million with actual spend amounting to £28.49 million. There was an overspend on specific projects of £1.94

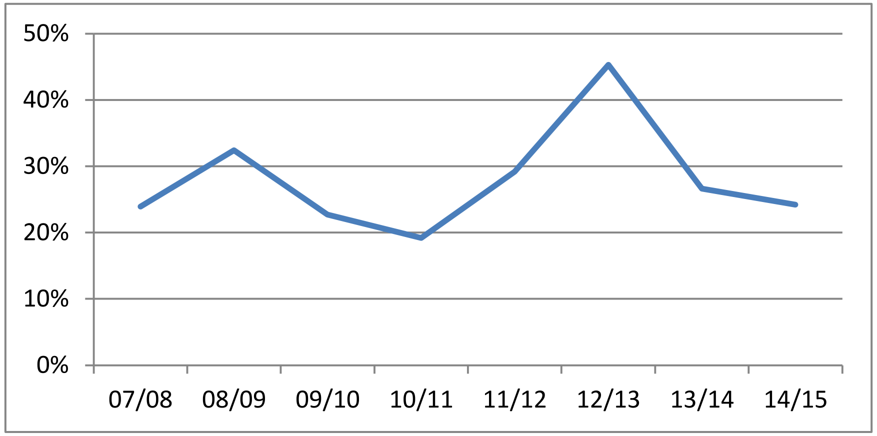
million and an underspend on others of £0.41 million. After taking account of these over and under spends the net general fund slippage is £14.41 million.

66. The council agreed the updated HRA capital plan for 2014/15 at a meeting in February 2014. This approved budgeted expenditure of £35.96 million was augmented by a 2013/14 underspend of £6.92 million giving a total 2014/15 planned spend of £42.88 million. Actual spend in year amounted to £35.35 million. There was overspend on specific projects of £1.99 million and underspend on others of £1.29 million. After taking account of these over and under spends the net HRA slippage is £8.23 million.

67. Exhibit 4 shows that capital slippage has been an area of concern for a number of years but also highlights that it has reduced in consecutive years since its peak in 2012/13. This reduction has been accomplished whilst pursuing an ambitious capital programme which includes some substantial projects that require careful management. Whilst we note the recent improvement in the management of the capital programme, there is still room for further improvement, and the scale of the council's forthcoming capital programme increases the requirement for continued effective project management.

68. In June 2014 the Education Services Committee approved the construction of the new Our Lady & St Patrick school (OLSP) in Bellsmyre with a targeted financial close of April 2015 and a planned opening in August 2016. Initially the council were funding 33% of the cost with the Scottish Government funding 67%. The model employed was a Design, Build and Facilities (DBFM) model

Exhibit 4: Capital slippage 2007 - 2015



Source: West Dunbartonshire Council Annual Audit Reports 2007/08 – 2014/15

69. Subsequently the Scottish Government agreed to fund 100% of the cost on the condition that the council utilised their committed funds to upgrade or rebuild other schools within the council area. This change, combined with design changes, resulted in a revised completion date of January 2017.

70. Since this revision the Scottish Government has put all DBFM projects which have not reached financial close on hold due to a European accounting issue (ESA10). The Scottish Government is working with the UK Treasury to resolve the ESA10 issue but, as yet, no resolution has been identified. The

OLSP project is presently on hold and guarantees on pricing previously made by contractors have now expired.

Workforce Management

71. The council's Workforce Planning Strategy and Framework introduced in November 2013 is well established and is supplemented by an annual Workforce Plan last updated by the Corporate Services Committee in August 2015.

72. The council is committed to developing its workforce. During 2014/15 the percentage of staff with a personal development plan increased to 92% exceeding the council's target of 90%. Departmental workforce plans are in place to support the council's overall approach and these are updated on an annual basis. Regular monitoring and review procedures are applied by Human Resources and Business Partners to ensure there is a consistent approach across the council. Future workforce planning will be critical in the council's next stage of development through delivery of the Future Operating Model.

73. Attendance management is a strategic priority for the council. During 2014/15 the council lost 57,211 full time equivalent working days of productivity at an estimated cost of £6.75m. In 2014/15 the average number of days lost per employee due to sickness absence was 12.81 days (2013/14 – 13 days). A joint attendance working group, with the Trades Unions, is now in its second year, and has been developing initiatives to improve performance. Despite supportive interventions being in place, these alone are not having the desired impact. The council have worked in partnership with trade unions to develop revised attendance management policies. These were presented to the August 2015 Corporate Services Committee. The key changes include:

- Reducing the time and number of stages in managing absence
- Increasing the opportunity to appeal at all stages and
- Reducing the number of trigger points from 12 to 8 days.

74. We compared absence statistics in quarter 1 of 2015/16 and quarter 1 in 2014/15 which highlighted no significant improvement. Current levels of attendance are not sustainable within the council.

Treasury Management

75. High levels of debt may reduce a council's budget flexibility going forward as revenue resource has to be set aside to service that debt. The impact that debt levels have on net revenue expenditure will be affected by interest rates and repayment periods.

76. At 31 March 2015 the council's long term borrowing stood at £314.68 million, an increase of £36.09 million on the 2014 borrowing level of £278.59 million. During the same period, short term borrowing reduced by £3.29 million from £70.47 million to £67.18 million. This net increase in borrowing of £32.8 million is designed to support the council's capital programme (refer to paragraphs 65-66).

77. Exhibits 5(a) and 5(b) highlight that the council's net debt levels, as a proportion of net revenue stream, and per head of population, continues to be amongst the highest in Scotland. It is recognised that the total debt figure includes debt associated with both the HRA and the council's Public Private Partnership (PPP) assets which not all Scottish local authorities will have.

78. The council need to balance the delivery of their capital programme with a need to ensure it can service the medium to long term debt incurred to finance it.

Exhibit 5(a): Net external debt as a proportion of net revenue stream

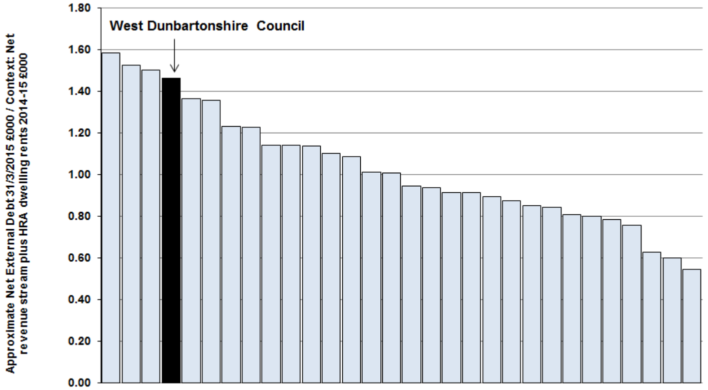
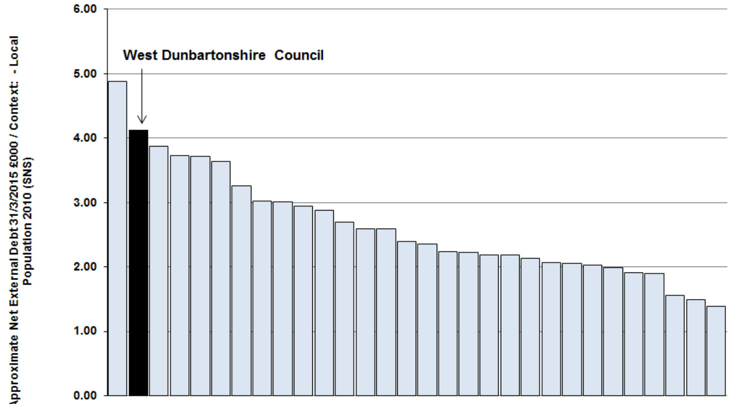


Exhibit 5(b): Net external debt per head of population



Source: Scottish councils' unaudited accounts 2014/15

Action Plan 3

Pension liability

79. The net assets on the council's balance sheet have decreased from £226.19 million in 2013/14 to £137.88 million in 2014/15, a reduction of £88.31 million. One of the principal reasons for this decrease is the £44.98 million increase in the pension liability from £171.70 million to £216.68 million. This is also reflected in the balance sheet for the group.

80. The pension liability represents the difference between expected future pension payments and the underlying value of pension fund assets available to meet this cost. The valuation of the fund as at 31 March 2015 stated that the assets held were sufficient to cover only 73.06% of the accrued liabilities.

The appointed actuaries are of the view that future pension liabilities will still be met by a combination of the pension scheme's asset holdings, future contributions by employers and employees and planned increases in employer's contributions.

Conclusion on financial sustainability

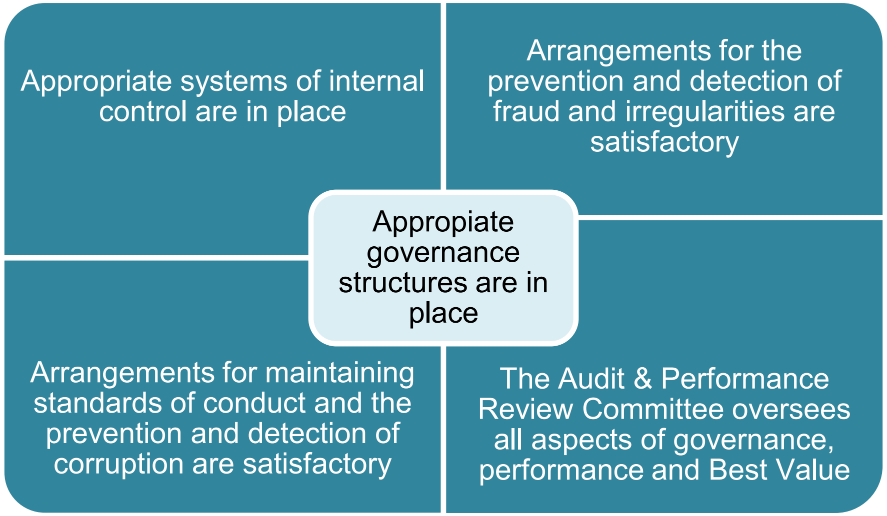
81. Overall we conclude that the financial position is currently sustainable although rising demand for and costs of services will continue to place a strain on the council's capacity to deliver services at the current levels. Whilst the council holds reserves within CIPFA's best practice guidance of 2% - 4% of revenue expenditure, they are at the lower end of the range. Future demands on the revenue budget due to the need to meet funding gaps and service the council's debt may mean current reserve levels are insufficient in the medium to long term.

Outlook

82. Councils face increasingly difficult financial challenges. Public sector revenue budgets are decreasing and demand for council services is increasing. In common with many other councils, the council is reporting gaps between income and the cost of providing services over the next few years. With further funding reductions expected and increased pension contributions and national insurance changes creating further cost pressures, the councils face tough decisions to balance their budgets. These decisions must be based on a clear understanding of the current financial position and the longer-term implications of decisions on services and finances.

83. The Scottish Government plans to wait until the UK Government's spending review is published in November 2015 before approving its 2016/17 budget. This is likely to impact on councils' ability to approve their own budgets within their usual timetable. The council may have to revise its budget setting arrangements in response to this potential delay.

Governance and transparency



84. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that the council has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.

Corporate governance

85. The council's corporate governance framework is centred on the full council, supported by six standing committees and appropriate sub-committees. Committees are well attended by elected members and papers are subject to a high level of scrutiny.

86. The A&PRC scrutinises the development of the council's best value and continuous improvement activity, performance management and audit risk management activity and monitors the council's committees. It is chaired by the leader of the opposition, has appointed lay members and is well attended by both elected members and appropriate council officers.

87. In February 2015 the Standards Commission concluded on an investigation into a complaint that an elected member had breached the Councillors' Code of Conduct on three occasions. The elected member was censured for the breaches, this being the minimum sanction provided for by the code.

Local code of corporate governance

88. The council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE Framework Corporate Governance in Local Government. The local code is subject to annual review.

Internal control

89. As part of our audit we reviewed the high level controls in a number of systems fundamental to the preparation of the financial statements. Our objective was to obtain evidence to support our opinion on the council's financial statements.

90. We reported our findings to the A&PRC in June 2015. No material weaknesses in the accounting and internal control systems were identified which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. Our findings included a number of recommendations to enhance the control system in operation however our overall conclusion was that the council had appropriate systems of internal control in place during 2014/15.

91. During the course of our audit appointment the council has strengthened its control environment year on year.

Internal audit

92. Internal audit provides members and management of the council with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.

93. Our review of internal audit concluded that the internal audit service operates in accordance with the Public Sector Internal Audit Standards and has sound documentation standards and reporting procedures in place. We placed formal reliance on the work of internal audit for main accounting, council tax collection and refunds, payroll (leavers and transfers), NDR recovery and enforcement and council tax and NDR valuation (new properties).

ICT audit

94. During 2014/15 we undertook a review of the council’s arrangements for dealing with a cyber attack. As a result of this audit the council changed their windows network password controls and decided to conduct a cyber table-top exercise. The lessons learnt from the event are in the process of being finalised and will inform improvements to the current development of a Cyber Incident Response Plan.

Arrangements for the prevention and detection of fraud

95. We have concluded that the council’s arrangements in relation to the prevention and detection of fraud and irregularities are satisfactory.

National Fraud Initiative in Scotland

96. The National Fraud Initiative (NFI) in Scotland brings together data from councils, police boards, fire and rescue boards, health bodies and other agencies, to help identify and prevent a wide range of frauds against the public sector. Matching data obtained from the systems of participating bodies allows the identification of potentially fraudulent claims on the public purse including housing benefit fraud, occupational pension fraud and payroll fraud. If fraud or overpayments are not identified in a body, and the NFI exercise has been undertaken properly, assurances may be taken about internal arrangements for preventing and detecting fraud.

97. As part of our audit work we consider the council's approach to the NFI exercise. The council have positively engaged in the initiative and have taken a sensible approach to reviewing data matches. Progress has been made in investigating potential frauds. The council have identified one area where internal arrangements may be improved in light of the investigative work carried out, and this should be implemented where appropriate. Members of the council are seen to be given suitable reports to allow them to conclude on the success and effectiveness of the exercise.

98. Overall, we concluded that the council has satisfactory arrangements in place for investigating and reporting data matches identified by the NFI.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

99. The arrangements for the prevention and detection of corruption in the council are satisfactory and we are not aware of any specific issues that we need to record in this report.

Transparency

100. Citizens should be able to hold the council to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources.

101. Through our audit approach we gave consideration to:

- the clarity and presentation of the council's committee papers, budget monitoring reports and financial statements
- the extent to which the council may exclude press or public from agenda items under the Local Government (Scotland) Act, 1973
- the council's approach to public performance reporting
- accessibility of information via the council website.

102. Overall we concluded that the council has appropriate arrangements in this area.

Freedom of Information (FOI) requests

103. During 2014/15 the council received 924 FOI requests and 826 requests (89%) were responded to within 20 days. During the period there were 8 reviews against denial of FOI requests but no decisions were overturned. None of these reviews have been appealed to the Office of the Scottish Information Commissioner.

Integration of health and social care

104. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland.

105. In 2014 officers of the former Community Health & Care Partnership consulted upon and prepared an integration scheme on behalf of the Council and NHS Greater Glasgow & Clyde. The Body Corporate model was selected, and a new WDHSCP Board was established as the Integration Joint Board for the local area.

106. The integration scheme for West Dunbartonshire was approved by the Health Board in January 2015, by the Council in February 2015 and by Scottish Ministers in May 2015. This enabled the establishment of the new arrangements for West Dunbartonshire in advance of the legislative deadline of 1 April 2016.

107. The WDHSCP Board first met on 1 July 2015 and approved the appointment of its Chief Officer and Chief Financial Officer; agreed Standing Orders and its first Strategic Plan and received key financial reports on the due diligence process (including financial assurance statement from the Chief Financial Officer) and financial regulations processes. Consequently the integration start day upon which the new local integration arrangements formally commenced was 1 July 2015.

108. Financial cut off arrangements require to be developed to support the transition of services from the health board and council to the new partnership. This will assist budget setting and monitoring in the new partnership ensuring both income and expenditure are attributable to the correct organisation and period. VAT arrangements for staff recharges between constituent bodies of the integrated joint boards have not yet been agreed by HMRC. This is a national issue affecting all relevant bodies and has the potential to add further budget pressures within the joint boards.

Action Plan 4

109. In August 2015 the WDHSCP Board approved financial regulations, audit arrangements (including the establishment of an Audit Committee and Chief Internal Auditor) and a Risk Management Policy & Strategy. Delivery and monitoring of the joint board strategic plan will be crucial in successful delivery of integrated services within West Dunbartonshire.

Welfare Reform

110. The council recognises the impact that the changes to the UK welfare system could have on resources and service provision. As a result, the council has a Welfare Reform & Financial Resilience sub-group which considers the impact of welfare reform changes and includes representation from the Department of Work & Pensions.

111. Since the introduction of the under-occupancy penalty, commonly known as the "Spare Room Subsidy" in April 2013 there have been a number of households that have been affected by the change, albeit mitigations have been put in place through Discretionary Housing Payments (DHP) and the Scottish Welfare Fund (SWF). During 2014/15 the council received total DHP funding from the Department for Work and Pensions and the Scottish Government of £1.60 million which was fully applied in the year.

112. The phased implementation of Universal Credit (UC) started at the council at the beginning of March 2015, with only 24 claims to August 2015 with housing costs. The council is reporting increased housing rent arrears as illustrated by exhibit 6.

113. Council Tax Reduction (CTR) was introduced from 1st April 2013 to replace Council Tax Benefit (CTB). The responsibility for CTR sits with Scottish Government and Scottish Local Authorities. The introduction of UC in West Dunbartonshire may have impacted on the take up of CTR as customers have to apply to the council following their UC application, leading to additional pressure on council resources. Overall officers indicate that the workload of the council's Revenue and Benefits function has increased since the introduction of Welfare Reforms.

Exhibit 6: Housing rent arrears

	31 March 2015	31 March 2014	Increase
Current tenant rent arrears	£1.57m	£1.13m	39%
Former tenant rent arrears	£1.78m	£1.52m	17%
No. of housing stock in arrears (current)	3,807	2,686	42%
No. of housing stock in arrears (former)	2,809	2,482	13%

Local scrutiny plan

114. The 2015/16 Local Scrutiny Plan (LSP) prepared by the Local Area Network of scrutiny partners for the council was submitted to Council in April 2015.

115. The LSP highlights that although no scrutiny risks have been identified which require specific scrutiny by the LAN in 2015/16 there are a number of areas where the LAN will carry out ongoing oversight and monitoring. These include:

- Housing and Homelessness
- People Management
- Efficiency

116. We will revisit these areas as part of the shared risk assessment process for 2015/16.

Following the public pound

117. In March 2015, the chair of the Accounts Commission for Scotland sent letters to council leaders and chief executives encouraging them to apply the Code of Guidance on Funding External Bodies and Following the Public Pound (published in 1996) more consistently across Arms-Length External Organisations (ALEOs).

118. The council's main ALEO partnership is for leisure provision through the West Dunbartonshire Leisure trust. The council maintain ownership of the material property assets and a service level agreement is in place to manage the delivery of leisure services. During 2013/14 we confirmed that the council has appropriate governance arrangements in place in respect of community grants, economic development grants and funding provided to procure services from the local third sector.

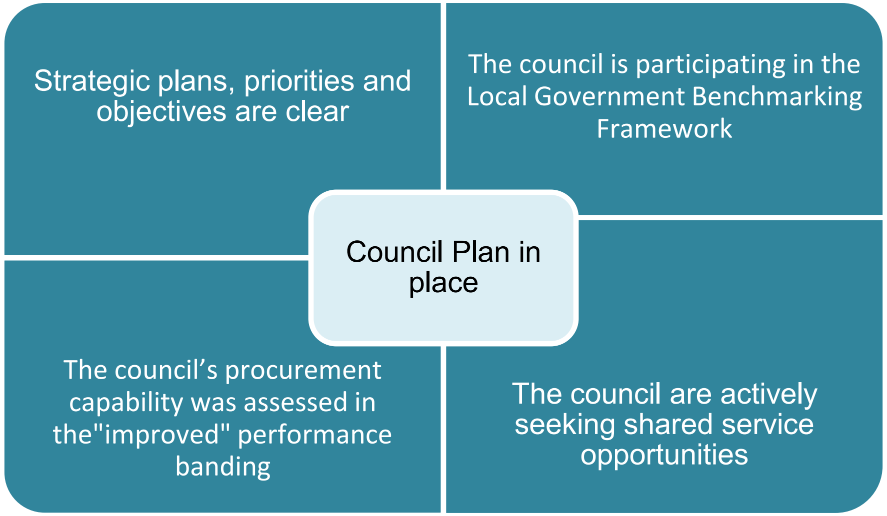
119. By Autumn 2015 Audit Scotland, on behalf of the Accounts Commission for Scotland, will undertake a review of the Following the Public Pound Code in conjunction with an update of the definition of ALEOs to assist councils to apply the principles of good governance to the funding arrangements for ALEOs and similar bodies. Any changes arising out of this review are not expected to take effect for councils until 2016/17 at the earliest.

Outlook

120. Councils will continue to operate in a changing environment within continuing financial constraints. Under these circumstances councils will be obliged to consider the delivery of services by different means. Good governance will be particularly important where council resources and service delivery are devolved to third party organisations.

121. Partnership, joint working and arms length organisations have become increasingly popular vehicles for planning and delivering council services and there is a sustained national focus on their use. Where council services are being delivered by third party organisations it will be crucial that the council implements robust assurance and governance arrangements to deliver best value while at the same time ensuring an appropriate level of accountability for public money. Community planning and health and social care integration will require an ongoing focus on governance and assurance to ensure that the council's priorities are being achieved.

Best Value



122. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Procurement

123. In 2009 the Scottish Government introduced an annual evidence-based assessment, the procurement capability assessment (PCA), to monitor public bodies' adoption of good purchasing practice and as a basis for sharing best practice.

The council reported a 2014 PCA assessment score of 60% (58% in 2013) against the average score across Scottish councils of 62%. This placed the council in the 'improved performance 'category.

124. The annual PCA is being replaced by the Procurement & Commercial Improvement Programme (PCIP) which focuses on the policies and procedures driving procurement performance and the results they deliver. PCIP will introduce a revised assessment methodology and new scoring and performance bands with councils being assessed every two years. The revised assessment results will not be comparable with the previous PCA scores. The timings of the first assessments for local government have not been finalised but it is anticipated they will be conducted between January and June 2016.

Shared services

125. The council have established a Change Board which is responsible for the delivery of the Delivering for the Future Strategy, the council's capital plan and any other strategic projects as determined by the board. The board consists of the Strategic Leadership Group and is chaired by the Chief Executive. The Board meets monthly with project sponsors reporting on progress using an established project template.

126. One workstream monitored by the Change Board is the Shared Services project 'Developing Services Through Partnerships' which focuses on changing how the council works through

developing partnerships and sharing resources. Discussions are underway with various councils and public sector organisations to consider sharing opportunities across a range of council services.

127. The council is progressing its participation in the £1.13 billion Glasgow and Clyde Valley City Deal initiative which will be used to fund major infrastructure projects, drive innovation and address challenges in the labour market across eight participating local authorities. West Dunbartonshire's project is the £27.9 million development of the EXXON site in Bowling, which aims to deliver opportunities for commercial and industrial use and provision of an alternative route to the A82 to alleviate traffic congestion. The council have committed to expenditure of £0.15 million on the procurement process and a further £1.25 million to assist in the completion of the final business case by June 2017. Reporting of progress on the City Deal is a standing item at council meetings and the business case will not be progressed without the approval of the council and the City Deal cabinet.

128. As with all capital projects of this scale there are risks associated. Should the business case not be progressed, all expenditure incurred, currently to be funded from capital resources, will need to be charged to the general fund. This will impact on the council's reserves position. The council has implemented project management arrangements to oversee the project including a governance structure and project risk management procedures.

129. It is too early to assess whether the council's approach, and projects associated with, shared services will produce substantial savings and/or service efficiencies.

Performance management

130. The council is committed to having a strong framework in place for monitoring and reporting performance. A corporate self-evaluation model is in place which is based on the Public Sector Improvement Framework and operates in conjunction with more service specific self-evaluation activity. The council also participate in the Local Government Benchmarking Framework (LGBF) which brings together performance indicators for a range of services as well as service costs and customer satisfaction.

131. The council's priorities are set out in its strategic plan 2012-2017 and are supported by a series of objectives. Progress against these objectives is assessed using a range of performance indicators with this progress reported in the council's public performance report and through a series of booklets, each focusing on specific areas.

132. We have concluded that the council has robust and effective performance management arrangements which will help in the delivery of the council's strategic and operational objectives.

Overview of performance targets in 2014/15

133. As described at paragraph 131 the council have established PIs to monitor their progress toward delivering their strategic priorities. There are three overarching priorities, supported by 11 objectives and 39 PIs identified to monitor progress. Four of the 39 were not applicable in 2014/15. In 2014/15, of the 35 PIs:

- 21 (60%) of the strategic PIs were met or exceeded target
- 9 (26%) missed targets marginally
- 5 (14%) missed target significantly

134. Areas of particularly strong performance include:

- number of new build social houses for rent
- improved condition of operational buildings
- continued positive inspection reports for educational establishments
- resolution of complaints received by the council.

135. The PIs where the target was missed significantly were:

- average number of working days lost per employee though sickness absence for all local government employees and teachers
- percentage of council desktop hardware that meets agreed minimum software specification
- percentage of schools with optimal data communication network bandwidth
- current tenants arrears as a percentage of total rent due.

136. For each of these areas for improvement the council has ongoing initiatives in place targeting improved performance.

Statutory performance indicators (SPIs)

137. The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report but expects councils to provide citizens with fair, balanced and engaging performance information reporting.

138. For 2014/15 three SPIs were prescribed:

- SPI 1: covering a range of information relating to areas of corporate management such as employees, assets and equalities and diversity
- SPI 2: covering a range of information relating to service performance
- SPI 3: relates to the reporting of performance information as required by the LGBF.

139. An evaluation of all Scottish councils' approaches to public performance reporting was carried out by Audit Scotland's Performance Audit and Best Value group during 2014/15 and reported to the Accounts Commission in June 2015. An individual assessment for the council was issued to the Leader and Chief Executive in July 2015.

140. The council was rated as fully meeting the requirements in 23 of the 26 PPR categories, with the remaining 3 categories being assessed as an area for improvement. This represents a significant improvement from the previous year's results where the council was assessed as meeting 53% fully, 27% marginally and as missing 11% of targets. A further evaluation of councils' approaches to PPR is due to be carried out by Audit Scotland in Spring 2016.

141. Through discussions with appropriate officers and review of Local Government Benchmarking Framework reports submitted to the Audit & Performance Review Committee and the council's PPR arrangements we have concluded that the council's arrangements for collecting, reporting and publishing performance information are satisfactory.

National performance audit reports

142. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2014/15, a number of reports were issued which are of direct interest to the council. These are outlined in appendix III. The council has processes in place to ensure that all national reports and their impact on the council are considered by members.

Equalities

143. The Equality Act 2010 introduced a new public sector 'general duty' which encourages equality to be mainstreamed into public bodies' core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.

144. The council's corporate services committee approved the council's Equality Mainstreaming Report in May 2015 and it has been submitted to the Equality and Human Rights Commission and is available on the council's website.

Outlook

145. In common with other councils, the council faces the key challenges of reducing budgets, an ageing population with higher levels of need and the public expectation of high quality services. Savings have been made in recent years through reductions in the workforce and targeted savings. However, as choices on how to address funding gaps become increasingly difficult, councils will have to focus on making the very best use of all available resources and to challenge existing ways of doing things. A strong and effective performance management framework will be critical to the success of the council achieving its key priorities and achieving best value.

Appendix I – Significant audit risks

The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement		
Income ISA 240 presumes an inherent risk of fraud where income streams are significant. West Dunbartonshire Council receives a significant amount of income in addition to Scottish Government funding. The size and diversity of income streams flowing to the council means that there is an inherent risk that income could be materially misstated.	• Evaluation of accounting policies for income and expenditure • Detailed testing of journal entries • Review of accounting estimates • Analytical review of income streams to confirm completeness and identify any unusual transactions or variations in income • Substantive testing of income transactions to confirm occurrence and accuracy of amounts in the financial statements	We undertook testing of income streams and no evidence of fraud was identified.

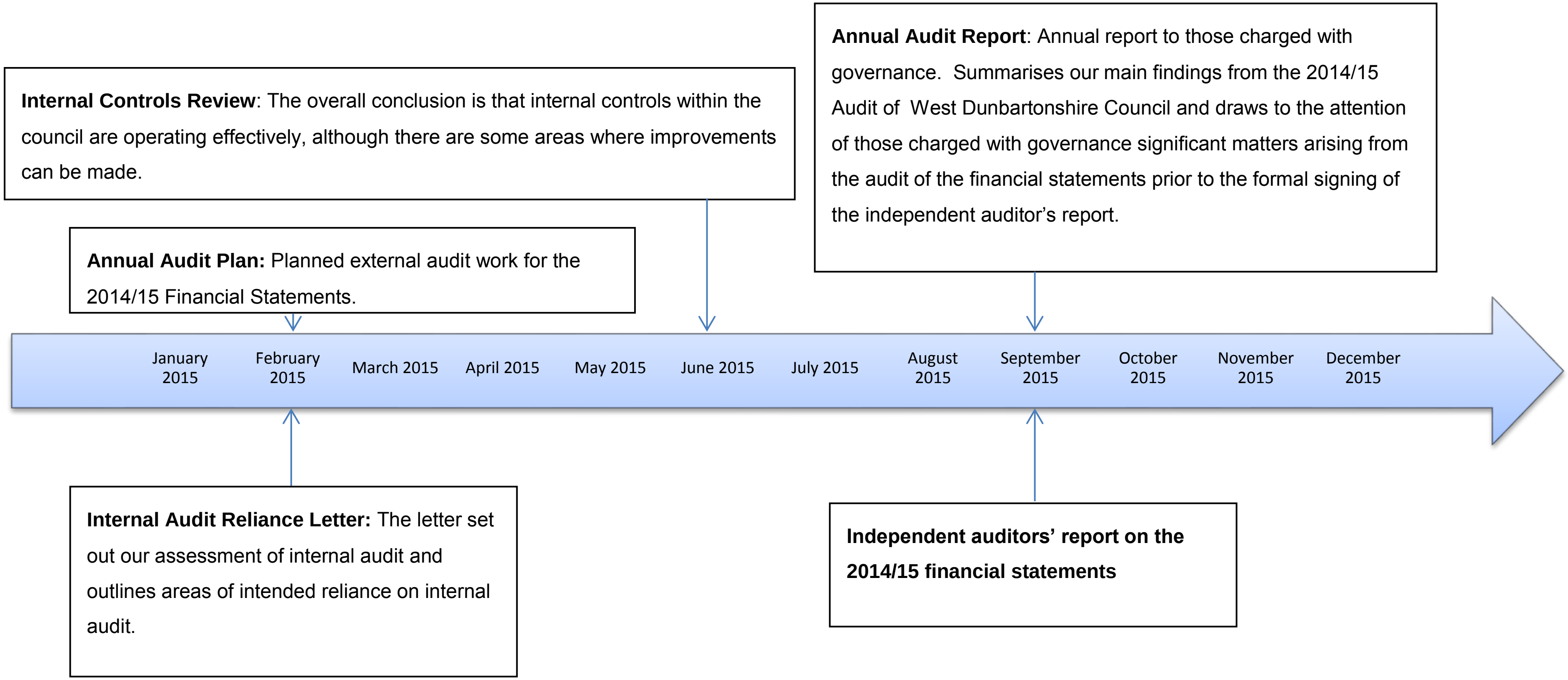
Audit Risk	Assurance procedure	Results and conclusions
Management override of control ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. Management's ability to manipulate accounting records and prepare fraudulent or biased financial statements by overriding controls that otherwise appear to be operating effectively.	• Detailed testing of journal entries. • Review of accounting estimates. • Evaluation of significant transactions that are outside the normal course of business. • Focused testing of accruals and prepayments	We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness. We did not identify any incidents of management override of controls.
Managing financial pressures The council continues to face a significant challenge in bridging a funding gap of over £16 million over the period 2014/15 to 2016/17. The council may be unable to generate sufficient efficiencies and cost savings to bridge the funding gap.	• Monitoring of the council's financial position via revenue budget reports presented to full council and meetings with officers. • Ongoing review of council's progress delivering savings options. • Review of council's revised long term Financial Strategy.	The council reported a 2014/15 surplus against service budget of £1.54 million. The council's 2015/16 budget assumes net savings of £5.92 million to generate a budgeted surplus of £0.51 million. The council also set indicative budgets for 2016/17 and 2017/18 which identify planned savings and further funding gaps which need to be managed. We have concluded that the council's financial management arrangements are satisfactory.

Audit Risk	Assurance procedure	Results and conclusions
Holiday pay accrual The Council reviewed their approach to calculating the holiday pay accrual to benchmark with other local authorities to establish current practice in terms of sample sizes. There is a risk the accrual may be understated in the council's balance sheet.	• Review and testing of the 2014/15 holiday pay accrual.	Errors were identified in the draft holiday pay accrual. Adjustments have been processed to correct these.
Cash flow statement The Council have agreed to prepare the 2014/15 cash flow statement using the indirect approach instead of the direct method they have historically used. This will also require the 2013/14 cash flow to be restated. There is a risk the revised statement may include material errors.	• Review of the 2014/15 cash flow statement and restated 2013/14 cash flow statement during the audit of the council's 2014/15 financial statements.	No material errors were identified in the restated 2013/14 and 2014/15 cash flow statements.
Capital revaluation Errors processing capital transactions to reflect revaluations resulted in a £37.7 million adjustment to the value of the Council's housing stock in 2013/14. There is a risk that similar errors may have been made processing capital transactions for other asset types.	• Substantive testing of a sample of capital transactions during the audit of the council's 2014/15 financial statements. • Review and testing of the prior year adjustment processed by the council in the 2014/15 financial statements.	We concluded the prior year adjustment was materially correct and did not identify any additional material errors in the council's balance sheet.

Audit Risk	Assurance procedure	Results and conclusions
Capital slippage The Council's management of the capital programme is improving although capital slippage in 2014/15 was still 26.9%. Future capital programmes and associated service improvements may not be delivered in a timely manner.	• Monitored capital expenditure through capital monitoring reports provided to CMT and Members. • Reviewed delivery of the annual capital programme during the audit of the Council's 2014/15 financial statements.	We concluded that capital slippage has reduced since its peak in 2012/13. This reduction has been accomplished whilst pursuing an ambitious capital programme however there is still room for improvement.
Housing rent reconciliation In 2012/13 and 2013/14 our audit highlighted unreconciled differences between the financial ledger and the housing rents system. There is a risk the financial ledger does not accurately record all relevant transactions.	• Review of the 2014/15 reconciliation during the audit of the Council's 2014/15 financial statements.	Our review of the 2014/15 reconciliation highlighted an unreconciled difference of £4,034 compared with £54,078 and £16,695 in 2012/13 and 2013/14 respectively. We have concluded that this is no longer a material concern.
Valuations The financial statements of the Council include valuations which rely on significant assumptions and estimates. The extent of subjectivity in the measurement and valuation of these balances represents a risk of material misstatement.	• Completion of 'review of the work of an expert' in relation to the professional valuer. • Focused substantive testing of key areas involving estimation and valuation.	We reviewed the professional valuer in accordance with ISA 500 and undertook detailed testing of key valuations within the accounts. We concluded that reliance can be placed on the work of the valuer. No material misstatements were identified.

Appendix II

Summary of West Dunbartonshire Council local audit reports 2014/15



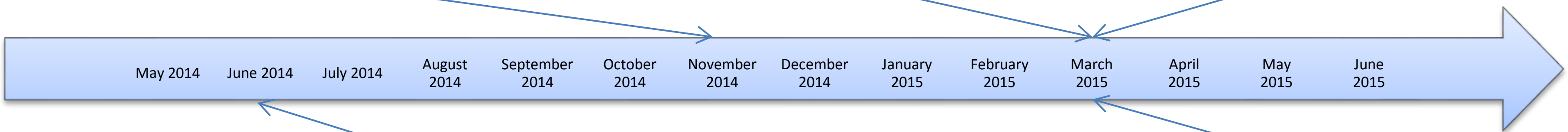
Appendix III

Summary of Audit Scotland national reports 2014/15

Community planning: Turning ambition into action – Many Community Planning Partnerships are still not clear about what they are expected to achieved. Local data should be used to help set relevant, targeted priorities for improvement that will address inequalities within specific communities.

Borrowing and treasury management in councils - Councils are meeting professional requirements but need to do more to set out the longer term implications of borrowing and other debt on their finances.

Update on developing financial reporting - Following the Smith Commission the framework for Scotland's public finances is undergoing fundamental change. The Scottish Parliament will have enhanced financial powers from April 2015. The report emphasises the importance of comprehensive, transparent and reliable financial reporting for accountability and decision-making. The report also notes that while the audited accounts of public bodies across Scotland provide a sound base for financial reporting and scrutiny, there is no single complete picture of the devolved public sector's finances.



Scotland's public finances - a follow up: Progress in meeting the challenges – Leaders and managers must produce balanced budgets and hold people in their organisations to account for how the money is used and what is achieved. Councillors have an important role in ensuring that approved budgets are used to best effect. To do this they need good-quality and timely financial information. They need to take a longer-term view on: options available for services; services standards and affordability; and the sustainability of financial plans.

An overview of local government in Scotland – A high level, independent view on the progress councils are making in managing their finances and achieving Best Value.

Appendix IV

Action plan

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
1 **16-17 / 52-56**	**Usable Reserves** The council has the third lowest usable reserves position in relation to net revenue stream out of the 32 Scottish local authorities. **Risk** The council may not have sufficient reserves to protect itself against unforeseen events or reductions in future funding. **Recommendation** The council should consider whether its current policy on holding unallocated reserves provides a balance between meeting current obligations and preparing for future commitments.	The revised long term Finance Strategy was reported to Members in August 2015. In setting the budget for 2016/17 and future years Members will have the opportunity to budget to increase reserves.	Head of Finance and Resources	10 March 2016

<table>
<tr><th>No.
Page/para</th><th>Issue/risk/Recommendation</th><th>Management action/response</th><th>Responsible officer</th><th>Target date</th></tr>
<tr><td>2
17–18 / 57-60</td><td>Financial Planning
The council currently has an estimated cumulative funding gap of £6.80 million over the period 2015/16 - 2017/18 and continues to face an increase in demand for services due to the current economic climate and changes in demographics.
Risk
The council may not be able to generate sufficient efficiencies and savings to bridge the funding gap.
Recommendation
The council should continue to keep its long term financial strategy under review and progress its intention to roll out priority based budgeting.</td><td>The council recently agreed an update to the long term finance strategy and updates will be provided to Members at least annually.

The intended roll out of priority based budgeting is planned to be implemented to inform the budget process for 2017/18 onwards</td><td>Head of Finance and Resources

Head of Finance and Resources</td><td>30 September 2016

10 March 2018</td></tr>
</table>

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
3 **20-21 / 75-78**	**Treasury Management** The council continue to have high levels of debt in comparison with other Scottish local authorities with this debt, and the servicing of it. Increasing to support the council's capital programme. **Risk** Servicing of debt may pre-empt the best use of the council's finances. **Recommendation** The council should ensure they maintain a balance between delivery of capital projects and the affordability of the debt required to finance the capital programme.	It should be noted that the council's debt levels include PPP and HRA debt which not all councils have. A review of the general fund capital plan is underway to be agreed early 2016. This update will consider ongoing affordability of the capital plan. An update of the HRA capital plan will be considered by Council in early 2016 and will consider ongoing affordability of the capital plan.	Head of Finance and Resources Executive Director of Infrastructure and Regeneration; and Head of Finance and Resources	10 March 2016 10 March 2016

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
4 **26 / 108**	**Integrated Joint Board** Financial cut off arrangements are not currently in place to support the transition of services to the new joint board. **Risk** There is a risk that income and expenditure will be classified in the wrong financial period or organisation. **Recommendation** Procedures should be established to support accuracy in the recording of financial transactions during the close down of the former partnership arrangements and establishment of the new integrated joint board.	Officers await guidance on this subject from the IRAG (Integrated Resource Advisory Group). Options for managing this will be considered and officers will consult with external auditors as to appropriateness of approach.	Head of Finance (HSCP); and Head of Finance and Resources	31 December 2015

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Audit & Performance Review Committee
West Dunbartonshire Council

23 September 2015

West Dunbartonshire Council
Annual Audit Report

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We are drawing to your attention matters for your consideration before the financial statements are approved and certified. We also present for your consideration our draft annual report on the 2014/15 audit which identifies significant findings from the financial statements audit. The section headed "Significant findings from the audit" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the financial statements have been certified.

2. Our work on the financial statements is now substantially complete. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified independent auditor's report on 24 September 2015 (the proposed report is attached at Appendix A). There are no anticipated modifications to the independent auditor's report.

3. In presenting this report to the Audit & Performance Review Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to bring to your attention.

5. As part of the completion of our audit we seek written assurances from the Head of Finance & Resources on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at Appendix B. This should be signed and returned by the Head of Finance & Resources with the signed financial statements prior to the independent auditor's opinion being certified.

APPENDIX A: Proposed Independent Auditor's Report

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

I certify that I have audited the financial statements of West Dunbartonshire Council and its group for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and authority-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Account, Non-domestic Rates Account, the Common Good Fund, the Sundry Trust Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the 2014/15 Code).

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

Respective responsibilities of the Head of Finance & Resources and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2014/15 Code of the state of the affairs of the group and of the local authority as at 31 March 2015 and of the income and expenditure of the group and the authority for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

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

24 September 2015

Appendix B: ISA 580 - Letter of Representation

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

23 September 2015

Dear David

West Dunbartonshire Council

Annual Accounts 2014/15

1. This representation letter is provided in connection with your audit of the financial statements of West Dunbartonshire Council (the Council) for the year ended 31 March 2015 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Council, as at 31 March 2015 and its comprehensive income and expenditure for the year then ended.

2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Chief Executive and the Corporate Management Team, the following representations given to you in connection with your audit of the Council for the year ended 31 March 2015.

General

3. I acknowledge my responsibility and that of the Council for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the Council have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

4. The information given in the Management Commentary to the financial statements, including the Remuneration Report, presents a balanced picture of the Council and is consistent with the financial statements.

5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

Financial Reporting Framework

6. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and in accordance with the requirements of Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003, including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of the Council and the Group for the year ended 31 March 2015.

Accounting Policies & Estimates

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

10. The Head of Finance & Resources has assessed the Council's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Events Subsequent to the Date of the Balance Sheet

12. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.

13. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

14. I acknowledge as Head of Finance & Resources my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.

15. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2015, which require disclosure.

Fraud

16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

17. The assets shown in the Balance Sheet at 31 March 2015 were owned by the Council, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

18. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2015.

Carrying Value of Assets and Liabilities

19. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

Yours sincerely

Stephen West, Head of Finance & Resources

Section 95 Officer

West Dunbartonshire Council Registered Charitable Trusts

Report to those charged with governance on the 2014/15 audit

AUDIT SCOTLAND

Prepared for the Trustees of the Dr A K Glen & West Dunbartonshire Charitable Trust Funds
September 2015

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Contents

Introduction

1. An audit is required for the 2014/15 financial statements of all registered charities where the local authority is the sole trustee irrespective of the size of the charity. This is due to the interaction of section 106 of the Local Government (Scotland) Act 1973 with the Charities Accounts (Scotland) regulations 2006.

2. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.

3. The trustees of each charity will be provided a copy of the ISA 260 report on 23 September 2015 for their consideration and will be given the opportunity to discuss the points raised within the ISA 260 report directly with External Audit.

4. This report sets out for the trustees' consideration the matters arising from the audit of the financial statements for 2014/15 that require to be reported under ISA 260. We are drawing to your attention those matters we think are worthy of note, so that you can consider them before the financial statements are approved and certified. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect. This report has been prepared for the use of the trustees of the registered charitable trusts listed at Appendix B, and no responsibility to any third party is accepted.

Status of the Audit

5. Our work on the financial statements is now substantially complete. The issues arising from the audit were discussed with officers at regular intervals during the course of the audit. The more significant issues arising were discussed with Finance Officers on behalf of the Head of Finance and Resources at a meeting on 27 August 2015.

6. We received the unaudited financial statements in May 2015, in accordance with the agreed timetable. The working papers in support of the financial statements were of good standard. Finance staff provided good support to the audit team and we completed our on-site fieldwork in June 2015.

Matters to be reported to those charged with governance

Conduct and scope of the audit

7. We are required to audit the financial statements of the trusts, where the sole trustee is West Dunbartonshire Council (the Council).These trusts are set out in Appendix B. Included in this

list are seven trust funds registered under one single charity number. For one of the trusts, West Dunbartonshire Council acts as a trustee with three other local authorities.

8. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan of the Council to the Audit Committee on 12 March 2015, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland.

9. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2014/15 agreed fee for the audit was disclosed in the Annual Audit Plan and as we did not carry out any additional work outwith our planned audit activity this fee remains unchanged.

Fraud

10. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In presenting this report to the trustees we seek confirmation from those charged with governance of any instances thereof that have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud has been included in the draft letter of representation.

Audit opinion & representations

11. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue unqualified auditors reports on 23 September 2015 (the proposed reports for each of the registered charitable trusts are attached at Appendix A). There are no anticipated modifications to the audit report.

12. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature which we regard as errors less than £10. There were none identified as part of our audit work.

13. The Council has decided not to recharge any administration or audit costs to the trusts in 2014/15. This policy is disclosed in the Notes to the Accounts for all trusts. As a result, the costs incurred in administering the trusts are not known to the trustees.

14. As part of the completion of our audit we seek written assurances from the Accountable Officer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at Appendix C. This should be signed and returned by the Head of Finance and Resources with the signed financial statements prior to the independent auditor’s opinions being certified.

Accounting and internal control systems

15. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

Significant findings from the audit

16. In our view, the following issues require to be brought to your attention regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.

17. **Missing Governance Documents:** The trust deeds in respect of the following trusts were not available and plans to prepare new governance documents in 2014/15 have not been implemented:

    - McAuley Prize for Mathematics
    - Alex Cameron Bequest
    - War Memorial Dumbarton
    - Halkett Memorial Trust
    - Vale of Leven Fund
    - Dr A K Glen Fund

    Resolution: Officers are in the early stages of discussions with the Office of the Scottish Charity Regulator and the Council's legal team to identify the most appropriate resolution to this issue..

18. **Dormant Charities:** We undertook a review of the charities' activities over the last 5 years and concluded that no tangible benefits (in terms of activities financed) appear to have been derived from 7 of the 8 trusts during the period. Plans proposed in 2013/14 to advertise the Trusts during 2014/15 to generate activity were not implemented. Lack of activity may suggest the charities are dormant.

    Resolution: Officers decided to postpone an advertising campaign until options to reorganise the West Dunbartonshire Trusts and any new constitutional documents have been considered by the Trustees.

19. **Missing Title Documents for Investments:** No supporting documentation has been provided to detail the title for the investments held by the Dunbartonshire Educational Trust Scheme 1962. As a result of this, it is not possible to ascertain whether the charity has title for the investments and it is not possible to confirm that the market price of the investments detailed in the financial statements of £3,468 is accurate.

Resolution: This has been an issue since local government reorganisation. Officers will consider all avenues to obtain the relevant title documents in order to provide assurance in future years. It should be noted that although the title documentation is not held, the income from the investments continues to be received. Should this prove not to be possible, the council is providing additional assurance in the Letter of Representation that the council will make that good any lost investment value if it is indeed found to be missing.

Acknowledgements

20. We would like to express our thanks to the staff of the Council for their help assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

Appendix A: Proposed Independent Auditor's Report

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

I certify that I have audited the financial statements of the Dr A K Glen and West Dunbartonshire Trust Funds for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the receipts and payments account, the statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

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

Respective responsibilities of the trustees and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2015 and their statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

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

25 September 2015

David McConnell is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Appendix B: Registered Trusts where West Dunbartonshire Council is a trustee

- Dr A K Glen Trust (Registered Charity SC018701)
- West Dunbartonshire Trust Funds (Registered Charity SC025070)
  - McAuley Prize for Mathematics
  - Alexander Cameron Bequest
  - War Memorial Dumbarton
  - Halkett Memorial Trust
  - Vale of Leven Fund
  - UIE Award
  - Dunbartonshire Education Trust Scheme 1962[1]

[1] West Dunbartonshire Council acts as a trustee for The Dunbartonshire Educational Trust Scheme 1962 alongside East Dunbartonshire, Argyll & Bute and North Lanarkshire Councils. The Trust is managed by West Dunbartonshire Council on behalf of the trustees.

Appendix C: ISA 580 - Letter of Representation

23 September 2015

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

Dear David

- Dr A K Glen Trust (Registered Charity SC018701)
- West Dunbartonshire Trust Funds (Registered Charity SC025070)

Annual Accounts 2014/2015

This representation letter is provided in connection with your audit of the financial statements of the registered charitable trusts listed above where West Dunbartonshire Council is a trustee for the year ended 31 March 2015 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of each of these registered charitable trusts as at 31 March 2015 and its income and expenditure for the year then ended.

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the trustees of the registered charitable trusts where West Dunbartonshire Council is a trustee, the following representations given to you in connection with your audit for the year ended 31 March 2015.

General

I acknowledge my responsibility and that of West Dunbartonshire Council (as the administering authority) for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the registered trusts listed above have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

The information given in the Trustees Report to the financial statements presents a balanced picture of each registered trust and is consistent with the financial statements.

I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

Financial Reporting Framework

The financial statements comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and the regulations 9(1), (2) and (3) of the Charities Accounts (Scotland) Regulations 2006.

Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of each registered charitable trust for the year ended 31 March 2015.

Accounting Policies & Estimates

The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

The Trustees have assessed the ability of the registered charitable trust to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24.

Events Subsequent to the Balance Sheet Date

There have been no material events since the date of the balance sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.

Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

I confirm that there are no issues or deficiencies in internal control that require to be disclosed.

Fraud

I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

The cash fund and investments shown in the statement of balances at 31 March 2015 were owned by the registered charitable trust. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements. There are no plans or intentions that are likely to affect the carrying value of classification of the assets within the financial statements.

Yours sincerely

Stephen West
Head of Finance and Resources

ITEM 06

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee – 23 September 2015

Subject: Audited Annual Accounts 2014/2015

1. Purpose

1.1 The purpose of this report is to submit to Committee the audited Financial Statements for 2014/2015 and to highlight matters of interest, as delegated by Council on 24 June 2015 (item 6).

2. Recommendations

2.1 Members are asked to note the contents of this report and approve the audited Annual Accounts for 2014/15.

3. Background

3.1 The draft, unaudited annual accounts (including Group Accounts) for 2014/15 were reported to Council on 24 June 2015 and passed to the Accounts Commission before the statutory deadline on 30 June 2015.

3.2 The report submitted to Council on 24 June 2015 identified a draft position of an unearmarked General Service reserve of £5.725m and provided Members with information as to variances for the year. The draft unearmarked position for the Housing Revenue Account reserve was £0.821m.

4. Main Issues

4.1 The audit of the Annual Accounts has now been completed by the Council’s external auditor (Audit Scotland) and the audited Annual Accounts are appended to this report. Thereafter, the Annual Accounts will be reported to full Council on 28 October 2015 for noting.

4.2 A number of presentational and monetary adjustments were identified within the draft Annual Accounts during the course of the audit, the effect of which results in a net increase in the Council's General Fund reserve balance of £0.006m and no change to the reserves position in the Housing Revenue Account (HRA).

4.3 We are pleased to report that a clean audit opinion has been given in relation to these Accounts.

4.4 A report from David McConnell, Director, Audit Scotland detailing the main issues arising from the audit of the Council and its Annual Accounts has been reported elsewhere on the agenda for the Committee.

4.5 The management commentary on pages 3 to 13 of the Annual Accounts summarises the major matters contained within the document and provides an explanation of the Council's financial position as at 31 March 2015. In particular:

4.5.1 In relation to the General Fund:

- The accounts show a General Fund balance of £9.623m as at 31 March 2015. Of this balance, £3.892m is earmarked for ring-fenced purposes, leaving an unearmarked balance of £5.731m. This is an increase from the draft position reported to Council on 24 June 2015 of £0.006m, the movement being the change noted in 4.2;

- The level of unearmarked balance of £5.731m compares with that of £4.935m at 31 March 2014 and confirms that the reserve position has increased by £0.796m during the year. This is summarised as follows:

	Original Budget £000	**Spend Against Budget £000**	**Variance £000**	**£000**
Unearmarked balance at 31 March 2014				**(4,935)**
Corporate Services/Chief Executive	19,541	18,606	(935)	
Education	90,471	88,377	(2,094	
Community Health and Care Partnership	59,962	61,433	1,471	
Housing Environment and Economic Development	33,551	33,329	(222)	
Miscellaneous Services	6,613	6,886	273	
Loan Charges/IRB	9,847	9,830	(17)	
Requisitions	2,580	2,587	7	
Non GAE Allocation	(4,988)	(5,015)	(27)	
Total Net Expenditure	**217,577**	**216,033**	**(1,544)**	
<u>Year End Adjustments</u>				
Provision top up			1,308	
Council tax/ Council tax replacement scheme Net			(1,078)	
commitment to future budgets			518	
			748	
Movement in Reserves from 31/03/14 to 31/03/15				**(796)**
Unearmarked balance at 31 March 2015				**(5,731)**

- The unearmarked balance of £5.731m compares to the targeted prudential level of reserve of £4.225m which is considered necessary to safeguard assets and to protect services against financial risk; and

- In addition to the above reserves a sum of £3.507m has been set aside as provisions for future equal pay claims and further service re-design.

4.5.2 In relation to the Housing Revenue Account, the accounts show an HRA balance of £4.570m as at 31 March 2015. Of this balance £3.749m is earmarked, leaving a free balance of £0.821m. This compares with the recommended prudential level of HRA reserve of £0.821m.

4.5.3 The Council maintains statutory accounts for two trading operations under the provisions of the Local Government Scotland Act 2003: Housing Maintenance and Grounds Maintenance/Street Cleaning. These operations returned a collective surplus in the year of £2.189m and both operations have achieved a break even performance over the last three years in line with their statutory requirements.

4.5 On pages 15 to 19 of the accounts is the Annual Governance Statement. This Statement provides assurance that the Council has in place a sound system of governance control. The Governance Statement identifies a number of areas where officers have identified improvements can be made.

5. People Implications

5.1 There are no people implications.

6. Financial Implications

6.1 Other that as described above there is no financial implications.

7. Risk Analysis

7.1 No risk analysis was required.

8. Equalities Impact Assessment (EIA)

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

9. Consultation

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

10. Strategic Assessment

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

…………………………………………………
Angela Wilson
Executive Director of Corporate Services
Date: 16 September 2015

Person to Contact: Stephen West, Head of Finance and Resources, Garshake Road, Dumbarton
Telephone (01389) 737191
E-mail: stephen.west @west-dunbarton.gov.uk

Appendix: None

Background Papers:

1. Draft Financial Statements for the year ended 31 March 2015;
2. Report to Council of 24 June 2015: Draft Annual Accounts 2014/2015; and

Wards Affected: All

Annual Accounts for Year Ended 31 March 2015

CONTENTS

CONTENTS (cont'd)

Management Commentary

Introduction
The purpose of this Management Commentary is to inform all users of these Financial Statements and help them assess how the Council has performed its duty to promote the success of the Council. It is to provide clear information about the Council's performance (including its financial position) during the year 2014/15 and as at the financial year end being 31 March 2015. The Management Commentary is intended to give an easy to understand guide to the most significant matters of the Council's business during the year - including progress against key performance indicators, a description of the principal risks and uncertainties facing the Council and the likely impact of the actions to mitigate these risks. In addition, it provides some detail on the Council's future plans.

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

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

The Council employs approximately 5,500 staff across a range of locations within the Council area, serving a population of approximately 90,000 (1.7% of the overall population in Scotland). The Council is generally accepted to suffer from economic deprivation, for example, the percentage of total population who are income deprived is 22% (Scotland 16%); the percentage of economically active people at a working age is 66% (Scotland 71%); and life expectancy is 75.6 years (Scotland 77.8 years).

The Council is led by 22 councillors, elected every five years to represent the residents within the area. The Council's senior management (the Corporate Management Team) consists of the Chief Executive, four departmental directors and the Section 95 Officer (Head of Finance and Resources).

It is an average sized Council in Scotland at around 98 square miles and has many strengths including significant sites of natural beauty and heritage, good transport links and close proximity to Glasgow and its airport. The area has a rich past, shaped by its world-famous shipyards along the Clyde, and boasts many attractions ranging from the iconic Dumbarton Rock and the Titan Crane, to the beauty of Loch Lomond and the Trossachs National Park and its historic whisky warehouses.

Management Commentary (Cont'd)

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

The Council has four departmental plans, each highlighting priorities and objectives which are set out and designed to support the delivery of the Council's Strategic objectives.

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

<u>Theme 1: Social Mission</u>
- Improve economic growth and employability;
- Improve life chances for children and young people;
- Improve care for and promote independence with older people;
- Improve local housing and environmentally sustainable infrastructure; and
- Improve the wellbeing of communities and protect the welfare of vulnerable people.

<u>Theme 2: Organisational Capabilities</u>
- Strong financial governance;
- Fit-for-purpose estate and facilities;
- Innovative use of Information Technology; and
- Committed and dynamic workforce.

<u>Theme 3: Legitimacy and Support</u>
- Constructive partnership working and joined up service delivery; and
- Positive dialogue with local citizens and communities.

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

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

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

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

Equalities Outcomes
In February 2013 the Council adopted its Equalities Outcomes 2013-2017, identifying how the Council would meet its equalities duties. Update on progress is reported, monitored and approved by Members, with progress reports also going to the Equalities and Human Rights Commission.

Management Commentary (Cont'd)

Events after the Balance Sheet date
Events from the Balance Sheet date (31 March 2015) until the date of signing the Statement of Accounts (30 June 2015) have been taken into consideration (Note 8 on page 60).

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 2015. The Council operates two main Funds in running its services:

1. The General Fund - which holds all of the expenditure and income associated with running of all Council services except the provision of Council houses. This fund is funded mainly from government grant and council tax; and

2. The Housing Revenue Account - which holds all of the expenditure and income associated with the provision of Council housing and is funded primarily through rental income from tenants.

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

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

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

- ***the Movement in Reserves Statement*** shows how the Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the General Fund for the year. It also highlights movement on all other reserves held on the Council's Balance Sheet (including the Housing Revenue Account). It is shown on page 28;
- ***the Comprehensive Income and Expenditure Statement*** shows the income and expenditure for all Council services. It is shown on page 29; and
- ***Housing Revenue Account*** shows the income and expenditure for Council housing services for the year. It is shown on pages 101 to 103 which also includes the statement of movement on the Housing Revenue Account Balance.

Capital expenditure is analysed in note 22 on page 83 which details the capital expenditure and summarises the sources of finance that have been used to fund the programme.

The ***Balance Sheet*** on page 30 summarises the assets and liabilities of the Council. It is a statement of the resources of the Council and the means by which they have been financed. It is also a report on the Council's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms.

The ***Cash Flow Statement*** on page 31 shows the inflows and outflows of cash arising from transactions with third parties on both day to day revenue transactions and on capital activities. Cash is defined for the purpose of the statement as cash-in-hand and deposits repayable on demand less overdrafts repayable on demand.

Notes To The Core Financial Statements are provided on pages 32 to 100 which give further information and analysis relevant to each statement.

Management Commentary (Cont'd)

Comprehensive Income and Expenditure Statement
This account covers the day to day operational income and expenditure for each department of the Council. Income from council tax, non domestic rates and revenue support grant was £219.622m with a net expenditure on services for the year of £252.878m (as shown on page 29 - Net Cost of Services £253.686m less non distributed costs of £0.808m).

Due to tight financial control over service spending, the Council was able to return an in year surplus from services of £1.544m against original budget (2013/14 £1.169m). The Council's budgetary performance for the year is summarised in the following table:

	Budget £000	Spend Against Budget £000	Variance £000	£000
Unearmarked balance at 31 March 2014				**(4,935)**
Corporate Services/Chief Executive	19,541	18,606	(935)	
Education	90,471	88,377	(2,094)	
Community Health and Care Partnership	59,962	61,433	1,471	
Housing Environment and Economic Development	33,551	33,329	(222)	
Miscellaneous Services	6,613	6,886	273	
Loan Charges/IRB	9,847	9,830	(17)	
Requisitions	2,580	2,587	7	
Non GAE Allocation	(4,988)	(5,015)	(27)	
Total Net Expenditure	**217,577**	**216,033**	**(1,544)**	
Year End Adjustments				
Provision top up			1,308	
Council Tax/ Council Tax Replacement Scheme			(1,078)	
Net commitment to future budgets			518	
			748	
Movement in Reserves from 31/03/14 to 31/03/15				
Unearmarked balance at 31 March 2015				**(796)**
				(5,731)

The majority of the favourable variances are due to specific management action in areas such as: control of vacancies and staff cover; general process and efficiency review; specific restructuring of service delivery; targeted spending control; and implementation of agreed savings targets, including early implementation of efficiencies originally identified for 2015/16. The level of favourable variance has been reduced due to some areas of overspend. The main reasons for the variances are noted below:

Corporate Services / Chief Executive – favourable variances have resulted mainly from vacant posts within a number of services.

Education – favourable variances have mainly resulted from teachers' pension costs, heating oil, the demand for special needs children to be educated outwith the Council area and vacant posts**.**

Social Work – costs were higher than anticipated due to an increase in client numbers and needs in areas such as residential accommodation (elderly), physical disability and home care.

During the year, the Council had to absorb a number of significant budget pressures that arose in relation to: pension scheme auto-enrollment; welfare reform; and demand for social care services.

Management Commentary (Cont'd)

Comprehensive Income and Expenditure Statement (Cont'd)

Despite the economic downturn, the Council's council tax team was able to improve the in-year collection of council tax from 94.52% in 2013/14 to 95.00% in 2014/15.

After taking account of the spend against earmarked balances held at 31 March 2014, then the overall General Services deficit for the year of £0.490m is deducted from the brought forward balance from the previous year, resulting in an accumulated surplus at 31 March 2015 of £9.623m (as shown on page 28). This includes an earmarked amount of £3.892m leaving £5.731m available for future use.

This un-earmarked balance compares with that of £4.935m as at 31 March 2014 and shows that the un-earmarked reserve position has increased by £0.796m during the year.

The Council's Prudential Reserves Policy is to retain a prudential reserve of 2% of net expenditure (excluding precepts to Valuation, SPT, etc) in order to safeguard assets and services against financial risk. The current target prudential reserves level for the General Fund is £4.225m and the position at financial year end exceeds this level of reserve by £1.506m.

Housing Revenue Account

By law the Council has to maintain a separate account for the running and management of its housing stock. The number of units owned by the Council at 31 March 2015 was 10,803 (2013/14 11,066). Following the impact of earmarked balances, the account shows an overall surplus for the year of £0.923m (see page 101). In line with the prudential reserves policy (2% of expenditure), the target reserves level for the Housing Revenue Account for 2014/15 is £0.821m. Taking account of the in-year surplus (£0.923m) the brought forward balance from the previous year £3.647m and taking account of earmarked amounts (£3.749m) the balance available to the HRA for future use is £0.821m.

Cash Flow Statement

The Council's cash flow statement shows an increase of cash and cash equivalents of £6.631m during 2014/15 (see page 31) mainly as a result of a reduction in the use of internal reserves to fund capital expenditure.

Trading Operations

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

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

These two operations returned a total collective surplus of £2.189m. Both operations have achieved a break even performance over the last three years, consistent with their statutory requirements. Further details are provided in note 9 on pages 60 to 61.

Balance Sheet

The Balance Sheet shows that during 2014/15, the net assets have decreased by £88.312m (from £226.194m to £137.882m). The main movement is due to the increase in the pension liability of £44.982m and long term borrowing (in line with the funding agreed for the capital plan) of £36.091m.

Management Commentary (Cont'd)

Pension Assets and Liabilities
The balance sheet shown on page 30 shows an assessed pension fund liability of £216.679m based on a snapshot valuation of the fund at 31 March 2015. Further information on the pension fund is provided in note 15 on pages 66 to 72. The valuation states that assets held at the valuation date were sufficient to cover only 73.06% of accrued liabilities (75.36% in 2013/14).

The pension scheme liability has increased by £44.982m as advised by the appointed actuaries, and this is mainly as a result of falling bond yields. 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
In addition to the normal cycle of rolling programme valuations, the Council's valuer found it necessary to carry out further valuation reviews during 2014/15 in respect of particular assets due to extensive enhancement works and changes in occupancy levels/use related on ongoing Educational capital projects.

The Council requires to assess the value of assets held based on current market conditions and, while in the current year particular assets have increased in value by £11.276m, impairment and downward revaluations have reduced the overall value of the assets held by the Council by £55.945m. Of this total, £41.166m relates to specific impairment on land and building assets which are related to the ongoing and approved new build capital projects – such as schools, care homes, leisure facilities and office accommodation.

In addition to the current year impact of impairments noted above, a number of land and building assets have reduced in value due to a prior year adjustment of £15.755m. This adjustment has arisen due to asset components not being written out at the time the assets were last revalued. Further detail is given in note 3 on pages 51 to 52, and in notes 18 to 21 on pages 79 to 83.

Borrowing
The Council's Treasury Strategy for 2014/15 was agreed by the Council on 6 February 2014. The Council raised new long term loans of £46.000m (2013/14 £20.500m) and short term loans of £57.100m (2013/14 £53.400m) and repaid naturally maturing debt of £70.120m (2013/14 £36.900m). The total outstanding long term debt (excluding PPP debt) as at 31 March 2015 was £228.088m (2013/14 £190.125m) including £131.060m (2013/14 £104.569m) for the Council's housing stock. The total outstanding short term debt was £65.677m (2013/14 £69.183m), including £37.740m (2013/14 £28.051m) for the housing stock. The interest and expenses rate charged by the Council's loans fund was 4.72% (4.92% in 2013/14).

Provisions
The Council has two main provisions held on its Balance Sheet, totalling £3.507m (see Note 31 on page 94). The Council holds funds for future equal pay claims and for further service re-design which will allow for a number of early terminations of contracts (through early retirement and severance).

Capital Finance
The Council is able to regulate its own capital spending limits within the framework recommended by the Chartered Institute of Public Finance and Accountancy and endorsed by the Scottish Government. The necessary treasury indicators and safeguards have been approved by Council and have resulted in increases to both the General Services and Housing capital programmes for 2014/15 and beyond. Details of the capital expenditure and financing are shown in note 22 on page 83. Total gross capital expenditure amounted to £63.842m.

Management Commentary (Cont'd)

Capital Finance (cont'd)

The main capital projects progressed during 2014/15 were:

General Services	HRA
Building upgrades	New build council houses
ICT modernisation	Multi-story improvements
Flood mitigation works	Void housing upgrades
A814 Castle Street Junction	SHQS compliance work
Dumbarton Cemetery	Non-traditional improvement works
Street Lighting	

During 2014/15, the Council had anticipated capital expenditure of £84.249m with an actual in year spend of £63.842m. The unspent amount (£20.407m) includes overspends, underspends and slippage, as noted within the table below. The total spend slippage is £22.638m - 26.9% of the overall capital programme:

Service	Original Budget £000	Actual Spend £000	Overspend £000	Underspend £000	Slippage £000
Corporate Services	5,045	3,490	15	(16)	(1,554)
HEED	24,353	19,290	1,191	(198)	(6,056)
Education	3,717	3,435	647	(114)	(815)
CHCP	8,250	2,276	83	(78)	(5,979)
General Services	**41,365**	**28,491**	**1,936**	**(406)**	**(14,404)**
HRA	42,884	35,351	1,987	(1,286)	(8,234)
Total	**84,249**	**63,842**	**3,923**	**(1,692)**	**(22,638)**

The majority of the slippage has occurred within a small number of larger capital projects and is mainly due to the timing of starting individual projects, for various reasons, not all within Council control, and these projects have now fallen into capital budgets for 2015/16 and those with more significant slippage include:

General Services	
ICT modernisation	Delays relating to upgrading of Council's Wide Area Network which affects other aspects of the project.
Clydebank Crematorium Equipment	Delays during the procurement of the cremators
Replacement of the Elderly Care Homes/ Day care centres	Delays relating to value engineering to bring project back within the revised affordability cap
HRA	
Statutory/ regulatory compliance work	Delays relating to 'no access' issues; additional tendering and procurement processes; materials fabrication and availability.
Non-traditional improvement works	Delays relating to consultation and liaison with owner/occupiers at the Risk Street upgrade
SHQS compliance work	Delays relating to weather and materials fabrication/ availability
New build council houses	Delays in the construction of the Hill Street project

Public Private Partnership

The Council entered into a public private partnership for the provision for three new Community Learning Centres. The agreement provides the Council with replacement buildings for three secondary schools which were handed over in 2009/10 with a further primary school handed over during 2011/12. In accordance with statutory accounting guidance, full details of the agreement is provided within note 24 on page 84.

Management Commentary (Cont'd)

Group Accounts
Local authorities are required to prepare group accounts in addition to their own Financial Statements where they have material interest in other organisations. The group accounts on pages 109 to 118 consolidate the Council's Financial Statements, the Common Good and Trust Funds and five other entities (including two subsidiaries – West Dunbartonshire Leisure Trust and Clydebank Property Company). The effect of combining these entities on the Group Balances Sheet is to increase reserves and net assets by £11.767m creating an overall net asset of £149.649m. This includes the combined pension liability of these organisations similar to that of the Council. However, as there is no reason to suggest the future funding to these organisations will not continue, the accounts have been prepared on a going concern basis.

The Financial Outlook and the Annual Budget process
During the course of the year, the Council faced a number of significant financial pressures resulting from reducing central government funding, inflationary and service demand increases and the overall downturn in the economy. The latest projections for public sector expenditure from the Treasury, as well as various financial institutions, outline a scenario where resources continue to decline in real terms over the next five to ten years at the same time as demand for services continues to increase driven by demographic change and policy pressures. In the short to medium term the Scottish Government settlement for 2012/13 to 2015/16 was provided as a "flat cash" settlement and provided a relatively steady level of known funding for the Council over these three years. The settlement for 2015/16 has been agreed by CoSLA Leaders to be based on updated Grant Aided Expenditure indicators and as a result reduced funding to the Council.

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

The Council refreshed the Long Term Financial Strategy in August 2014 and in setting the Council budget for 2015/16 in February 2015. In February 2014 in setting the budget for 2014/15 the strategy identified an expected gap of £3.082m for 2015/16 and £13.747m for 2016/17. Following the setting of the budget in February 2015, the projections have identified current expected gaps of £4.500m in 2016/17 and a further £2.300m in 2017/18. The strategy will be reviewed by Council later in 2015 and in setting the budget for 2016/17.

At Council in February 2015, the Council also updated the General Fund and HRA capital plan. This included agreement of funding for a number of projects over the next three years and the revenue impact of these investments will be built into future revenue plans.

Management of Risk
The main financial risks identified by the Council over the medium and long term are highlighted within the Council's Long Term Financial Strategy and includes assumptions around the, as yet, unknown position from the national government on local funding, particularly given the projected decline in Council population and the likelihood of continued austerity measures; the impact on the welfare reform agenda (introducing changes to the welfare benefits systems); changing demands and needs for Council services (particularly in relation to health and social care services). The Council also plans major investment in a number of significant capital projects which will change the way in which some services are delivered and are partially funded through projected revenue savings. Risks are identified with actions to minimize and/or mitigate those risks (where possible) through the Council's performance monitoring IT system (covalent), which is reported to Members on a regular basis.

Management Commentary (Cont'd)

Management of Risk (Cont'd)

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

Ongoing and Future Events

In recognition of the projected ongoing financial position, the Council continues to identify service redesign and business transformation options and these will be reported to appropriate Committees during 2015/16. Significant cost reductions have been generated through planned actions to generate savings and more efficient ways of working. A number of major projects have been underway during 2014/15 as follows:

- Clyde Valley Investment Fund – the Council, together with a number of other Scottish local authorities, are considering their involvement in a number of jointly managed projects similar to an infrastructure fund modelled on the "City Deal" approach of the UK government and English core councils. The project within the City Deal specific to the Council is an infrastructure project to create a relief road along the A82 at Milton. The project was approved in principle during 2014/15 with development of the business case continuing into 2015/16;

- Welfare Reform – during 2014/15 Council implemented a number of approaches to support residents in relation to the UK Government's approach to welfare reform. From 1 April 2013 a significantly increased scheme of Discretionary Housing Payments commenced, as did a new service in relation to the Scottish Welfare Fund. From July 2013 the benefits cap started to be implemented by the Department of Work and Pensions. The introduction of the Universal Credit has been delayed by the UK Government, though started in the Council area in February 2015, meaning the wider cumulative impact on the whole West Dunbartonshire economy is likely to be delayed. The projections of future financial pressures included in the Long Term Financial Strategy include estimates of the financial impact of the further implementation of welfare reform. The Council will continue to monitor and consider the financial impact of the UK Government's policies under their Welfare Reform agenda through the Welfare Reform Working Group;

- Strategic Programmes – In setting the budget for 2016/17 Council approved a range of efficiencies which will be implemented over the period to 2017/18. Some of these are capital funded projects where funding has been approved by Council in February 2014 and February 2015. The CMT together with Heads of Service monitor progress on agreed efficiency projects through the Change Board and budgetary control reports provide updates on progress to Members. Where appropriate business cases will be developed, and where required reports will come to future Council Committees for consideration; and

- Capital Projects – A new approach to capital planning for the General Fund was developed and approved during 2012/13. This approach produced the first ten year capital plan and a new approach to monitoring capital projects' progress. This was implemented in 2013/14, updated in February 2014 and February 2015, and is now leading to improvements in how capital projects are managed and monitored.

Remuneration Report

This report presents information on the remuneration of senior elected members and senior officers within the Council (pages 20 to 26).

Management Commentary (Cont'd)

Financial Performance Indicators

This commentary includes information on a set of financial performance indicators. These are aimed at providing the reader with a summary of key information. This is the third year for which this information has been provided and comparative information is available for the previous year.

2013/14			2014/15
	Housing Performance		
£0.099m	Total rent owed by tenants leaving their tenancies with arrears	Demonstrates the Council's effectiveness in collecting local housing rents.	£0.097m
£282.32	Average rent owed by tenants leaving their tenancies with arrears	Demonstrates the Council's effectiveness in collecting local housing rents.	£321.44
3.19%	Percentage of current tenants owing more than 13 weeks rent, excluding those owing less than £250	Demonstrates the Council's effectiveness in collecting local housing rents.	8.03%
322	Number of current tenants owing more than 13 weeks rent, excluding those owing less than £250	Demonstrates the Council's effectiveness in collecting local housing rents.	812
8.09%	Current / former / total tenant arrears as a percentage of net rent due in year	Demonstrates the Council's effectiveness in collecting local housing rents.	9.41%
£2.671m	Amount of current/ former/ total tenant rent arrears	Demonstrates the Council's effectiveness in collecting local housing rents.	£3.346m
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 amount identified as the agreed minimum	100%
2.14%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by the free reserves (HRA's target is 2% minimum)	2.14%
(£0.050m)	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserves position	(£0.054m)
98.3%	Revenue budget compared to actual outturn at year end	Demonstrates actual expenditure as a percentage of the full planned budget for the HRA (less that 100% indicates an underspend position). This is a measure of effectiveness of financial planning and control	97.6%
	General Services Performance		
£13.31	Cost of Collecting council tax (per dwelling)	Demonstrates the Council's effectiveness in collecting local taxation.	£11.79
15.3%	Council tax as a percentage of overall funding	Demonstrates the percentage of the total budget that is raised through council tax	16.08%
94.52%	In-year council tax collection rate	Demonstrates the Council's effectiveness in collecting local taxation.	95.00%
£28.488m	Amount of income due from council tax for the year that was received	Demonstrates the Council's effectiveness in collecting local taxation.	£29.672m
118%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the Council has in comparison to the amount identified as the agreed minimum	136%
2.26%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by the free reserves (Council's target is 2% minimum)	2.64%

Management Commentary (Cont'd)

Financial Performance Indicators (Cont'd)

2013/14			2014/15
	General Services Performance (Cont'd)		
(£0.199m)	Movement in the free reserve balance	Demonstrates favourable variances contributing to the overall free reserves position	(£0.796m)
99.85%	Revenue budget compared to actual outturn at year end	Demonstrates actual expenditure as a percentage of the full planned budget for the General Services (less that 100% indicates an underspend position). This is a measure of effectiveness of financial planning and control	99.42%
	Prudence And Affordability – Capital		
6.29%	Ratio of financing costs to net revenue stream – General Services	Demonstrates how much of the General Fund revenue budget is used to support previous capital investment.	4.69%
40.26%	Ratio of financing costs to net revenue stream – HRA	Demonstrates how much of the HRA revenue budget is used to support previous capital investment.	35.36%
£24.81	Impact of prudential borrowing on council tax – General Services	This illustrated the impact of new borrowing during the last financial year on council tax	£25.44
£2.51	Impact of prudential borrowing on housing rents – HRA	This illustrated the impact of new borrowing during the last financial year on housing rents	£3.17
£346.168m	Capital Financing Requirement	This is the amount of planned capital expenditure not yet funded	£377.806m
£255.233m	External Debt Levels	This is the amount of external debt held by the Council. Increased due to funding of the capital programme.	£289.867m

Conclusion

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

Acknowledgement

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

Councillor Martin Rooney	Joyce White	Stephen West
Leader of the Council	Chief Executive	Head of Finance and Resources
Date: 23 September 2015	Date: 23 September 2015	Date: 23 September 2015

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

I confirm that these draft Annual Accounts were approved for signature by the Council at its meeting on 24 June 2015.

Signed on behalf of West Dunbartonshire Council

Councillor Martin Rooney
Leader of the Council
Date: 23 September 2015

The Head of Finance and Resources Responsibilities:

The Head of Finance and 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 Head of Finance and 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 Head of Finance and 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 draft 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 2015.

Stephen West
Head of Finance and Resources
Date: 23 September 2015

Annual Governance Statement

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

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

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

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

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

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

The Local Code evidences the Council's commitment to achieving good governance and demonstrates how it complies with the governance standards recommended by CIPFA. The Local Code will be reviewed and updated during 2015/16.

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

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

Annual Governance Statement (Cont'd)

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

- the overarching strategic vision and objectives of the Council are detailed in the Strategic Plan 2012/17, which sets out the key priorities of the Council;
- West Dunbartonshire Council Financial Statements for the Year Ended 31 March 2015;
- the Council operates within an established procedural framework which incorporates a scheme of delegation, standing orders and financial regulations. The Council facilitates policy and decision making through the agreed Committee structure;
- services are able to demonstrate how their own activities link to the Council's vision and priorities through their departmental plans. Performance management and monitoring of service delivery is reported through service committees regularly. The CMT monitors performance information regularly. The Council regularly publishes information about its performance;
- the Council has adopted a Code of Conduct and associated employment policies for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members in a localised format. In addition, the Council has in place a protocol on member/ officer relations and in inter-party protocol;
- the Council's approach to risk management is set out in the risk management framework. A strategic risk register is in place and an update report on this was submitted to the Audit and Performance Review Committee on 10 June 2015. Further embedding of risk management across the Council is required to ensure that there are fully developed service risks and operational risks within departments;
- comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development; and
- a governance framework has been in place at West Dunbartonshire Council for the year ended 31 March 2015 and up to the date of approval of the Financial Statements.

Review of Effectiveness
The Council has a responsibility for ensuring the continuing effectiveness of its governance framework and its system of internal financial control. An annual assessment of the Council's compliance with the Code of Good Governance was undertaken by a group of senior officers and the outcome of this assessment was reported to the Audit & Performance Review Committee on 10 June 2015. As the Council's Code of Good Governance was approved in 2010, a review of the Code was reported to the Audit & Performance Review Committee in December 2013.

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

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

Annual Governance Statement (Cont'd)

Review of Effectiveness (Cont'd)

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

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

Governance Issues and Improvements

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

- The corporate approach to risk management requires to be further embedded as normal practice within departments;
- PSIAS (Public Sector Internal Audit Standards): respond to any improvement actions arising from forthcoming external review of the validated self-assessment process;
- Further development of the workforce planning process;
- Review and update the Attendance Management Policy to support the objective of reducing absence levels;
- Ensure that an appropriate and robust due diligence process has been followed in order to ensure that the budget provided for the HSCP is sufficient, identifies current and historical pressures and demands and allows the HSCP to operate on a sound financial basis and to enable it to meet outcomes contained within the Strategic Plan for 2015/16;
- Improve procurement compliance standards throughout the Council;+
- Continue to develop plans for the regeneration of the Council primary school and early years estates; and
- Through the ICT Modernisation Project improve the overall performance of ICT systems.

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

- Service planning should include a review of complaints information and trends;
- Community Planning improvement activity should be identified and addressed as a joined up and cohesive partnership process;
- Embed an outcomes focus to performance measurement and management;
- Develop a strategic community engagement model;
- Develop an improvement focus which includes service and continuous improvement, self-evaluation and benchmarking;
- Ensure customer service quality standards are embedded across the organisation; and
- Develop and implement a succession planning process within the workforce planning framework.

Annual Governance Statement (Cont'd)

Governance Issues and Improvements (Cont'd)

The Council welcomes the approach taken by external inspection agencies, through the Local Area Network to develop a comprehensive annual Assurance and Improvement Plan which is proportionate and based upon risks identified. The 2014/17 Assurance and Improvement Plan identified a number of areas of risk which the Council has been working on over the last year. A recently published update, now called Local Scrutiny Plan, covering 2015/16, which was reported to Council in April 2015, notes that the Council is continuing to make good progress and demonstrates a strong commitment to best value, with evidence of strong leadership, a clear vision and a focus on continuous improvement. However, three areas were identified where further information is required, these being:

- Housing & Homelessness – monitoring progress against the findings of its enquiry carried out in 2013;
- People Management – monitoring the development of workforce plans and progress in reducing absence levels; and
- Efficiency – monitoring the delivery of efficiency savings.

Departments have already identified through their departmental planning process actions to deliver on these three areas and the strategic / high level elements of these have been brought together in an action plan which will be separately monitored.

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

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

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

To deliver these responsibilities the Chief Financial Officer:

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

The Council considers that it complies with the above statement.

Annual Governance Statement (Cont'd)

Financial Considerations (Cont'd)

Assurance
Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2014/15 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principle objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Martin Rooney
Leader of the Council
Date: 23 September 2015

Joyce White
Chief Executive
Date: 23 September 2015

Stephen West
Head of Finance and Resources
Date: 23 September 2015

Remuneration Report

Introduction

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

Remuneration - Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2013 (SSI No. 2013/351). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Civic Head (Provost), Senior Councillors and Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure. The regulations stipulate that in addition to the Leader of the Council and the Provost, West Dunbartonshire can appoint a maximum of ten Senior Councillors. The level of remuneration paid to the Leader of the Council, Provost and Senior Councillors is detailed in Table 1 below.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2014/15 the salary for the Leader of West Dunbartonshire Council was £33,123. The Regulations also state that the maximum yearly amount that may be paid to the Provost (£24,842) 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 (£24,842) is 75% of the total yearly amount payable to the Leader of the Council. For 2014/15 the total yearly amount payable by the Council for remuneration of all of its Senior Councillors shall not exceed £207,020. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The Council policy is to pay Senior Councillors a salary of £20,702.

During 2014/15, the Council agreed the appointment of a Council Leader, Provost and 10 Senior Councillors and the remuneration paid to the 10 Senior Councillors totalled £207,020 per annum. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme. The pension entitlements for the year to 31 March 2015 are shown in Table 5 on page 25.

The Scheme of Members Allowances which encompasses the salaries of all elected members including the Leader, Provost and Senior Councillors was agreed at a meeting of the full Council on 16 May 2012. The report to Council and the Register of Members' Expenses is available at https://www.west-dunbarton.gov.uk/council/councillors-and-committees/

The regulations also set out the amounts a Councillor may be paid for being a convener or vice-convener of a Joint Board. For 2014/15 the remuneration for the post of Convener of the Valuation Joint Board is £20,702 per annum.

Remuneration Report (Cont'd)

a) Table 1: Remuneration of Senior Councillors

		Year ended 31 March 2015				2013/14
Name	**Position**	**Salary, Fees & Allowances**	**Taxable Expenses**	**Non-cash Expenses, Benefits-in kind**	**Total Remuneration**	**Total Remuneration**
		£	£	£	£	£
Martin Rooney	Leader of Council Convener of Recruitment & Individual Performance Committee Convener of Community Alliance Committee	33,123	0	0	33,123	32,821
Douglas McAllister	Provost (Civic Head)	24,842	0	0	24,842	24,617
John Millar	Depute Provost	20,702	0	0	20,702	20,514
Patrick McGlinchey	Depute Leader Convener Infrastructure Regeneration & Economic Dev Community Convener of Joint Consultative Forum	20,702	0	0	20,702	20,514
Gail Casey	Convener of Community Health Care Partnership Convener of Argyll, Bute & Dunbartonshire Criminal Justice	20,776	0	0	20,776	20,445
Lawrence O'Neill	Convener of Licensing Committee Convener of Planning Committee	20,702	0	0	20,702	20,514
Kathleen Ryall	Convener of Corporate Services Committee	20,776	0	0	20,776	20,445
Thomas Rainey	Convener of Appeals Committee	20,702	0	0	20,702	20,514
John Mooney	Convener of the Licensing Board	20,702	0	0	20,702	20,514
Michelle McGinty	Convener of Education Services Committee	20,702	0	0	20,702	20,514
David McBride	Convener of Housing Environment & Economic Dev Committee Convener of Tendering Committee	20,702	0	0	20,702	20,514
Jonathan McColl	Leader of Opposition Convener of Audit & Performance Review Committee	20,702	0	0	20,702	20,514
James Brown	Convener of Valuation Joint Board	20,702	0	0	20,702	20,514

Note:

1. The term *Senior Councillor* means a Leader of the Council, the Civic Head or a Senior Councillor, all as defined by regulation 2 of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007(3).
2. Salaries allowances and expenses in 2014/15 have been included only for senior Councillors. For those Councillors still active and no longer senior, the allowances are, therefore, noted as £0.

b) Remuneration paid to Councillors

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

2013/14		2014/15
£		**£**
430,474	Salaries	435,053
0	Allowances	0
26,498	Expenses	25,146
456,972	**Total**	**460,199**

Note:

1. The annual return of Councillors' salaries and expenses for 2014/2015 is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council's website at www.west-dunbarton.gov.uk.

Remuneration Report (Cont'd)

c) Remuneration of Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/146 sets the amount of salary for the Chief Executive of West Dunbartonshire Council for the period 2013 to 2015. In June 2007, West Dunbartonshire Council determined that the salaries of the Executive Directors and Heads of Service were to be based on a fixed percentage of the Chief Executive's salary in two bandings. Executive Directors receive 84% of the amount of the Chief Executive's salary and Heads of Service receive 76% of the amount of the Executive Director's salary. These arrangements were agreed through approval of the Chief Officers' Salary Structure report to Council on 27 June 2007. The post of Director of Community Care & Health Partnership is a joint post between West Dunbartonshire Council and NHS Greater Glasgow and Clyde.

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

Table 2: Remuneration of Senior Employees

Name	Position at 31/03/15	Salary, Fees and Allowances 2014/15	Total Remuneration 2013/14
		£	£
Joyce White	Chief Executive	123,878	118,105
Terence Lanagan	Executive Director of Educational Services	103,175	102,383
Angela Wilson	Executive Director of Corporate Services	103,175	102,383
Richard Cairns	Executive Director of Housing, Environmental and Economic Development Services (from 01/10/13)	103,175	51,044 (full time equivalent £102,383)
Elaine Melrose	Executive Director of Housing, Environmental and Economic Development Services (until 22/09/13)	0	48,613 (full time equivalent £102,383)
*Keith Redpath	Director of Community Care and Health Partnership	61,261 (full time equivalent £96,549)	61,261 (full time equivalent £99,757)
Jackie Irvine	Head of Children's Healthcare & Criminal Justice	83,585	81,410
Peter Hessett	Head of Legal, Democratic & Regulatory Services	78,599	75,795
Stephen West	Head of Finance & Resources	83,657	83,094

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

Notes

1. The term *senior employee* means any local authority employee:
   - who has responsibility for the management of the local authority to the extent that the person has the power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
   - who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
   - whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

Remuneration Report (Cont'd)

c) Remuneration of Senior Employees (Cont'd)

Notes (Cont'd)

2. The figure for gross salary, fees and allowances shown for the Chief Executive for the year ended 31 March 2015 would include any amounts received as the Returning Officer for West Dunbartonshire in elections. For the year to 31 March 2015 there were no elections and, therefore, no amount included.

3. The Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement. There were no discretionary payments made to senior employees during the year.

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

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

Table 3: Remuneration of Employees

Remuneration Bands	**Number of Employees**	
	2014/15	**2013/14**
£50,000 - £54,999	39	47
£55,000 - £59,999	45	31
£60,000 - £64,999	5	3
£65,000 - £69,999	1	1
£70,000 - £74,999	1	1
£75,000 - £79,999	8	7
£80,000 - £84,999	4	5
£85,000 - £89,999	0	1
£100,000 - £104,999	3	2
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	0	1
£120,000 - £125,999	1	0
Total	**107**	**99**

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 2015 are shown in Table 5 on page 24. The table details the pension entitlement and contributions made by West Dunbartonshire Council in respect of all senior Councillors and senior officers of the Council who have opted to join the LGPS.

Remuneration Report (Cont'd)

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

Pension Benefits (Cont'd)
For local government employees, LGPS is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. The scheme's normal retirement age for both Councillors and local government employees is 65 and for teachers the age is 60.

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

Table 4: Contribution Rates

The tiers and members contribution rates for 2014/15 whole time pay:	**Contribution rate 2014/15**	**Contribution rate 2013/14**
Local Government employees		
On earnings up to and including £20,335 (£19,800)	5.5%	5.5%
On earnings above £20,335 (£19,800) and up to £24,853 (£24,200)	7.25%	7.25%
On earnings above £ 24,853 (£24,200) and up to £34,096 (£33,200)	8.5%	8.5%
On earnings above £34,096 (£33,200) and up to £45,393 (£44,200)	9.5%	9.5%
On earnings above £45,393 (£44,200)	12%	12%
Teachers		
On earnings below £15,000 (£15,000)	6.4%	6.4%
On earnings above £15,000 (£15,000) and up to £25,999 (£25,999)	7.2%	7.0%
On earnings above £ 25,999 (£25,999)and up to £31,999 (£31,999)	8.3%	7.9%
On earnings above £31,999 (£31,999) and up to £39,999 (£39,999)	9.5%	8.8%
On earnings above £39,999 (£39,999) and up to £44,999 (£44,999)	9.9%	9.2%
On earnings above £44,999 (£44,999) and up to £74,999 (£74,999)	11.0%	10.1%
On earnings above £74,999 (£74,999) and up to £99,999 (£99,999)	11.6%	10.6%
On earnings above £99,999 (£99,999)	12.4%	11.2%

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 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

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

The pension entitlements for the year to 31 March 2015 for Senior Councillors are shown in table 5, together with the contribution made by West Dunbartonshire Council to each Senior Councillor's pension during the year:

Remuneration Report (Cont'd)

Pension Benefits (Cont'd)

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

		In-year pension contributions		Accrued pension benefits	
Name	**Position at 31/03/15**	**For year to 31 March 2015**	**For year to 31 March 2014**	**As at 31 March 2015**	**As at 31 March 2014**
Senior Councillors		**£**	**£**	**£**	**£**
Martin Rooney	Leader of Council Convener of Recruitment & Individual Performance Committee Convener of Community Alliance Committee	6,393	6,604	5,162	4,501
Gail Casey	Convener of Community Health Care Partnership Convener of Argyll, Bute & Dunbartonshire Criminal Justice	3,983	3,965	3,935	3,577
Kathleen Ryall	Convener of Corporate Services Committee	3,983	3,965	1,042	712
John Mooney	Convener of Licensing Board	3,996	4,128	1,002	639
Michelle McGinty	Convener of Education Services Committee	3,996	4,128	1,002	639
David McBride	Convener of Housing Environment & Economic Development Committee Convener of Tendering Committee	3,996	4,128	3,731	3,334
Jonathan McColl	Leader of Opposition Convener of Audit & performance Review Committee	3,996	4,128	3,782	3,410
Lawrence O'Neill	Convener of Licensing Committee Convener of Planning Committee	3,996	0	345	0
Senior Employees					
Joyce White	Chief Executive	23,382	22,782	19,035	16,742
Terence Lanagan	Executive Director of Educational Services	15,337	15,267	197,952	191,488
Angela Wilson	Executive Director of Corporate Services	19,866	19,776	130,450	127,454
Richard Cairns	Executive Director of Housing, Environmental and Economic Development (from 01/10/13)	19,866	9,027	50,480	849
Elaine Melrose	Executive Director of Housing, Environmental and Economic Development (until 22/09/13)	0	10,222	0	131,397
Keith Redpath	Director of Community Care and Health Partnership	0	0	0	0
Jackie Irvine	Head of Children's Healthcare & Criminal Justice	16,094	15,698	43,485	40,836
Peter Hessett	Head of Legal, Democratic & Regulatory Services	15,132	14,614	69,896	66,410
Stephen West	Head of Finance & Resources	16,108	16,051	97,588	95,322

All employees in table 5 above, with the exception of Mr. Lanagan and Mr. Redpath are members of the Local Government Pension Scheme. Mr. Lanagan is a member of the Scottish Teachers' Superannuation Scheme and Mr. Redpath is a member of the NHS Superannuation Scheme (Scotland). 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.

Remuneration Report (Cont'd)

Pension Benefits (Cont'd)

f) Table 6: Exit Packages

Banding	Number of compulsory Packages		Number of other departures		Total Number		Total cost	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15 £	2013/14 £
£0 - £20,000	0	0	26	18	26	18	69,895	77,405
£20,001 - £40,000	0	0	5	4	5	4	147,379	98,351
£40,001 - £60,000	0	0	1	2	1	2	40,718	97,194
£60,001 - £80,000	0	0	4	1	4	1	283,769	73,760
£80,001 - £100,000	0	0	0	1	0	1	0	99,439
£100,001 - £150,000	0	0	0	2	0	2	0	205,126
£150,001 - £600,000	0	0	0	1	0	1	0	270,480
Total	**0**	**0**	**36**	**29**	**36**	**29**	**541,761**	**921,755**

The total cost of £0.542m for 2014/15 in Table 6 above includes £0.222m for exit packages that have been agreed, accrued for and charged to West Dunbartonshire Council's Comprehensive Income and Expenditure Statement.

Martin Rooney
Leader of the Council
Date: 23 September 2015

Joyce White
Chief Executive
Date: 23 September 2015

Core Financial Statements

The financial statements comprise the following primary statements:

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

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

Comprehensive Income and Expenditure Statement
This statement shows the accounting cost, for 2014/15, of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

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

1. Usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt); and

2. Non-usable reserves, i.e. those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line ‘adjustments between accounting basis and funding basis under regulations’.

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

Movement in Reserves Statement

	Note	General Fund balance £000 £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Reserve £000	Other Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
		Usable Reserves								
2014/15										
Opening Balance at 1 April 2014		**(10,113)**	**(3,647)**	**0**	**(305)**	**(4,198)**	**(368)**	**(18,631)**	**(207,563)**	**(226,194)**
Movement in reserve 2014/15										
(Surplus) or deficit on provision of services		42,954	1,108	0	0	0	0	**44,062**	**0**	**44,062**
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	**0**	**44,250**	**44,250**
Total Comprehensive Expenditure and Income		**42,954**	**1,108**	**0**	**0**	**0**	**0**	**44,062**	**44,250**	**88,312**
Adjustments between accounting basis and funding basis under regulations	7	(42,343)	(2,031)	0	(116)	0	0	**(44,490)**	44,490	**0**
Net Increase/(Decrease) before Transfers to Other Statutory Reserves		**611**	**(923)**	**0**	**(116)**	**0**	**0**	**(428)**	**88,740**	**88,312**
Transfers to/from other statutory reserves		(121)	0	0	0	186	(65)	**0**	0	0
Closing Balance at 31 March 2015		**(9,623)**	**(4,570)**	**0**	**(421)**	**(4,012)**	**(433)**	**(19,059)**	**(118,823)**	**(137,882)**
2013/14 (re-stated)										
Opening Balance at 1 April 2013		**(14,766)**	**(4,175)**	**0**	**(400)**	**(4,378)**	**(316)**	**(24,035)**	**(298,306)**	**(322,341)**
Movement in reserve 2013/14										
Surplus or (deficit) on provision of services		28,616	665	0	0	0	0	**29,281**	0	**29,281**
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	**0**	66,866	**66,866**
Total Comprehensive Expenditure and Income		**28,616**	**665**	**0**	**0**	**0**	**0**	**29,281**	**66,866**	**96,147**
Adjustments between accounting basis and funding basis under regulations	7	(23,835)	(137)	0	95	0	0	**(23,877)**	23,877	**0**
Net Increase/(Decrease) before Transfers to Other Statutory Reserves		**4,781**	**528**	**0**	**95**	**0**	**0**	**5,404**	**90,743**	**96,147**
Transfers to/from other statutory reserves		(128)	0	0	0	180	(52)	**0**	0	0
Closing Balance at 31 March 2014		**(10,113)**	**(3,647)**	**0**	**(305)**	**(4,198)**	**(368)**	**(18,631)**	**(207,563)**	**(226,194)**

Comprehensive Income and Expenditure Statement

Restated 2013/14 Gross Expenditure £000	Restated 2013/14 Gross Income £000	Restated 2013/14 Net Expenditure £000		2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000
			Service			
6,217	2,056	4,161	Central Services	12,334	2,160	10,174
16,850	879	15,971	Cultural and Related Services	22,571	1,582	20,989
122,113	3,982	118,131	Educational Services	120,120	4,073	116,047
17,475	4,913	12,562	Environmental Services	17,132	4,940	12,192
34,825	37,246	(2,421)	Housing Revenue Account	35,165	37,853	(2,688)
51,810	47,907	3,903	Housing Services	54,359	51,165	3,194
9,418	6,990	2,428	Planning and Development Services	11,807	8,089	3,718
15,525	5,653	9,872	Roads and Transport Services	16,048	5,648	10,400
85,170	15,450	69,720	Social Work Services	93,029	17,796	75,233
3,330	104	3,226	Corporate and Democratic Core	3,756	137	3,619
985	0	985	Non distributed costs	808	0	808
363,718	**125,180**	**238,538**	**Net Cost of Service (1)**	**387,129**	**133,443**	**253,686**
		(233)	(Gain) / loss on Disposal of Fixed Assets			(339)
		(233)	**Other Operating Expenditure (2)**			**(339)**
		(28,832)	Council Tax			(30,431)
		(72,189)	Non-Domestic Rates			(78,548)
		(116,193)	Revenue Support Grant			(110,643)
		(14,797)	Recognised Capital Income (Grants, Contributions & Donations)			(14,313)
		(232,011)	**Taxation and Non-specific Grant Income (3)**			**(233,935)**
		(195)	Interest Earned			(137)
		18,312	External Interest Payable / Similar Charges			18,660
		805	(Gain)/Loss early settlement of borrowing			836
		(2,591)	Surplus on Trading Undertakings not included in net cost of services			(2,189)
		6,656	Pension Interest Cost/Expected Return on Pension Assets			7,480
		22,987	**Finance/Investment Income and Expenditure (4)**			**24,650**
		29,281	**(Surplus)/Deficit on Provision of Services (5) = (1)+(2)+(3)+(4)**			**44,062**
		51,761	(Surplus)/Deficit arising from revaluation of property, plant and equipment			12,400
		(805)	(Surplus)/Deficit on revaluation of available for sale assets			(836)
		15,910	Actuarial (gains)/losses on pension fund assets and liabilities			32,686
		66,866	**Other Comprehensive (Income) and Expenditure (6)**			**44,250**
		96,147	**Total Comprehensive (Income) and Expenditure (5) + (6)**			**88,312**

Balance Sheet

Restated 2013/14 £000	Notes		2014/15 £000
744,157	18	Property, Plant and Equipment	730,088
60	19	Intangible Assets	53
101		Long Term Debtors	77
1,180	21	Heritage Assets	1,370
0		Long term Investment	273
745,498		**Long Term Assets**	**731,861**
1,285	20	Asset Held for Sale	2,541
1,345	25	Inventories	937
34,052	26	Short Term Debtors	35,248
1,704	28	Cash and Cash Equivalents	14,640
38,386		**Current Assets**	**53,366**
(2,666)	31	Provisions	(3,507)
(34,079)	30	Short Term Creditors	(38,268)
(70,471)		Short Term Borrowing	(67,175)
0	28	Cash and Cash Equivalents	(6,305)
(107,216)		**Current Liabilities**	**(115,255)**
676,668		**Net Assets**	**669,972**
(278,590)		Long Term Borrowing	(314,681)
(171,697)	15	Net Pensions Liability	(216,679)
(187)	12	Capital Grants Receipts in Advance (conditions)	(730)
(450,474)		**Long Term Liabilities**	**(532,090)**
226,194		**Total Assets Less Liabilities**	**137,882**
		Represented by:	
18,631	MIR	Usable Reserves	19,059
207,563	MIR	Unusable Reserves	118,823
226,194		**Total Reserves**	**137,882**

The audited Financial Statements were issued on 30 June 2015 and the audited accounts were authorised for issue on 23 September 2015.

Stephen West
Head of Finance and Resources
West Dunbartonshire Council
Date: 23 September 2015

Cash Flow Statement

Re-stated 2013/14 £000			2014/15 £000
		Operating Activities	
29,281		Net deficit on the provision of services	44,062
(49,734)		Adjustments to net surplus or deficit on the provision of services for non-cash movements	(70,854)
14,946		Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financial activities	14,483
(5,507)	**27**	**Net cash inflow from Operating Activities**	**(12,309)**
35,414	27	Investing Activities	36,992
(33,628)	27	Financing Activities	(31,314)
(3,721)			**(6,631)**
(2,017)	28	Cash and cash equivalents at the beginning of the reporting period	1,704
1,704	28	Cash and cash equivalents at the end of the reporting period	8,335
3,721	**28**	**Movement – Increase in Cash**	**6,631**

Notes to the Financial Statements

Note 1 - Accounting Policies

1. General Principles

The Financial Statements summarises the Council's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Council is required to prepare an Annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ("the code") and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

However, the new Local authority Accounts (Scotland) Regulations 2014 were not reflected in the Code of Practice 2014/15 but also require to be applied. The council has taken necessary steps to support the new Regulations within these Statements.

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

2. Accruals of Income and Expenditure

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

- revenue from sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and when it is probable that the economic benefits associated with the transaction will flow to the Council;

- revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and when it is probable that the economic benefits associated with the transaction will flow to the Council;

- expenses in relation to services received are recorded as expenditure when the services are received, rather than when payment is made;

- supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption their value is carried as inventories on the Balance Sheet;

- interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than on cash flows fixed or determined by the contract; and

- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and charged to revenue for the income that might not be collected.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

3. Cash and Cash Equivalents

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

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

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

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

4. Changes in Accounting policies, Estimates and Errors

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

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

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

5. Charges to Revenue for Property, Plant and Equipment

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

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

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

6. Intangible assets

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

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

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

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

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

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

7. Property, Plant and Equipment

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

<u>Recognition</u>

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

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

Measurement

Initially measured at cost, comprising of:

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

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

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

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

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

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

Assets included in the Balance Sheet at fair value are re-valued regularly to ensure their carrying amount is not materially different from the fair value at the year end, as a minimum every 5 years. The programme of revaluation for 2014/15 and planned each of the following four years is as follows:

- 2014/15 Any properties not previously re-valued / general re-appraisal;
- 2015/16 Halls/Public conveniences/libraries/outdoor centres/golf course/recycling centres/pavilions/ sports centres/swimming pools;
- 2016/17 Crematorium/ cemeteries/ operational offices/ depots/stores/car parks/non HRA residential properties; and
- 2017/18 All Council non-operational properties.
- 2018/19 Schools/school houses/ social work homes/adult training centres/ community education centres/early education centres;

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.

<u>Impairment</u>

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

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

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

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

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

Disposals

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

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

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

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

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

Depreciation

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

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

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

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

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

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

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

8. Assets Held for Sale

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

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

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

9. Heritage assets

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

9. Heritage assets (Cont'd)

The authority holds heritage assets of six main types:

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

9. Heritage assets (Cont'd)

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

Models of Ships

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

Works of Art

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

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

Silver and Commemorative Ware

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

Civic Regalia

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

Sewing Machine Collections

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

Listed Buildings and Scheduled Ancient Monuments

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

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

10. Construction Contract (Work in Progress)

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

11. Employee Benefits

Benefits payable during employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

Both schemes provide defined benefits to members earned as employees of the Council. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet, and the Education Service line in the Comprehensive Income and Expenditure Account.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

11. Employee Benefits (Cont'd)

Post Employment Benefits (Cont'd)

Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year.

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

- the liabilities of the pension fund attributable to the Council are included within the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based upon assumptions about mortality rates, employee turnover rates, projection of earnings for current employees, etc.;

- liabilities are discounted to their value at current prices using a discount rate of 4.3% (based upon the indicative return rate on long dated high quality corporate bonds); and

- the assets of the local government pension fund attributable to the Council are included in the Balance Sheet at bid value and are split into quoted prices in active markets and prices not quoted in active markets. They are now shown in the notes in more detail split by:-
  - equity securities;
  - debt securities;
  - private equity;
  - real estate;
  - investment funds; and
  - derivatives cash.

- the change in the net pensions liability is analysed into seven components:

  - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked;

  - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

  - Net interest expense – the expected increase in the present value of liabilities during the year as they move one year closer to being paid less the fair value of plan assets – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

  - Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

11. Employee Benefits (Cont'd)

Post Employment Benefits (Cont'd)

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve; and

- Contributions paid to the local government pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities is not accounted for as an expense.

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

Discretionary Benefits

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

12. Events after the reporting period

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements is adjusted to reflect this; and

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

13. Exceptional items

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

14. Financial liabilities

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

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

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

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

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

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

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

15. Financial Assets

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

15. Financial Assets (Cont'd)

Financial assets are classified into two types:

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

Loans and receivables

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

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

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

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

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

15. Financial Assets (Cont'd)

Instruments entered into since 1 April 2006

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

16. Government grants and contributions

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

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

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

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.

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

18. Leases (Cont'd)

Council as Lessee

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

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability; and

- a finance charge (debited to the Financing and Investment income and Expenditure line in Comprehensive Income and Expenditure Statement).

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

Operating Leases

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

Council as Lessor

Finance Leases

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

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

18. Leases (Cont'd)

Council as Lessor (Cont'd)

Finance Leases (Cont'd)

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 those services that benefit from the supply in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional democratic organisation; and

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early, and any depreciation and impairment losses chargeable on surplus assets in property, plant and equipment.

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

20. Public private partnership (PPP) and similar contracts (Cont'd)

Council at the end of the contract for no additional charge, the Council carries the asset on its Balance Sheet.

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

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

21. Provisions, contingent liabilities and contingent assets

Provisions

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

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

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

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

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

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

Contingent assets and liabilities

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existent 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.

22. 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.

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

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

24. VAT

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

Notes to the Financial Statements (Cont'd)

Note 1 - Accounting Policies (Cont'd)

25. Carbon Reduction Commitment Scheme

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

26. Interest in Companies and Other Entities

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

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

For 2014/2015, the accounting policy changes issued but not yet adopted that need to be reported are *annual improvements* to the IFRSs 2011- 2013 cycle, namely: IFRS1 (meaning of effective IFRSs); IFRS 3 (a number of standards namely IFRS 13 Fair Value Measurement.

Also, the standards introduced in the 2015/16 Code which may affect the Council policies are: IFRS13 (Fair value measurement). In line with the date by which the application of the standard is required (as adopted by the 2015/16 Code), the Council will adopt the standard on 1 April 2015. IFRS13 defines the concept of fair value in the valuation of property, plant and equipment and may result in minor changes to the valuation of certain assets in 2015/16.

There are revisions to other standards under the *annual improvements* to the IFRSs 2011-2013 cycle, none of which are not considered to result in change to the Council's current financial reporting namely, IFRS 3 (scope exceptions for joint ventures); IFRS 13 (scope of paragraph 52, portfolio exception); and IAS 40 (calcifying the inter-relationship of IFRS 3 business combination and IAS 40 investment property. IFRIC 21 (Levies) is also being introduced but not considered to result in change to the Council's current financial reporting.

Note 3 Prior Year Adjustment

There has been a prior year adjustment due to impairment on property, plant and equipment arising on asset components that were not written out at the time properties affected were last revalued.

The Surplus or Deficit on the Provision of Services and Other Comprehensive Income and Expenditure have both increased with a corresponding reduction to property, plant and equipment and unusable reserves.

The effects of the restatement on the financial statements are as follows (only those lines that have changed are shown):

Notes to the Financial Statements (Cont'd)

Note 3 Prior Year Adjustment (Cont'd)

	As previously stated £000	Prior year adjustment £000	Re-stated £000
Comprehensive Income and Expenditure Statement			
Central Services	4,146	15	4,161
Culture and Related Services	15,432	539	15,971
Educational Services	109,885	8,246	118,131
Environmental Services	11,915	647	12,562
Housing Revenue Account	(2,441)	20	(2,421)
Planning and Development Services	1,660	768	2,428
Roads and Transport Services	9,243	629	9,872
Social Work Services	68,121	1,599	69,720
Corporate and Democratic Core	3,217	9	3,226
Net Cost of Services	**226,066**	**12,472**	**238,538**
Surplus on Trading Undertakings not included in net cost of services	(2,594)	3	(2,591)
Finance/Investment Income and Expenditure	22,984	3	22,987
(Surplus)/Deficit on Provision of Services	**16,806**	**12,475**	**29,281**
Other Comprehensive Income and Expenditure	**63,586**	**3,280**	**66,866**
Movement in Reserves Statement			
General Fund			
(Surplus)/Deficit on Provision of Services	16,161	12,455	28,616
Total Comprehensive Income and Expenditure	16,161	12,455	28,616
Adjustments between accounting basis and funding basis under regulations	(11,380)	(12,455)	(23,835)
HRA			
(Surplus)/Deficit on Provision of Services	645	20	665
Total Comprehensive Income and Expenditure	645	20	665
Adjustments between accounting basis and funding basis under regulations	(117)	(20)	(137)
Total Usable Reserves			
(Surplus)/Deficit on Provision of Services	16,806	12,475	29,281
Total Comprehensive Income and Expenditure	16,806	12,475	29,281
Adjustments between accounting basis and funding basis under regulations	(11,402)	(12,475)	(23,877)
Unusable Reserves			
Other Comprehensive Income and Expenditure	63,586	3,280	66,866
Total Comprehensive Income and Expenditure	63,586	3,280	66,866
Adjustments between accounting basis and funding basis under regulations	11,402	12,475	23,877
Total Reserves			
Surplus/(deficit) on provision of service	16,806	12,475	29,281
Other Comprehensive Income and Expenditure	63,586	3,280	66,866
Balance Sheet			
Property, Plant and Equipment	759,912	(15,755)	744,157
Long Term Assets	761,253	(15,755)	745,498
Net Assets	692,423	(15,755)	676,668
Total Assets Less Liabilities	241,949	(15,755)	226,194
Unusable Reserves	223,318	(15,755)	207,563
Cashflow			
Net deficit on the provision of services	16,806	12,475	29,281
Adjustments to net surplus or deficit on the provision of services for non cash movements	(37,259)	(12,475)	(49,734)

Notes to the Financial Statements (Cont'd)

Note 4 – Critical Judgement in Applying Accounting Policies

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

Holiday Entitlement - Unused holiday entitlement earned at 31 March 2015 but not taken at that date has been quantified of the basis of a 40% sample of all non term time staff. The sample is proportionate to the number of staff within each grade. The calculation in respect of unused annual leave for term time employees is based upon entitlement earned at the year end and no estimation was required for these staff.

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

Notes to the Financial Statements (Cont'd)

Note 5 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the authority's balance sheet as at 31 March 2015, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Potential effect
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will incur in relation to those assets. The current economic climate makes it uncertain that the Council will be able to sustain its current level of spending on maintenance, bringing into doubt the useful lives assigned to assets.	If the useful lives of assets are reduced, depreciation will increase and the carrying amount of assets will fall. It is estimated that the annual depreciation charge for buildings would increase by £1.643m for every year that useful lives had to be reduced.
Provision – severance and early retiral	The Council has set aside a provision of £1.264m for future early retiral or voluntary severance costs, based upon an average historic settlement figure and estimated leavers. It is not certain that the estimate accounts for all possible voluntary leavers or that the estimated average historic cost will be applicable.	An increase over the forthcoming year of 10% in either the total number of voluntary leavers or the estimated average cost would have an effect of adding £0.127m to the provision needed.
Provision – equal pay	The Council has set aside a provision of £2.243m for the settlement of claims arising from the Equal Pay Initiative, based upon the number of claims received and an average settlement amount. It is not certain that all valid claims have been received by the Council or that precedents set elsewhere on settlement values will be applicable.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would have an effect of adding £0.224m to the provision needed.
Pension liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase by, changes to retirement ages, mortality rates and expected returns on pension assets held. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions applied.	The effect on the net liability can be measured. However, the assumptions interact in complex ways. During 2014/15 the appointed actuaries advised that the net liability had increased by £44.982m as a result of estimates being updated and an update to the assumptions.
Arrears and bad debts	As at 31 March 2015, the Council had a balance of various debtors (including council tax, sundry debtors, housing rents) of £35.248m with a sliding scale of bad debt provision written against this, depending on the age of the debt.	If collection rates were to deteriorate, the provision for bad debts would require to be reviewed to consider the appropriate level of provision. However, based upon prior experience, the bad debt provision is considered adequate.

Notes to the Financial Statements (Cont'd)

Note 6 - Material Items of Income and Expense

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

Item	Nature	£000
Unitary Charge Payment	Public Private Partnership agreement for the provision of 3 secondary schools and one primary school	11,150
Insurances	Insurance premiums for all policies	2,330
Landfill Tax	A tax paid on the disposal of waste. It is payable to Her Majesty's Revenue and Customs (HMRC)	1,960
Housing Benefit paid	Benefit paid to support customers on low incomes with housing rent costs	45,246
Housing Benefit received	Benefit received to support customers on low incomes with housing rent costs	(44,999)
Care Homes	Cost of providing care home services by external providers	7,468
NHS Resource Transfer	Income received from NHS to support care in the community.	(8,559)
Supplementation	Residential Accommodation for adults and children with disabilities	11,992
Supplementation – supporting people	Support to allow clients to stay in their own homes	4,885

Notes to the Financial Statements (Cont'd)

Note 7 – 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 28. It is identified under the headings Usable and Unusable Reserves. Further detail of the reserves identified under the classification of usable is given in note 33 on page 96 and unusable is given in note 34 on page 97.

2014/15	**General Fund Balance**	**HRA Balance**	**Capital Receipts Reserve**	**Capital Grants Unapplied Account**	**Capital Reserve**	**Other Reserves**	**Total Usable Reserves**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Usable Reserves							
Reversal of previous impairment loss re current years revaluation	(123)	0	0	0	0	0	**(123)**
Depreciation and impairment of non current assets	49,941	13,017	0	0	0	0	**62,958**
Disposal of Fixed Assets	0	0	1,235	0	0	0	**1,235**
Capital Grants and Contributions credited to the Comprehensive Income & Expenditure Statement (if applied credit to CAA, if unapplied credit to Cap Grants Unapplied Account)	(11,055)	(3,258)	0	0	0	0	**(14,313)**
Net gain or loss on sale of non-current assets	(217)	(122)	339	0	0	0	**0**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	5	6	0	0	0	0	**11**
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	12,008	290	0	0	0	0	**12,298**
Statutory Repayment of Debt (Loans Fund Advances)	(4,988)	(5,911)	0	0	0	0	**(10,899)**
Statutory Repayment of Debt (PFI)	(1,662)	0	0	0	0	0	**(1,662)**
Capital expenditure charged to the General Fund balance (CFCR)	(1,880)	(1,969)	0	0	0	0	**(3,849)**
Net transfer to and from earmarked reserves required by legislation (i.e.holiday pay accrual)	314	(22)	0	0	0	0	**292**
Capital grants unapplied transferred to Capital Adjustment Account	0	0	0	116	0	0	**116**
Capital receipts applied to fund Capital Expenditure (i.e. transferred to Capital Adjustment Account)	0	0	(1,574)	0	0	0	**(1,574)**
Total Adjustments	**42,343**	**2,031**	**0**	**116**	**0**	**0**	**44,490**

Notes to the Financial Statements (Cont'd)

Note 7 – Adjustments between funding accounting basis and funding basis under regulations (cont'd)

2014/15

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

Notes to the Financial Statements (Cont'd)

Note 7 – Adjustments between funding accounting basis and funding basis under regulations (cont'd)

2013/14 (re-stated)

	General Fund	HRA	Capital Receipts	Capital Grants Unapplied	Other	Capital	Total Usable
	£000	£000	£000	£000	£000	£000	£000
Usable Reserves							
Reversal of previous impairment loss re current years revaluation	(3,120)	0	0	0	0	0	**(3,120)**
Depreciation and impairment of non current assets	43,879	12,836	0	0	0	0	**56,715**
Disposal of Fixed Assets	0	0	1,377	0	0	0	**1,377**
Capital Grants and Contributions credited to the Comprehensive Income & Expenditure Statement (if applied credit to CAA, if unapplied credit to Cap Grants Unapplied Account)	(11,352)	(3,445)	0	0	0	0	**(14,797)**
Net gain or loss on sale of non-current assets	(167)	(66)	233	0	0	0	**0**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(12)	(15)	0	0	0	0	**(27)**
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	8,902	181	0	0	0	0	**9,083**
Statutory Repayment of Debt (Loans Fund Advances)	(10,100)	(6,359)	0	0	0	0	**(16,459)**
Statutory Repayment of Debt (PFI)	(1,689)	0	0	0	0	0	**(1,689)**
Capital expenditure charged to the General Fund balance (CFCR)	(1,883)	(2,985)	0	0	0	0	**(4,868)**
Net transfer to and from earmarked reserves required by legislation (i.e.holiday pay accrual)	(623)	(10)	0	0	0	0	**(633)**
Capital grants unapplied transferred to Capital Adjustment Account	0	0	0	(95)	0	0	**(95)**
Capital receipts applied to fund Capital Expenditure (i.e. transferred to Capital Adjustment Account)	0	0	(1,610)	0	0	0	**(1,610)**
Total Adjustments	**23,835**	**137**	**0**	**(95)**	**0**	**0**	**23,877**

Notes to the Financial Statements (Cont'd)

Note 7 – Adjustments between funding accounting basis and funding basis under regulations (cont'd)

2013/14 (Restated)

	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
Unusable Reserves						
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost	7,485	(7,485)	0	0	0	**0**
Reversal of previous impairment Loss re current year revaluations	3,120	0	0	0	0	**3,120**
Property, Plant and Equipment Revaluation Adjustments	0	0	0	0	0	**0**
Write out Revaluation Reserve of Disposals	25	(25)	0	0	0	**0**
Depreciation and impairment of non-current assets	(56,715)	0	0	0	0	**(56,715)**
Disposal of Fixed Assets	(1,377)	0	0	0	0	**(1,377)**
Capital Grants and Contributions credited to the Comprehensive Income & Expenditure Statement (if applied credit to CAA, if unapplied credit to Capital Grants Unapplied Account)	14,797	0	0	0	0	**14,797**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	0	0	0	0	27	**27**
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	0	0	(9,083)	0	0	**(9,083)**
Statutory Repayment of Debt (Loans Fund Advances)	16,459	0	0	0	0	**16,459**
Statutory Repayment of Debt (PFI)	1,689	0	0	0	0	**1,689**
Capital expenditure charged to the General Fund balance (CFCR)	4,868	0	0	0	0	**4,868**
Net transfer to and from earmarked reserves required by legislation (i.e. holiday pay accrual)	0	0	0	633	0	**633**
Capital grants unapplied transferred to the Capital Adjustment Account	95	0	0	0	0	**95**
Capital receipts applied to fund Capital Expenditure (i.e. transferred to Capital Adjustment Account)	1,610	0	0	0	0	**1,610**
Total Adjustments	**(7,944)**	**(7,510)**	**(9,083)**	**633**	**27**	**(23,877)**

Notes to the Financial Statements (Cont'd)

Note 8 – Events After the Balance Sheet Date

The draft Financial Statements were authorised for issue by the Head of Finance and Resources on 30 June 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing as at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 9 – Trading Operations

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

The Council has established two trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations. Details of those units are detailed below and these figures include an interest charge for the assets as noted within the accounting policies. It is the duty of a local authority to conduct each of its significant trading operations so that, taking every year with the two previous years, total revenue is not less than expenditure. The analysis for 2012/13 to 2014/15 is as follows:

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

	2012/13	**2013/14**	**2014/15**	**Cumulative**
	£000	**£000**	**£000**	**£000**
Turnover	17,780	18,160	17,923	53,863
Expenditure	16,199	16,829	17,387	50,415
Surplus	**1,581**	**1,331**	**536**	**3,448**

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

	2012/13	**2013/14**	**2014/15**	**Cumulative**
	£000	**£000**	**£000**	**£000**
Turnover	8,847	8,991	9,606	27,444
Expenditure	7,462	7,728	7,953	23,143
Surplus	**1,385**	**1,263**	**1,653**	**4,301**
Surplus as noted in Comprehensive Income and Expenditure Statement	**2,966**	**2,594**	**2,189**	**7,749**

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

Notes to the Financial Statements (Cont'd)

Note 9 – Trading Operations (Cont'd)

The Trading Operations require to budget for estimated ISA19 pension expenditure. In 2014/15 the actual ISA19 pension charge resulted in an increase to expenditure within the services, creating a reduced surplus. This adjustment does not bring cash into or take cash from the trading operation, but is a technical adjustment required for accounting regulations. Trading operations are incorporated into the Comprehensive Income and Expenditure Statement.

Note 10 – Related Parties

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

Central and Scottish Government

The Council received £189.191m (2013/14 £188.382m) of revenue government grants and £11.359m (2013/2014 £11.189m) of capital grants from the Scottish Government (with £0.130m due to the Council at the year end); £44.014m (2013/2014 £44.156m) from the Department of Works and Pensions (with £2.140m owed to the Council at the year end); and other grants of £1.889m (2013/2014 £1.781m) as shown in Note 12 Grant Income (with £0.262m due to the Council at the year end).

Strathclyde Pension Fund

The Council is an admitted body to the local government pension scheme and has made payments as shown in Note 15 Defined Benefit Pension Schemes. The balance owed to the pension fund at the year end was £2.154m.

Joint Boards

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

Voluntary Sector

The following voluntary organisations received over £0.050m in grant funding from West Dunbartonshire Council during 2014/2015:

	£000
West Dunbartonshire Citizens Advice Bureau	376
Independent Resource Centre	112
Y-Sort It Youth Information Project	170
The Environment Trust	238

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

Clydebank Property Company

During 2014/15, the Council purchased Clydebank Property Company for £0.273m and this is identified within the Council's Balance Sheet and the Company is included within the Council's Group Account balances.

Notes to the Financial Statements (Cont'd)

Note 10 – Related Parties (Cont'd)

Elected Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in the remuneration statement on pages 20 to 26. 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 2015, the Council has not had any material transactions for any body in which Members have an interest.

Senior Officers

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

Note 11 – Agency Services

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

2013/14 Net Payment/ (receipt) £000	Organisation	Description	2014/15 Receipts £000	2014/15 Payment £000	(Debtor)/ Creditor at 31.03.15 £000
12,426	Scottish Water	Water and sewerage charges collected by Council and paid over	0	13,363	347
(70,943)	Scottish Government	Non Domestic Rates	74,996	0	(2,037)

Notes to the Financial Statements (Cont'd)

Note 12 – 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 2014/15.

31 March 2014 £000		**31 March 2015 £000**
188,382	Revenue Support Grant/ Non-Domestic Rates	189,191
693	Strathclyde Passenger Transport	880
6,499	General Services Capital Grant	8,174
97	Cycle/Walk/Safer Streets grant	130
145	Sustrans	140
3,605	Scottish Futures Trust	850
2,265	Community Energy Saving Programme	0
0	Energy Works	504
0	Mortgage to rent	16
10	Save the Children	0
28	East Thomson Play Park	0
0	Rural Development	(40)
(1)	Forestry Commission	0
48	Electric Van	0
15	Bowling Basin	0
4	Clydebank Museum	0
191	Roofing Contribution	138
19	Heritage Lottery	115
7	Shopfront Improvements	2
127	Sports Scotland	55
988	New House Build	2,600
21	Information and Computer Technology Modernisation Fund	12
0	Electric Vehicle Charging Grant	17
0	Fine Art Conservation	105
0	Contribution Toward Footway Works, Garshake Road	50
0	Turnberry Homes	36
0	John Muir Trail	66
0	Overton Estate Restoration	123
0	Vale of Leven Workshops	286
0	Dumbarton Rock & Castle Design Charette	15
0	Clydebank Design Charette	15
0	Insurance Receipts	24
35	Other	0
203,178		**203,504**

Notes to the Financial Statements (Cont'd)

Note 12 – Grant Income (Cont'd)

The Council credited the following grants to Services within the Comprehensive Income and Expenditure Statement in 2014/15.

31 March 2014 £000		31 March 2015 £000
5	Food for thought	12
3	Food standards	3
25	Education Maintenance Allowance Admin	25
496	Education Maintenance Allowance	442
36	Flexible Resource Support Team	0
4	Private Water Supply	1
21	English for Speakers of Other Languages	10
22	Curriculum for excellence	2
35	School Milk	24
384	Private Sector Housing	423
205	Self directed support	199
172	WRAP Project	81
72	Violence against woman	69
130	Waste Grant Debtors	141
16	Gaelic	15
47	Literacy Project	0
8	Learning and Teaching	5
85	Whole Systems Approach	102
15	Getting It Right For Every Child	0
0	Opportunities for all	88
0	Autism – Education	10
0	Workforce CPD	15
0	Business Gateway	48
0	Youth Employment Grant	171
0	Vehicle Emission testing	3
1,781		**1,889**

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

March 2014 £000		31 March 2015 £000
60	Turnberry Homes	24
60	John Muir Trail	0
67	New House Build	0
0	Heritage Lottery Fund – Dalmuir Park	61
0	Heritage Lottery Fund – Levengrove Park	32
0	Vale of Leven Workshops	613
187		**730**

Note 13 – Operating Leases

Authority as Lessee

Finance Leases

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

Notes to the Financial Statements (Cont'd)

Note 13 – Operating Leases (Cont'd)

Operating Leases

The Authority 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 2014 £000		31 March 2015 £000
433	Not later than one year	535
1,646	Later than one year and not later than five years	2,433
4,048	Later than five years	4,850
6,127		**7,818**

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.487m (2013/14 - £0.509m).

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

31 March 2014 £000		31 March 2015 £000
60	Not later than one year	60
239	Later than one year and not later than five years	234
54	Later than five years	0
353		**294**

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.060m (2013/14 - £0.061m).

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

31 March 2014 £000		31 March 2015 £000
277	Not later than one year	277
487	Later than one year and not later than five years	432
462	Later than five years	406
1,226		**1,115**

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.187m (2013/14 - £0.207m).

Authority as Lessor

Finance Leases

The Authority has not entered into any finance leases.

Notes to the Financial Statements (Cont'd)

Operating Leases

The Authority 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 2014 £000		31 March 2015 £000
3,482	Not later than one year	3,425
9,694	Later than one year and not later than five years	9,747
142,108	Later than five years	145,738
155,284		**158,910**

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 2014/15 £2.839m contingent rents were receivable by the Authority (2013/14 £2.910m).

Note 14 – Termination Benefits

The Council terminated the contracts of a number of employees in 2014/15, incurring liabilities of £0.222m (£0.404m in 2013/14). These terminations were made as part of the redesign of services within the Council under voluntary severance and early retirement. There will be ongoing annual costs incurred by the Council for those staff leaving under early retirement due to ongoing pension costs

Note 15 – Defined Benefit Pension Schemes

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

The authority participates in the following pension schemes:

The Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The employer's contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2014/15 was 19.3%, and 2015/l6 is set at 19.3%. In 2014/15, the Council paid an employer's contribution of £15.368m (2013/14 £14.414m).

Notes to the Financial Statements (Cont'd)

Note 15 – Defined Benefit Pension Schemes (Cont'd)

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

The employer pays a set contribution rate of 14.9%, and this is charged directly to the revenue account for the Education service. There will be an increase in this rate for 2015/16 to 17.2% effective from 1 September 2015. The amount paid over in respect of employer's contribution was £5.461m (2013/14 £5.298m) in respect of expenditure for teachers added years, £0.001m payments were made (2013/14 £0.001m).

The scheme is unfunded and all contributions (payable by members or employers) are paid to the Scottish Government, and the Scottish Government then meets the costs of all the benefits. A specific amount is held by the Scottish Government for this purpose. As a proportion of the total contributions into the Scottish Teachers Superannuation Scheme 2014/15, the Council's own contribution equates to 1.58%.

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 Authority. In 2014/15 the capitalised costs that would have arisen from the early retiral of West Dunbartonshire Council employees and from predecessor authorities were as follows:

	£000
2014/2015	5,124
In earlier years	54,648
Total	**59,772**

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

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

Notes to the Financial Statements (Cont'd)

Note 15 – Defined Benefit Pension Schemes (Cont'd)

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

2013/14 £000		2014/15 £000
	Net cost of services	
18,933	Current service cost	22,295
730	Past service cost	788
0	Curtailments and settlements	0
19,663		**23,083**
	Financing and investment Income and Expenditure	
6,656	Net interest expense	7,480
26,319	**Total post employment benefit charged to the Surplus or Deficit on the provision of Services**	**30,563**
(10,959)	Expected return on assets	(37,350)
0	Actuarial gains and losses arising from changes in demographic assumptions	19,906
26,828	Actuarial gains and losses arising from changes in financial assumptions	79,420
41	Actuarial gains and losses arising from experience assumptions	(29,290)
42,229	**Total post employment benefit charged to the comprehensive income and expenditure statement**	**63,249**
	Movement in Reserves Statement	
(26,319)	Reversal of net charges made to surplus of deficit for post employment benefits	(30,563)
	Actual amount charged against the General Fund balance in the year	
17,236	Employer contributions payable to Scheme	18,267

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

2013/14 £000		2014/15 £000
525,015	Fair value of plan assets	587,759
(642,064)	Present value of defined benefit obligations	(744,666)
(117,049)	**Net assets in the Strathclyde Pension Fund**	**(156,907)**
	<u>Present Value of Unfunded Liabilities</u>	
(22,981)	LGPS Unfunded	(25,606)
(22,395)	Teachers' pensions	(24,752)
(9,272)	Pre Local Government Reorganisation	(9,414)
(171,697)	**Net pension asset/(liability)**	**(216,679)**

Notes to the Financial Statements (Cont'd)

Note 15 – Defined Benefit Pension Schemes (Cont'd)

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £216.679m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in an overall balance of £139.369m. However, the statutory arrangements for funding the deficit, means the financial position of the Council remains healthy.

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

The scheme assets have increased by £62.744m. This is due to asset returns being more favourable than anticipated.

The estimated liabilities have increased by £107.726m due to financial assumptions as at 31 March 2015 being less favourable than they were at 31 March 2014, mainly due to the discount rate falling to 3.2% (2013/14 4.3%).

1) Pension Assets and Liabilities

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, contracted by Glasgow City Council to provide all ISA19 calculations on behalf of the Councils within the Strathclyde Pension Fund. The funded obligation is noted below:

	%	Years
Active Members	57.9	23.3
Deferred Members	8.1	23.0
Pensioner Members	25.6	12.7
Pre-Local Government Re-organisation Members	8.4	10.0
	100	**18.5**

2) Pension Assets and Liabilities

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

2013/14 £000		2014/15 £000
635,457	Opening balance	696,712
18,933	Current service cost	22,295
28,722	Interest cost	30,099
4,477	Contributions by Members	4,747
0	Actuarial gains/losses – change in demographic assumptions	19,906
26,828	Actuarial gains/losses – change in financial assumptions	79,420
41	Actuarial gains/losses – other experience	(29,290)
730	Past service costs/(gains)	788
0	Effect of Settlement	0
(2,822)	Estimated unfunded benefits paid	(2,899)
(15,654)	Estimated benefits paid	(17,340)
696,712	**Closing Balance as at 31 March**	**804,438**

Notes to the Financial Statements (Cont'd)

Note 15 – Defined Benefit Pension Schemes (Cont'd)

2) Pension Assets and Liabilities (Cont'd)

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

2013/14 £000		2014/15 £000
488,753	Opening balance	525,015
10,959	Expected return on assets	37,350
22,066	Interest Income	22,619
4,477	Contributions by Members	4,747
14,414	Contributions by employer	15,368
2,822	Contributions in respect of unfunded benefits	2,899
0	Effect of Settlement	0
(2,822)	Estimated unfunded benefits paid	(2,899)
(15,654)	Estimated benefit paid	(17,340)
525,015	**Closing Balance as at 31 March**	**587,759**

WDC Share of the pension funds asset at 31 March 2015 comprised :

2013/14 Quoted prices in Active Markets £000	2013/14 Prices not quoted in Active Market £000	2013/14 Total £000	Asset Category	2014/15 Quoted prices in Active Markets £000	2014/15 Prices not quoted in Active Market £000	2014/15 Total £000
191,417	404	191,821	Equity Securities	215,470	444	215,914
0	4	4	Debt Securities	0	3	3
0	49,516	49,516	Private Equity	0	57,193	57,193
0	36,779	36,779	Real Estate	0	53,699	53,699
12,995	208,679	221,674	Investment funds and unit trusts	6,405	239,924	246,329
112	0	112	Derivatives	180	0	180
0	25,109	25,109	Cash and Cash Equivalent	0	14,441	14,441
204,524	**320,491**	**525,015**	**Totals**	**222,055**	**365,704**	**587,759**

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 will need to take account of impending national changes to the Local Government Pension Scheme in Scotland such as the move from 1 April 2015 to a 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 73.06% (2013/14 75.36%) of accrued liabilities at that date.

Notes to the Financial Statements (Cont'd)

Note 15 – Defined Benefit Pension Schemes (Cont'd)

2) Pension Assets and Liabilities (Cont'd)

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

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

31/03/14		**31/03/2015**
	Long term expected return on assets	
2.8%	Pension increase rate	2.4%
5.1%	Salary Increase rate	4.3%
4.3%	Discount rate	3.2%
	Mortality Based on these assumptions, the average future life expectancies at the age of 65 are:	
21.0 years	Current pensioners –Men	22.1
23.4 years	Current pensioners -Women	23.6
23.3	Future pensioners –Men	24.8
25.3	Future pensioners -Women	26.2
50%	Take up option to convert annual pension into Retirement lump sum	50%

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

The local government pension scheme's assets consist of the following categories. As at 31 March 2015 assets are now held at bid value and the historic figures are at mid-market value:

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

Notes to the Financial Statements (Cont'd)

Note 15 – Defined Benefit Pension Schemes (Cont'd)

2) Pension Assets and Liabilities (Cont'd)

Sensitivity Analysis

In order to quantify the impact of a change in the financial assumptions used, the actuaries have calculated and compared the value of the scheme liabilities as at 31 March 2015 on varying bases. The approach taken is consistent with that adopted to derive at the IAS19 figures provided. To quantify the uncertainty around life expectancy, the actuaries have calculated the difference in cost to the employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

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

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

	Approximate % increase to Employer Liability	Approximate monetary Amount £000
Member life expectancy (1 year increase)	3%	23,851
Rate for discounting fund liabilities (0.5% decrease)	11%	91,449
Rate of pension increase (0.5% increase)	7%	59,309
Rate of increase in salaries (0.5% increase)	5%	39,429

The total contribution expected to be made to the Local Government pension scheme for 2015/16 is £14.603m.

Note 16 – External Audit Costs

In 2014/15 the Council incurred the following fees relating to external audit in respect of external audit services undertaken in accordance with the Code of Audit Practice:

2013/14 £		2014/15 £
274,281	**Fees payable 2014/15**	**277,024**

Note 17 – Amounts Reported for Resource Allocation Decisions

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

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

Notes to the Financial Statements (Cont'd)

Note 17 – Amounts Reported for Resource Allocation Decisions (Cont'd)

- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions) rather than current service cost of benefits accrued in the year; and

- expenditure on some support services is budgeted for centrally and not charged to directorates.

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

Notes to the Financial Statements (Cont'd)

Note 17 – Amounts Reported for Resource Allocation Decisions (Cont'd)

Directorate Income and Expenditure 2014/15

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

Notes to the Financial Statements (Cont'd)

Note 17 – Amounts Reported for Resource Allocation Decisions (Cont'd)

Directorate Income and Expenditure 2013/14 (Re-stated)

	Corporate Services £000	Educational Services £000	Social Work £000	Housing, Environment & Economic Development £000	Housing Revenue Account £000	Joint Boards £000	Miscellaneous £000	Total £000
Fees, charges & other service income	62,278	3,661	14,852	42,201	37,246	0	1,056	**161,294**
Government Grants	27	672	378	686	0	0	0	**1,763**
Total Income	**62,305**	**4,333**	**15,230**	**42,887**	**37,246**	**0**	**1,056**	**163,057**
Employee expenses	15,734	59,909	33,605	21,265	4,564	0	1,971	**137,048**
Property	222	12,778	1,753	6,042	13,595	0	105	**34,495**
Transport	169	2,068	1,834	3,989	94	0	91	**8,245**
Supplies and Administration	1,964	7,784	1,693	13,927	1,742	0	762	**27,872**
Payments to other bodies	2,012	8,115	33,595	17,517	130	0	2,438	**63,807**
Payments to clients	43,630	969	1,035	0	0	0	0	**45,634**
Requisitions	0	0	0	1,867	0	718	0	**2,585**
Support service recharges	2,332	3,017	2,401	3,529	1,864	0	2,485	**15,628**
Total Expenditure	**66,063**	**94,640**	**75,916**	**68,136**	**21,989**	**718**	**7,852**	**335,314**
Net Expenditure	**3,758**	**90,307**	**60,686**	**25,249**	**(15,257)**	**718**	**6,796**	**172,257**

Notes to the Financial Statements (Cont'd)

Note 17 – Amounts Reported for Resource Allocation Decisions (Cont'd)

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

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

Re-stated 2013/14 £000		2014/15 £000
172,257	Net Expenditure in the service analysis	178,325
(2,591)	Net expenditure of services and support services not in analysis	(2,189)
66,281	Amounts in the comprehensive income and expenditure statement not reported in the analysis	75,360
235,947		**251,496**

Notes to the Financial Statements (Cont'd)

Note 17 – Amounts Reported for Resource Allocation Decisions (Cont'd)

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

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

Notes to the Financial Statements (Cont'd)

Note 17 – Amounts Reported for Resource Allocation Decisions (Cont'd)

	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not Reported to Management for Decision Making £000	Cost of Services £000	Corporate Amounts £000	Total £000
Reconciliation to Subjective Analysis 2013/14 (Re-stated)						
Fees, charges & other service income	161,294	27,131	0	**188,425**	0	**188,425**
Interest and Investment Income	0	0	0	**0**	195	**195**
Income from council tax	0	0	0	**0**	28,832	**28,832**
Government Grants	1,763	0	0	**1,763**	203,179	**204,942**
Total Income	**163,057**	**27,131**	**0**	**190,188**	**232,206**	**422,394**
Employee expenses	137,048	14,819	12,790	**164,657**	6,656	**171,313**
Property	34,495	577	0	**35,072**	0	**35,072**
Transport	8,245	1,666	0	**9,911**	0	**9,911**
Supplies and Administration	27,872	5,746	0	**33,618**	0	**33,618**
Payment to other bodies	63,807	635	0	**64,442**	0	**64,442**
Payment to Clients	45,634	0	0	**45,634**	0	**45,634**
Support service recharges	15,628	967	0	**16,595**	0	**16,595**
Depreciation, amortisation and impairment	0	130	53,491	**53,621**	0	**53,621**
Interest Payments	0	0	0	**0**	19,117	**19,117**
Requisitions	2,585	0	0	**2,585**	0	**2,585**
Gain or Loss on Disposal of Fixed Assets	0	0	0	**0**	(233)	**(233)**
Total Expenditure	**335,314**	**24,540**	**66,281**	**426,135**	**25,540**	**451,675**
Surplus or Deficit on the Provision of Services	**172,257**	**(2,591)**	**66,281**	**235,947**	**(206,666)**	**29,281**

Notes to the Financial Statements (Cont'd)

Note 18 – Property, Plant and Equipment

1) Movements in 2014/15

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

Notes to the Financial Statements (Cont'd)

Note 18 – Property, Plant and Equipment (Cont'd)

2) Movements in 2013/14 (Re-stated)

	Council dwellings £000	Other Land & buildings £000	Industrial Units £000	Vehicles & Plant £000	Infrastructure £000	Community £000	Surplus Assets £000	Assets Under Construction £000	Property Plant & Equipment £000
Cost/Valuation at 1 April 2013	**433,438**	**364,591**	**48,199**	**34,849**	**70,606**	**65**	**12,293**	**10,155**	**974,196**
Additions	31,238	14,754	166	4,805	6,929	0	0	2,465	**60,357**
Revaluations:									
- To Revaluation Reserve	4,532	(30,474)	(349)	0	0	0	(547)	78	**(26,760)**
- To Net cost of Service	0	(11,619)	(338)	0	0	0	(55)	0	**(12,012)**
Disposals	(1,172)	(74)	(31)	0	0	0	(54)	(45)	**(1,376)**
Assets reclassified to/from Held for Sale	0	0	0	0	0	0	970	0	**970**
Other Movements	264	7,132	327	0	(287)	0	(665)	(6,771)	**0**
As at 31 March 2014	**468,300**	**344,310**	**47,974**	**39,654**	**77,248**	**65**	**11,942**	**5,882**	**995,375**
Depreciation/Impairment at 1 April 2013	**(51,902)**	**(81,112)**	**(2,115)**	**(25,400)**	**(22,872)**	**0**	**(1,151)**	**(49)**	**(184,601)**
Depreciation charge	(12,745)	(9,975)	(399)	(2,496)	(3,481)	0	(3)	0	**(29,099)**
Depreciation:									
- To Revaluation Reserve	0	19,288	17	0	0	0	3	0	**19,308**
Impairments:									
- To Revaluation Reserve	(47,519)	4,334	(22)	0	0	0	(1)	0	**(43,208)**
- To Net Cost of Service	0	(13,541)	0	0	0	0	(77)	0	**(13,618)**
Disposals	0	0	0	0	0	0	0	0	**0**
As At 31 March 2014	**(112,166)**	**(81,006)**	**(2,519)**	**(27,896)**	**(26,353)**	**0**	**(1,229)**	**(49)**	**(251,218)**
Net Book Value at 31 March 2013	**381,536**	**283,479**	**46,084**	**9,449**	**47,734**	**65**	**11,142**	**10,106**	**789,595**
Net Book Value at 31 March 2014	**356,134**	**263,304**	**45,455**	**11,758**	**50,895**	**65**	**10,713**	**5,833**	**744,157**

Notes to the Financial Statements (Cont'd)

Note 18 – Property, Plant and Equipment (Cont'd)

3) Capital Commitments

As at 31 March 2015, the Council has commitments on capital contracts for the construction or enhancement of property, plant and equipment for non housing and housing projects in 2014/15 budgeted to cost £97.471m (2013/14 £88.311m) and £7.492m (2013/14 £18.771m) respectively. The main commitments are:

General Services	**£000**
Knowleburn Flood Prevention Scheme	250
Our Lady and St. Patrick's High School - new build	24,950
Bellsmyre co-location project	10,383
Kilpatrick High School – new build	10,100
New Clydebank Leisure Centre	22,500
ICT Modernisation and Infrastructure	1,443
Local Economic Development	1,887
East End Park 3G Pitch	302
Clydebank Crematorium upgrade	1,400
Dumbarton Cemetery	298
Vale of Leven Industrial Estate Workshops	624
Vehicle Replacement	148
Replacement of Elderly Care Homes and Day Care Centres	22,099
School Sports Facilities Upgrades	232
HRA	
Various Overcladding	500
New Council House Build Programme	1,901
High Rise Upgrades	2,775
Multi Storey Flats – Fire Door Upgrades	1,800

4) Revaluations

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

Notes to the Financial Statements (Cont'd)

Note 18 – Property, Plant and Equipment (Cont'd)

5) PPP Assets Included in Property, Plant and Equipment

Re-stated 2013/14 £000		2014/15 £000
	Cost or Valuation	
96,993	At 1 April 2014	87,563
	Revaluations	
(9,430)	To Revaluation Reserve	0
0	Additions	0
87,563	**At 31 March 2015**	**87,563**
	Accumulated Depreciation and Impairment	
(12,623)	At 1 April 2014	(4,501)
(3,591)	Depreciation Charge	(3,591)
	Depreciation written out	
7,240	To revaluation reserve	0
4,473	Impairment losses/(reversals) recognised	0
(4,501)	**At 31 March 2015**	**(8,092)**
84,370	**Opening Net Book value**	**83,062**
83,062	**Closing Net Book value**	**79,471**

Note 19 – Intangible Assets

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

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.007m charged to revenue in 2014/15 was charged to both Educational Services and Information Services. The charge to Information Services and then absorbed as an overhead across all the service headings in the Net Cost of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

2013/14 £000		2014/15 £000
	Balance at 1 April 2014:	
346	Gross carrying amount	346
(272)	Accumulated amortisation	(286)
74	**Net carrying amount at start of year**	**60**
	Additions:	
(14)	Amortisation for period	(7)
60	**Net carrying amount at 31 March 2015**	**53**
	Comprising:	
346	Gross Carrying amounts	346
(286)	Accumulated amortisation	(293)
60		**53**

Notes to the Financial Statements (Cont'd)

Note 20 – Assets Held for Sale

2013/14 £000		2014/15 £000
2,200	**Balance at 1 April 2014**	**1,285**
	Assets newly classified as held for sale*	
14	Property, Plant and Equipment	2,183
(14)	Revaluation Losses	(937)
55	Revaluation Gains	40
	Assets declassified as held for sale*	
(970)	Property, Plant and Equipment	(30)
1,285	**As at 31 March 2015**	**2,541**

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

Note 21 - Heritage Assets

2013/14 £000		2014/15 £000
1,180	**Balance at 1 April 2014**	**1,180**
0	Additions	160
0	Disposals	0
0	Assets Newly Classified as Heritage Assets	30
1,180	**Balance at 31 March 2015**	**1,370**

Note 22 – 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 authority that has yet to be financed. The CFR is analysed in the second part of this note.

31 March 2014 £000		31 March 2015 £000
325,371	**Opening Capital Financing Requirement**	**346,168**
	Capital Investment	
60,371	Property, Plant and Equipment	63,842
60,371		**63,842**
	Less Sources of Finance	
1,666	Receipts from sale of assets	1,574
14,891	Government Grants and other Contributions	14,195
4,868	Revenue Contributions	3,849
18,149	Loan Fund Principal Repayments	12,586
39,574		**32,204**
346,168	**Closing Capital Financing Requirement**	**377,806**
0	Increase in Underlying Need to Borrow (Supported)	0
20,797	Increase in Underlying Need to Borrow (Unsupported)	31,638
20,797	**Movement in Capital Financing Requirement**	**31,638**

Notes to the Financial Statements (Cont'd)

Note 23 – Impairment Losses

During 2014/15, the Council has recognised impairment losses of £32.399m (2013/14 £27.587m) relating to non value adding enhancement of various assets. These impairment losses have been charged as appropriate within the Comprehensive Income and Expenditure Statement and the Revaluation Reserve.

Note 24 – Private Finance Initiatives and Similar Contracts

Schools PPP Scheme

2014/15 was the sixth year of a thirty year public private partnership for provision of three secondary schools and one primary school in Clydebank and Alexandria.

The Council has rights to use the schools for core educational purposes between the hours of 7am and 6pm during term time and 8.30am and 4pm during holiday periods. In addition school facilities are available on request for Community/Other Educational Use at specified times outwith the above.

The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards.

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

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 18.

Notes to the Financial Statements (Cont'd)

Note 24 – Private Finance Initiatives and Similar Contracts (Cont'd)

Payments

The Council makes an agreed payment each year (which is increased each year by inflation) with deductions from the fee payable being made if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PPP contract at 31 March 2015 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Repayment of Liability £000	Interest Charges £000	Operating Costs £000	Lifecycle Replacement £000	Total Unitary Payment £000
Less than 1 year	1,498	6,526	2,249	335	**10,608**
2-5 years	6,635	24,919	9,613	2,605	**43,772**
6-10 years	11,934	27,766	13,422	4,741	**57,863**
11-15 years	16,954	22,359	15,185	7,076	**61,574**
16-20 years	23,185	15,510	17,181	9,643	**65,519**
21-25 years	27,885	5,143	16,579	9,370	**58,977**
26-30 years	0	0	0	0	**0**
PPP Contractual Liability as at 31.03.15	**88,091**	**102,223**	**74,229**	**33,770**	**298,313**

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:

2013/14 £000		2014/15 £000
91,442	Opening Balance	89,753
(1,689)	Repayments	(1,662)
89,753	**Closing Balance**	**88,091**

Note 25 – Inventories

Consumable Stores 2013/14 £000	WIP 2013/14 £000	Total 2013/14 £000		Consumable Stores 2014/15 £000	WIP 2014/15 £000	Total 2014/15 £000
805	**306**	**1,111**	**Balance outstanding at 01/04/14**	**990**	**355**	**1,345**
162	49	**211**	Purchases	124	0	**124**
23	0	**23**	Recognised as an expense in the year	(290)	(242)	**(532)**
0	0	**0**	Written off balances	0	0	**0**
990	**355**	**1,345**	**Balance outstanding at 31/03/15**	**824**	**113**	**937**

Notes to the Financial Statements (Cont'd)

Note 26 – Debtors

2013/14 £000	2013/14 £000		2014/15 £000	2014/15 £000
		Central government bodies		
457		Grant Income	257	
3,935		VAT Recoverable	2,132	
1,477	5,869	Other Debtors	2,942	5,331
	546	Other local authorities		448
	1,194	NHS Bodies		956
	579	Public Corporations and trading funds		103
		Other Entities and individuals		
11,296		Arrears of local taxation	12,103	
14,568	25,864	Other Debtors	16,307	28,410
	34,052			**35,248**

Note 27 – Net Cash Outflows from Operating, Financing and Investing Activities

Re-stated 2013/14 £000		2014/15 £000
29,281	**Net deficit on the Provision of Services**	**44,062**
	Adjustments to net deficit on the provision of services for non-cash movements	
(53,595)	Depreciation, amortisation and impairment	(62,835)
233	Net gain on fixed assets	339
(9,083)	Movement in pension liabilities	(12,586)
234	Movement in inventories	(408)
3,751	Movement in debtors	1,442
1,295	Movement in creditors and provisions	(5,270)
7,431	Other non-cash movements	8,464
(49,734)		**(70,854)**
	Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities	
149	Financing movements	170
14,797	Investing movements	14,313
14,946		**14,483**
(5,507)	Net cash flow from Operating Activities	**(12,309)**
50,618	Purchase of property, plant and equipment, intangible assets and investments	52,232
(1,666)	Proceeds from sale of property, plant and equipment and intangible assets	(1,574)
(13,538)	Other receipts from investing activities	(13,666)
35,414	**Net cash outflows from investing activities**	**36,992**
(73,900)	Cash receipts of short-term and long-term borrowing	(103,099)
1,689	Repayment of PPP liabilities	1,662
38,583	Repayment of short-term and long-term borrowing	70,123
(33,628)	**Net cash inflows from financing activities**	**(31,314)**

Notes to the Financial Statements (Cont'd)

Note 28 – Net Cash and Cash Equivalents

Cash and Cash Equivalents	31 March 2014 £000	Movement £000	31 March 2015 £000
Bank Current Account	(1,909)	(2,332)	(4,241)
Short term deposits with UK banks	3,613	8,963	12,576
Total Cash and Cash equivalents	**1,704**	**6,631**	**8,335**

Note 29 – 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 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Debtors and cash equivalents				
Loans and receivables	101	77	24,460	37,334
Borrowing				
Financial liabilities at amortised cost	190,125	228,086	69,183	71,983
Other long term liabilities				
PPP and finance leases	88,465	86,594	1,288	1,497
Creditors				
Financial liabilities at contract amount	0	0	34,079	35,531

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 2014/15:

- 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 2014/15;
- breaches of long term loan agreements resulting in the liability being classed as current; or
- offsetting of financial assets and liabilities where a legally enforceable right exists and intent to settle is on net basis.

Notes to the Financial Statements (Cont'd)

Note 29 – Financial Instruments (Cont'd)

1) Types of Financial Instrument

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

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

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

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) and are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instrument, using the following assumptions:

- the 2015 fair value of PWLB loans are calculated by reference to the 'premature repayment' set of rates in force on 31 March 2015, the 2014 figure by reference to the set of interest rates in force on 31 March 2014. The fair value market loans are calculated using estimated interest rates of 3.07%, which is the average discount rate applied to market loans for calculation of premature repayment. The fair value Local Authority loans are calculated using estimated interest rates of 1.44% which is the average discount rate applied to Local Authority loans for calculation of premature repayment;
- no early repayment or impairment is recognised;
- where an instrument will mature in the next twelve months, carrying amount is assumed to approximate to fair value;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount; and
- no guarantees are included in the fair value calculation.

31 March 2014			31 March 2015	
Carrying Amount £000	**Fair Value £000**		**Carrying Amount £000**	**Fair Value £000**
		Debtors and cash equivalents		
24,561	24,561	Loans and Receivables	31,105	31,105

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

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.

Notes to the Financial Statements (Cont'd)

Note 29 – Financial Instruments (Cont'd)

31 March 2014 Carrying Amount £000	31 March 2014 Fair Value £000		31 March 2015 Carrying Amount £000	31 March 2015 Fair Value £000
		Borrowing		
259,308	290,406	Financial liabilities	300,069	376,133
		Other Long Term Liabilities		
89,753	107,381	PPP and Finance Lease Liabilities	88,091	121,222
		Creditors		
34,079	34,079	Financial liabilities at contract amount	35,531	35,531

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

The increase in the fair value as at 31 March 2015 compared to 2014 is due to interest rates currently at historically low levels compared to prior year.

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 March 2014			31 March 2015		
	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)	235	0	235	137	0	137
Interest payable and similar charges						
Interest/expense*	0	(19,116)	(19,116)	0	(19,496)	(19,496)
Loss on de-recognition	0	(11)	(11)	0	(6)	(6)
Net (Gain)/loss in year	**0**	**(19,127)**	**(19,127)**	**0**	**(19,502)**	**(19,502)**

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

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

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

Notes to the Financial Statements (Cont'd)

Note 29 – Financial Instruments (Cont'd)

4) Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government (Scotland) Act 2003 and the associated regulations. During 2014/15 these required the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and the Local Government Investments (Scotland) Regulations 2010. Overall these procedures require the Council to manage risk in the following ways:

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

(iv) by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment

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

The 2014/15 annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 6 February 2014 and is available on the Council website. The key issues within the strategy were:

- the authorised limit for 2014/15 was set at £448.708m. This is the maximum limit of external borrowing;
- the operational boundary was expected to be £411.316m This is the expected level of debt during the year;
- the maximum amounts of fixed and variable interest rate exposure were set at 100% and 50% based on the Council's net debt; and
- the maximum exposures to the maturity structure of debt is detailed with refinancing and maturity risk.

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

Notes to the Financial Statements (Cont'd)

Note 29 – Financial Instruments (Cont'd)

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

Credit Risk

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

The Council's maximum exposure to credit risk in relation to investments in banks and building societies of £4.66m 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 2015 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 31.03.15 £000	Historical experience of non-payment adjusted for market conditions at 31.03.15 %	Estimated maximum exposure to default and uncollectibility £000
Customers and other income	25,516	12.70	2,746

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.

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The Council does not generally allow credit for customers, such that £9.885m is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months	2,918
Three to six months	232
Six months to one year	1,068
More than one year	5,667
	9,885

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

Notes to the Financial Statements (Cont'd)

Note 29 – Financial Instruments (Cont'd)

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

Credit Risk (Cont'd)

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

Liquidity risk

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

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

Refinancing and Maturity Risk

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

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

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

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

Notes to the Financial Statements (Cont'd)

Note 29 – Financial Instruments (Cont'd)

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

Refinancing and Maturity Risk (Cont'd)

The maturity analysis of financial liabilities is as follows:

	Creditors £000	PPP £000	Borrowing £000	Total £000
Less than one year	35,531	1,497	65,678	102,706
Between one and two years	0	1,687	12,644	14,331
Between two and five years	0	5,016	58,929	63,945
More than five years	0	79,891	156,513	236,404
	35,531	**88,091**	**293,764**	**417,386**

Market risk

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

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

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

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

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

	£000	%
Fixed Interest Debt	293,764	97.9
Variable Interest Debt	6,305	2.1
	300,069	

Notes to the Financial Statements (Cont'd)

Note 29 – Financial Instruments (Cont'd)

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

Market risk (Cont'd)

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2015, with all other variables held constant:

	£000
Impact on tax payers and rent payers	
Municipal Bank	1
Increase on interest payable on variable debt borrowings	1
Increase in interest receivable on variable rate investments	(100)
Increase in government grant receivable for 'loan charges'	(53)
Impact on Income and Expenditure Account	(151)
Share of overall impact due credited to the HRA	(87)
Other accounting presentational changes	
Decrease in fair value of fixed rate investments:	0
Decrease in fair value of fixed rate debt borrowings (disclosure confined to notes to the core financial statements	(53,576)

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 30 – Creditors

2013/14 £000		2014/15 £000
5,067	Central government bodies	4,060
5,174	Other local authorities	4,274
1,012	NHS Bodies	587
6	Public Corporations and trading funds	56
22,820	Other Entities and individuals	29,291
34,079		**38,268**

Note 31 – Provisions

	Equal Pay £000	Trawl £000	CRC £000	Total £000
Opening Provision	2,336	150	180	**2,666**
Contributions	0	1,264	0	**1,264**
Used in year	(93)	(150)	(174)	**(417)**
Released	0	0	(6)	**(6)**
Closing Position	**2,243**	**1,264**	**0**	**3,507**

Notes to the Financial Statements (Cont'd)

Note 31 – Provisions (Cont'd)

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

Early Severance – This provision is held for those staff accepting a severance or early retiral package with a view to leaving in 2015/16.

Carbon Reduction Commitment Allowances – This provision was held for payment for allowances in relation to carbon dioxide emissions in the year 2013/14. The purchase of allowances for 2014/15 was made in year and therefore no provision is required as at 31 March 2015.

Note 32 – Reserves and Earmarked Balances

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

(1) The General Fund balance stands at £9.623m on 31 March 2015, of which £3.892m is earmarked for ringfenced purposes, leaving an unearmarked balance of £5.731m.

The main earmarked income held for future specific purposes:

	£000
Welfare Reform	119
Business Gateway	290
Youth Employment	102
Private Sector Housing Grants	300
Budget Setting 2015/16 - 2017/18	518
Transformations monies	210
Community Loans Fund	101
Modernisation Fund	390
Jobs Growth	1,254
Other Committed Spend	608
	3,892

(2) The HRA balance is currently £4.570m as at 31 March 2015, of which £3.749m is earmarked for ring fenced purposes, leaving an unearmarked balance of £0.821m.

The earmarked balance held for future specific purposes is:-

	£000
Regeneration of the stock	2,993
Insurance Indemnity	346
Close Upgrades	410
	3,749

Notes to the Financial Statements (Cont'd)

Note 33 – Usable Reserves

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

31 March 2014 £000		31 March 2015 £000
10,113	General Services	9,623
3,647	Housing Revenue Account	4,570
0	Capital Receipts Reserve	0
305	Capital Grants Unapplied	421
4,198	Capital Reserve	4,012
368	Other Reserves	433
18,631	**Total Usable Reserves**	**19,059**

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

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

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

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

Capital Items Replacement Fund (Other)
This reserve holds funds which are retained and used for the renewal or repair of school non-current assets.

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

Notes to the Financial Statements (Cont'd)

Note 34 – Unusable Reserves

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

Restated 31 March 2014 £000		31 March 2015 £000
248,177	Capital Adjustment Account	223,691
152,438	Revaluation Reserve	132,632
(171,697)	Pension Reserve	(216,679)
(3,545)	Employee Statutory Adjustment Account	(3,836)
(17,810)	Financial Instruments Adjustment Account	(16,985)
207,563	**Total Unusable Reserves**	**118,823**

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.

Restated 2013/2014 £000		2014/2015 £000
256,101	Opening Balance	248,177
(21,629)	Depreciation	(23,065)
(24,466)	Impairment	(32,406)
0	Deficit/Surplus on Revaluations	123
25	Write off Revaluation Reserve Balance re Disposals	(82)
(1,377)	Disposal of Fixed Assets	(1,235)
14,891	Government Grants Applied	14,196
4,868	Capital Financed by Current Revenue	3,849
18,098	Long Term Debt Payment	12,560
1,666	Capital Receipts Applied	1,574
248,177	**Closing Balance**	**223,691**

Notes to the Financial Statements (Cont'd)

Note 34 – Unusable Reserves (Cont'd)

Revaluation Reserve

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

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

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

Re-stated 2013/2014 £000		2014/2015 £000
211,729	Opening Balance	152,438
12,996	Unrealised Gains on Revaluation of Assets	11,710
(64,777)	Impairments and Losses on Revaluation of Assets	(24,104)
(25)	Write off Revaluation Reserve Balance re Disposals	82
(7,485)	Depreciation due to Revaluation of Assets	(7,494)
152,438	**Closing Balance**	**132,632**

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 setaside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013/2014 £000		2014/2015 £000
(146,704)	Opening Balance	(171,697)
(26,869)	Actuarial Loss	(32,686)
17,236	Employer Contributions	18,267
(15,360)	Reversal of FRS17 Entries	(30,563)
(171,697)	**Closing Balance**	**(216,679)**

Notes to the Financial Statements (Cont'd)

Note 34 – Unusable Reserves (Cont'd)

Employee Statutory Adjustment Account

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

2013/2014 £000		2014/2015 £000
(4,178)	Opening Balance	(3,545)
633	Staff Accrual Movement	(291)
(3,545)	**Closing Balance**	**(3,836)**

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 2015 will be charged to the General Fund over the next forty-four years.

2013/2014 £000		2014/2015 £000
(18,642)	Opening Balance	(17,810)
805	Annual Write off of Premiums and Discounts	836
27	Annual EIR Adjustment to Stepped Interest Instruments	(11)
(17,810)	**Closing Balance**	**(16,985)**

Note 35 – Contingent Assets or Liabilities

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

Notes to the Financial Statements (Cont'd)

Note 35 – Contingent Assets or Liabilities (Cont'd)

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

Note 36 – Financial Guarantee

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

Movement on the Housing Revenue Account Statement

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

Re-stated 2013/14 £000		2014/15 £000
(4,175)	**Balance on the Housing Revenue Account at the End of the Previous Year**	**(3,647)**
665	**(Surplus) or Deficit on provision of services**	**1,108**
0	Other Comprehensive Income and Expenditure	0
665	**Total Comprehensive Income and Expenditure**	**1,108**
	Adjustments between accounting basis & funding basis under regulations	
0	Reversal of Impairment	0
(12,836)	Depreciation and Impairment of non-current assets	(13,016)
3,445	Capital grants and contributions credited to Income and Expenditure	3,258
66	Net gain or loss on sale of non-current assets	122
2,985	CFCR	1,969
15	EIR adjustments	(7)
(181)	Pension scheme adjustments	(290)
6,366	Statutory Repayment of Debt (Loans Fund Advances)	5,911
3	Net transfer to/from earmarked reserves	22
(137)	**Total Statutory Adjustments 2014/15**	**(2,031)**
0	Transfers to/from Other Statutory Reserves	0
528	**(Increase)/Decrease in Year**	**(923)**
(3,647)	**Balance on the Housing Revenue Account at the end of the Current Year**	**(4,570)**

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.

Restated 2013/14 £000		**2014/15 £000**
	Income	
(35,364)	Dwelling Rents (net of voids)	(35,412)
(208)	Other Rents	(207)
(1,674)	Other Income	(2,234)
(37,246)		**(37,853)**
	Expenditure	
11,504	Repairs and Maintenance	11,804
9,159	Supervision and Management	8,307
12,836	Depreciation and Impairment	13,017
616	Bad/Doubtful Debts	868
685	Other Expenditure	1,144
34,800		**35,140**
(2,446)	**Net Cost of Service as Included in the Council Comprehensive Income and Expenditure Statement**	**(2,713)**
25	HRA Share of Corporate and Democratic Core	25
(2,421)	**Net Cost of HRA Services**	**(2,688)**
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement	
(3,445)	Recognised Capital Income (Grants, Contributions and Donations)	(3,258)
(66)	Gain or Loss on the Sale of HRA Non Current Assets	(122)
6,220	Interest Payable and Similar Charges	6,758
442	Amortisation of Premiums and Discounts	480
(65)	HRA Interest and Investment Income	(62)
3,086		**3,796**
665	**(Surplus)/Deficit for the year on HRA Services**	**1,108**

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 10,803 dwellings during 2014/15 (11,066 in 2013/14). The following shows an analysis of these dwellings by type.

	2013/14			2014/15
Number at 31.03.14	**Average weekly rent £**	**Type of Dwelling**	**Number at 31.03.15**	**Average weekly rent £**
2,712	59.29	Two-apartment	2,739	64.16
5,193	59.38	Three-apartment	4,936	63.95
2,827	64.66	Four-apartment	2,788	69.76
327	67.77	Five-apartment	333	74.27
2	72.52	Six-apartment	2	78.06
1	66.04	Seven-apartment	1	71.09
3	67.39	Eight-apartment	3	72.53
1	72.52	Nine-apartment	1	78.06
11,066		**Total**	**10,803**	

Note 2 – Dwelling Rents

This is the total rental income less voids chargeable for the year of £1.431m (£1.669m in 2013/14). It excludes irrecoverables and bad debts. Average rents were £65.94 per week in 2014/15 (£61.27 per week in 2013/14).

Note 3 –Other Rents

This is the total income received from lock-ups and shops less voids chargeable for the year, but excludes irrecoverables and bad debts. Lost rents from lock-ups in 2014/15 were £0.090m (£0.102m in 2013/14).

Note 4 - Rent arrears

As at 31 March 2015, total rent arrears amounted to £3.346m (£2.671m 31 March 2014). This is 9.41% of the total value of rents due at 31 March 2015. It should be noted that the total arrears do not all relate to 2014/15 and the year on year movement in value of arrears is £0.675m.

Note 5 - Provision for Bad Debts

In the financial year 2014/15, the rental bad debt provision has been increased by £0.435m (£0.123m 2013/14). The provision to cover loss of rental income stands at £2.253m as at 31 March 2015 – equivalent of 67.33% of the total value of rents due at that date.

Council Tax Account

Council Taxpayers: £30.431m (2013/14 £28.832m)

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under Statute. 2014/15 represents the second year of operation of the Council Tax Replacement Scheme in Scotland. The Council Tax Replacement Scheme represents a new discount introduced across Scotland following the abolition of Council Tax Benefits as part of the UK government's welfare reform programme. The resultant total net income within the Council Tax Account is transferred to the Comprehensive Income and Expenditure Statement.

2013/14 £000		2014/15 £000
46,110	Gross council tax	46,203
	Less:	
0	Council tax benefit (net of government grant)	0
(9,778)	Council Tax Replacement Scheme Discount*	(9,391)
(6,026)	Other discounts and reductions	(5,459)
(1,103)	Provision for bad and doubtful debts	(846)
(371)	Adjustments for prior years	(76)
28,832	**Transfer to General Fund**	**30,431**

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	29	16	0	20	38	5/9	21
Band A	8,010	297	44	4,640	258	5,474	9,539	6/9	6,359
Band B	16,859	549	19	7,466	223	8,396	19,238	7/9	14,963
Band C	7,435	127	8	2,727	47	2,516	8,186	8/9	7,276
Band D	5,743	74	17	1,676	35	928	5,803	-	5,803
Band E	4,316	44	42	804	28	308	4,187	11/9	5,117
Band F	1,608	8	11	223	12	73	1,567	13/9	2,264
Band G	699	6	9	76	5	29	682	15/9	1,136
Band H	64	0	1	4	6	2	59	18/9	119
								Total	**43,058**
								Provision for bad debt	**(726)**
								Council Tax Base	**42,332**

The nature and actual amount of each charge fixed

Gross Charges

Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor. The council tax charge is calculated using the council tax base i.e. band D equivalents. This charge is then decreased/ increased dependent on the band. The band D charge for 2014/15 was £1,163.

2013/14 £ per year		2014/15 £ per year
775	Band A	775
905	Band B	905
1,034	Band C	1,034
1,163	Band D	1,163
1,421	Band E	1,421
1,680	Band F	1,680
1,938	Band G	1,938
2,326	Band H	2,326

Discounts, Reliefs and Exemptions

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

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

Non Domestic Rates Account

Non-Domestic Rates Income £78.548m (2013/14 £72.189m)

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

Non-Domestic Rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. West Dunbartonshire Council received £78.548m (2013/14 £72.189m) from the national pool. West Dunbartonshire Council’s allocation from the pool now reflects the Council’s duty to collect Scottish Gas utilities on behalf of all Scottish Councils. The Council’s Revenue Support Grant has been adjusted to compensate for this change. In 2012/13 the Scottish Government introduced Business Rates Incentivisation Scheme (BRIS), to incentivise Councils to grow their potential business rates tax base and as a result increase rates income, a proportion of which is to be retained by Councils. Following a review of the original BRIS by a joint Scottish Government/COSLA Review Group the original scheme was suspended and a revised scheme was introduced in 2014-15. The amount of revised BRIS local targets will be linked only to the buoyancy element of the total estimated NDRI for any one year. This ensures that each authority will have the ability to influence their own local tax base. Local targets for 2014/15 are 1.5% and indications suggest the Council is not due any additional income for the year. Local provisional targets for 2015/16 is 1.2%

The amount deemed to be collected locally was £75.265m (2013/14 £73.749m). The sum actually collected locally and contributed to the pool was £74.978m (2013/13 £71.437m), made up as follows:

2013/14 £000		**2014/15 £000**
81,367	Gross rates levied	83,550
	Less:	
(6,662)	Reliefs and other deductions	(7,194)
(814)	Provision for bad and doubtful debts	(835)
73,891	Net non-domestic rate income	75,521
(2,454)	Adjustments for prior years	(543)
71,437	Total Non Domestic Rate Income (before retention)	74,978
0	Non Domestic Rate Income Retained by the Council (BRIS)	0
71,437	**Contribution to National Non Domestic Rate Pool**	**74,978**

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

Analysis of rateable Values:	**£**
Rateable value at 1/4/14	171,307,930
Running roll (full year RV)	526,550
Rateable value at 31/3/15	171,834,480
Less: partially exempt	776,250
Less: wholly exempt	3,715,025
Net rateable value at 31/3/15	**167,343,205**

An explanation of the nature and amount of each rate fixed

The amount paid for non-domestic rates is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £ announced each year by the government.

The national non-domestic rate poundage set by the First Minister for Scotland for 2014/15 was £0.471.

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 2015. The fund does not represent assets of the Council and has not been included within the Balance Sheet on page 30.

Income and Expenditure Account

2013/14 £000		2014/15 £000
	Expenditure	
152	Payments to Other Bodies	153
53	Denny Tank	52
24	General Expenditure	25
229		**230**
	Income	
264	Rent – Sites and Offices	277
0	Gain on Investment	116
1	Interest on Revenue Balances	0
1	Other Income	0
266		**393**
37	**Net surplus/(deficit) for year**	**163**
37	In year usable gain	47
0	In year unusable gain	116
37		**163**
131	Balance brought forward	168
37	In year usable gain	47
168	**Balance carried forward**	**215**

Balance Sheet as at 31 March 2015

Restated 2013/14 £000		Note	2014/15 £000
	Fixed Assets		
2,793	Investment properties	1	2,909
	Current Assets		
179	Investments – West Dunbartonshire Council		223
	Current Liabilities		
(11)	Creditors falling due within one year	2	(8)
2,961	**Total assets**		**3,124**
	Funds		
2,793	Capital Adjustment Account	3	2,909
168	General Fund		215
2,961			**3,124**

Note 1 Tangible fixed assets and depreciation

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

Common Good Fund (Cont'd)

Note 2 Analysis of Sundry Creditors

2013/14 £000		2014/15 £000
4	Grant	0
7	Prepayment of rent	8
11		**8**

Note 3 Prior year adjustment

The 2013/14 closing balances within the Balance Sheet have been restated as a result of a reclassification of the Revaluation Reserve and the Capital Adjustment Account.

Balance Sheet

	As previously stated £000	Prior year adjustment £000	Restated £000
Revaluation Reserve	1,153	(1,153)	0
Capital Adjustment Account	1,640	1,153	2,793

Sundry Trust Funds

The Council acts as sole or custodian trustee for a number of trust funds, which may be used for various purposes depending on the terms of the Trust. In all cases, the funds do not represent assets of the Council and they have not been included within the balance sheet on page 29. Under the provisions of the "2005 Act" and the "Accounts Regulations" above, all registered charities in Scotland are required to prepare financial statements which must be externally scrutinised. The trust funds below are registered, under one registration, with the Office of the Scottish Charity Regulator. Management has reviewed the current arrangements for the trust funds to ensure the current arrangements reflect the needs of the Council and ensure that all obligations are met. Responsibility for the compliance with the new regulations has been delegated to the Head of Finance and Resources.

Receipts and Payments Account

2013/14				2014/15		
Receipts £000	**Payments £000**	**Surplus/ (Deficit) £000**		**Receipts £000**	**Payments £000**	**Surplus/ (Deficit) £000**
1	0	1	**Dunbartonshire Educational Trust Scheme 1962** Endowments amalgamated to form trust	3	0	3
0	0	0	**McAuley Prize for Mathematics** Provide prizes for those studying maths & computing	0	0	0
1	0	1	**Alexander Cameron Bequest** To encourage and support one-off community activities in Clydebank	1	1	0
0	0	0	**Dr A K Glen Fund** Provide outings for Pensioners resident in Dumbarton	0	0	0
0	0	0	**War Memorial Dumbarton** For upkeep of war memorials	0	0	0
0	0	0	**Halkett Memorial Trust** For young writers competition and painting competition	0	0	0
0	0	0	**Vale of Leven Fund** For the people of the Vale of Leven	0	0	0
0	0	0	**UIE Award** For students studying apprenticeships or training in industry	0	0	0
2	**0**	**2**	**Total**	**4**	**1**	**3**

Statement of Balances as at 31 March 2015

	Balance as at 1/4/14 £000	**Surplus/ (deficit) for year £000**	**Balance as at 31/3/15 £000**
Bank and Cash			
Dunbartonshire Educational Trust Scheme 1962	82	3	85
McAuley Prize for Mathematics	21	0	21
Alexander Cameron Bequest	155	0	155
Dr A K Glen Fund	26	0	26
War Memorial Dumbarton	15	0	15
Halkett Memorial Trust	2	0	2
Vale of Leven Fund	8	0	8
UIE Award	24	0	24
Total	**333**	**3**	**336**
Investments			
Dunbartonshire Educational Trust Scheme 1962	5	0	5
Total	**5**	**0**	**5**
Overall Total	**338**	**3**	**341**

The Trust Funds hold no liabilities.

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.

Combining Entities

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

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

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

The accounting period for all entities is 31 March 2015.

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.

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

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

The WDLT and the CPC have been included as subsidiaries.

Basis of Combination and Going Concern

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

For two of the five entities, the Council has a share in a net asset. The negative balances on both the VJB and the WDLT arise from the inclusion of liabilities related to defined benefit pension schemes as required by IAS19 and FRS17.

Group Accounts (Cont'd)

Basis of Combination and Going Concern (Cont'd)

The effects of inclusion of these entities and the Common Good and Trust Funds on the Group Balance Sheet is to increase reserves and Net Assets by £9.836m – representing the Council's share of net assets in these entities.

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

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

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

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

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

- **Group Income and Expenditure Account**

  - Proceeds from disposal of fixed assets – profits and losses from the disposal of fixed assets are credited or debited to the Group Income and Expenditure Account within the net cost of services. The proceeds are then appropriated out after net operating expenditure. For those proceeds associated with the disposal of the Council's assets, appropriation is to the Group Reserves. For those proceeds associated with the disposal of associates' assets, appropriation is to the Group Income and Expenditure Reserve.

- **Group Balance Sheet**

  - Inventories – valuation methods vary slightly across the Group. The Council uses weighted average cost. The difference in valuation methods does not have a material impact on the results of the group given the levels of stock held within the organisations**;** and

  - Pensions – West Dunbartonshire Leisure Trust complies with the Financial Reporting Standard (FRS) 17 concerning the disclosure of information on pensions.

Group Accounts (Cont'd)

Group Movement in Reserves Statement

2014/15	General Fund balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Reserves £000	Other Reserves £000	Group Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Group Unusable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Opening Balance at 1 April 2014	**(10,113)**	**(3,647)**	**0**	**(305)**	**(4,198)**	**(368)**	**(2,733)**	**(21,364)**	**(207,563)**	**(6,636)**	**(214,199)**	**(235,563)**
Transfer of Clydebank Property Company	0	0	0	0	0	0	(6)	**(6)**	0	(3,808)	**(3,808)**	**(3,814)**
Revised Opening Balance at 1 April 2014	**(10,113)**	**(3,647)**	**0**	**(305)**	**(4,198)**	**(368)**	**(2,739)**	**(21,370)**	**(207,563)**	**(10,444)**	**(218,007)**	**(239,377)**
Movement in reserve 2014/15												
Surplus or (deficit) on provision of services	42,954	1,108	0	0	0	0	(2,401)	**41,661**	0	1,889	**1,899**	**43,550**
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	**0**	44,250	1,928	**46,178**	**46,178**
Total Comprehensive Expenditure and Income	**42,954**	**1,108**	**0**	**0**	**0**	**0**	**(2,401)**	**41,661**	**44,250**	**3,817**	**48,067**	**89,728**
Adjustments between accounting basis and funding basis under regulations	(42,343)	(2,031)	0	(116)	0	0	0	**(44,490)**	44,490	0	**44,490**	**0**
Net Increase/Decrease before Transfers to Other Statutory Reserves	**611**	**(923)**	**0**	**(116)**	**0**	**0**	**(2,401)**	**(2,829)**	**88,740**	**3,817**	**92,557**	**89,728**
Transfers to/from Capital Reserve	(121)	0	0	0	186	(65)	0	**0**	0	0	**0**	**0**
Closing Balance at 31 March 2015	**(9,623)**	**(4,570)**	**0**	**(421)**	**(4,012)**	**(433)**	**(5,140)**	**(24,199)**	**(118,823)**	**(6,627)**	**(125,450)**	**(149,649)**

2013/14 (re-stated)	General Fund balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Reserves £000	Other Reserves £000	Group Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Group Unusable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Opening Balance at 1 April 2013	**(14,766)**	**(4,175)**	**0**	**(400)**	**(4,378)**	**(316)**	**(2,577)**	**(26,612)**	**(298,306)**	**320,062**	**21,756**	**(4,856)**
Adjustment for police & fire	0	0	0	0	0	0	0	**0**	0	(327,265)	**(327,265)**	**(327,265)**
Revised Opening Balance at 1 April 2013	**(14,766)**	**(4,175)**	**0**	**(400)**	**(4,378)**	**(316)**	**(2,577)**	**(26,612)**	**(298,306)**	**(7,203)**	**(305,509)**	**(332,121)**
Movement in reserve 2013/14												
Surplus or (deficit) on provision of services	28,616	665	0	0	0	0	(156)	**29,125**	0	(370)	**(370)**	**28,755**
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	**0**	66,866	937	**67,803**	**67,803**
Total Comprehensive Expenditure and Income	**28,616**	**665**	**0**	**0**	**0**	**0**	**(156)**	**29,125**	**66,866**	**567**	**67,433**	**96,558**
Adjustments between accounting basis and funding basis under regulations	(23,835)	(137)	0	95	0	0	0	**(23,877)**	23,877	0	**23,877**	**0**
Net Increase/Decrease before Transfers to Other Statutory Reserves	**4,781**	**528**	**0**	**95**	**0**	**0**	**(156)**	**5,248**	**90,743**	**567**	**91,310**	**96,558**
Transfers to/from Capital Reserve	(128)	0	0	0	180	(52)	0	**0**	0	0	**0**	**0**
Closing Balance at 31 March 2014	**(10,113)**	**(3,647)**	**0**	**(305)**	**(4,198)**	**(368)**	**(2,733)**	**(21,364)**	**(207,563)**	**(6,636)**	**(214,199)**	**(235,563)**

Group Accounts (Cont'd)

Group Comprehensive Income and Expenditure Statement

Re-stated 2013/14 Gross Expenditure £000	Re-stated 2013/14 Gross Income £000	Re-stated 2013/14 Net Expenditure £000		2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000
			Service			
5,855	1,954	3,901	Central Services	12,327	2,051	10,276
16,850	879	15,971	Cultural and Related Services	22,571	1,582	20,989
121,721	3,976	117,745	Educational Services	119,707	4,066	115,641
17,475	4,913	12,562	Environmental Services	17,132	4,940	12,192
34,825	37,246	(2,421)	Housing Revenue Account	35,165	37,853	(2,688)
51,810	47,907	3,903	Housing Services	54,359	51,165	3,194
5,424	6,959	(1,535)	Planning and Development Services	7,532	7,929	(397)
15,525	5,653	9,872	Roads and Transport Services	16,048	5,648	10,400
85,151	15,450	69,701	Social Work Services	93,004	17,796	75,208
3,330	104	3,226	Corporate and Democratic Core	3,756	137	3,619
985	0	985	Non distributed costs	808	0	808
6,298	2,204	4,094	Subsidiaries	6,629	2,532	4,097
5,400	5,394	6	Associates Accounted for on an Equity Basis	5,061	5,226	(165)
370,649	**132,639**	**238,010**	**Net Cost of Service (1)**	**394,099**	**140,925**	**253,174**
		(233)	(Gain) / loss on Disposal of Fixed Assets			(339)
		(233)	**Other Operating Expenditure (2)**			**(339)**
		(28,832)	Council Tax			(30,431)
		(72,189)	Non-Domestic Rates			(78,548)
		(116,193)	Revenue Support Grant			(110,643)
		(14,797)	Recognised Capital Income (Grants, Contributions & Donations)			(14,313)
		(232,011)	**Taxation and Non-specific Grant Income (3)**			**(233,935)**
		(195)	Interest Earned			(137)
		18,312	External Interest Payable / Similar Charges			18,660
		805	(Gain)/Loss early settlement of borrowing			836
		(2,591)	Surplus on Trading Undertakings not included in net cost of services			(2,189)
		6,656	Pension Interest Cost/Expected Return on Pension Assets			7,480
		22,987	**Finance/Investment Income and Expenditure (4)**			**24,650**
		28,753	**(Surplus)/Deficit on Provision of Services (5) = (1)+(2)+(3)+(4)**			**43,550**
		51,761	(Surplus)/Deficit arising from revaluation of property, plant and equipment			12,400
		(805)	(Surplus)/Deficit on revaluation of available for sale assets			(836)
		16,614	Actuarial (gains)/losses on pension fund assets and liabilities			34,142
		233	Share of other Comprehensive Income and Expenditure of Associates			472
		67,803	**Other Comprehensive (Income) and Expenditure (6)**			**46,178**
		96,556	**Total Comprehensive (Income) and Expenditure (5)+(6)**			**89,728**

Group Accounts (Cont'd)

Group Balance Sheet

Re-stated 2013/14 £000		2014/15 £000
744,475	Property, Plant and Equipment	734,936
60	Intangible Assets	53
10,296	Investment in associates	10,380
101	Long Term Debtors	77
1,180	Heritage Assets	1,370
756,112	**Total Long Term Assets**	**746,816**
1,285	Asset Held for Sale	2,541
1,356	Inventories	948
33,613	Short Term Debtors	34,693
3,389	Cash and Cash Equivalents	17,105
39,643	**Current Assets**	**55,287**
(2,666)	Provisions	(3,507)
0	Cash and Cash Equivalents	(6,305)
(34,777)	Short Term Creditors	(39,653)
(70,471)	Short Term Borrowing	(67,175)
(107,914)	**Current Liabilities**	**(116,640)**
687,841	**Total Assets less Current Liabilities**	**685,463**
(887)	Liabilities in Associates	(1,278)
(278,590)	Long Term Borrowing	(314,681)
(172,614)	Net Pensions Liability	(219,125)
(187)	Capital Grants Receipts in Advance (conditions)	(730)
(452,278)	**Long Term Liabilities**	**(535,814)**
235,563	**Total Assets Less Liabilities**	**149,649**
	Represented by:	
21,364	Usable Reserves	24,199
214,199	Unusable Reserves	125,450
235,563	**Total Reserves**	**149,649**

The unaudited Financial Statements were issued on 30 June 2015 and the audited accounts were authorised for issue on 23 September 2015.

Stephen West
Head of Finance & Resources
West Dunbartonshire Council
23 September 2015

Group Accounts (Cont'd)

Group Cashflow Statement

There is no impact of the incorporation of the associates within the group cash flow statement, therefore, no cash flow statement is noted within the Group Accounts. The cash flow of the group is equal to the cash flow of the Council, as shown on page 31.

Group Accounts (Cont'd)

Notes to the Group Accounts

Note 1 - Details of combining entities

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

Strathclyde Partnership for Transport is the statutory body responsible for formulating the public transport policy on behalf of the 12 local authorities in the West of Scotland. In 2014/15, the Council contributed £1.642m (2013/14 £1.642m) or 4.39% (2013/14 4.39%) of the Board's estimated running costs and its share of the year end net asset of £6.846m (2013/14 £6.929m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, Consort House, West George Street, Glasgow G2 1HN.

Strathclyde Concessionary Travel Scheme Joint Board oversees the operation of the concessionary fares scheme for public transport on behalf of the 12 local authorities in the West of Scotland. The costs of the scheme are funded through requisitions from the 12 councils and by the Scottish Executive via a 'section 70' grant. In 2014/15, the Council contributed £0.178m (2013/14 £0.178m) 4.19% (2013/14 4.19%) of the Board's estimated running costs and its share of the year end net asset of £0.069m (2013/14 £0.068m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, Consort House, West George Street, Glasgow G2 1HN.

Dunbartonshire and Argyll and Bute Valuation Joint Board was formed in 1996 at local government re-organisation by an Act of Parliament. The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of West Dunbartonshire, East Dunbartonshire and Argyll and Bute. The Boards running costs are met by the three authorities, with surpluses and deficits on the Boards operations also shared between the councils. In 2014/15, the Council contributed £0.718m (2013/14 £0.718m) or 26.95% (2013/14 26.95%) of the Board's estimated running costs and its share of the year end net liability of £1.278m (2013/14 £0.887m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Valuation Joint Board, Garshake Road, Dumbarton G82 3PU.

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 liabilities at 31 March 2015 were £1.162m (2013/14 £0.040m) and it's deficit for the year was £1.122m. 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.

Group Accounts (Cont'd)

Notes to the Group Accounts (Cont'd)

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

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 accounts of the Company are published separately and can be obtained from the Company's Headquarters, Titan Enterprise, 1 Aurora Avenue, Queen's Quay, Clydebank G81 1BF which is also the Company's principal place of business.

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

	Strathclyde Partnership for Transport £000	Strathclyde Concessionary Travel Scheme Joint Board £000	Dunbartonshires and Argyll and Bute Valuation Joint Board £000	Total £000
2014/15				
Surplus/ (Deficit) on Operating Activities	(178)	1	(64)	**(241)**
Non Current Assets	5,842	0	200	**6,042**
Current Assets	5,669	93	197	**5,959**
Non Current Liabilities	(2,673)	0	(1,648)	**(4,321)**
Current Liabilities	(1,992)	(24)	(27)	**(2,043)**
2013/14				
Surplus/ (Deficit) on Operating Activities	(10)	(9)	(37)	**(56)**
Non Current Assets	6,536	0	195	**6,731**
Current Assets	3,912	107	174	**4,193**
Non Current Liabilities	(2,302)	0	(1,225)	**(3,527)**
Current Liabilities	(1,217)	(39)	(34)	**(1,290)**

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

	West Dunbartonshire Leisure Trust £000	Clydebank Property Company £000	Total £000
2014/15			
Surplus/ (Deficit) on Operating Activities	334	0	**334**
Non Current Assets	268	4,307	**4,575**
Current Assets	2,501	361	**2,862**
Non Current Liabilities	(2,446)	0	**(2,446)**
Current Liabilities	(1,485)	(840)	**(2,325)**
2013/14			
Surplus/ (Deficit) on Operating Activities	534	n/a	**534**
Non Current Assets	318	n/a	**318**
Current Assets	1,989	n/a	**1,989**
Non Current Liabilities	(917)	n/a	**(917)**
Current Liabilities	(1,429)	n/a	**(1,429)**

Group Accounts (Cont'd)

Notes to the Group Accounts (Cont'd)

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

Dumbarton Common Good and Trust Funds are held in Trust by West Dunbartonshire Council. Although the Council does not contribute to these funds financially, they have been included within the Council's Group through materiality by nature. Net income in 2014/15 was £0.047m (2013/14 £0.037m deficit) for the Common Good and net increase in funds of £0.003m (2013/14 £0.002m surplus) for the Trust Funds. Copies of the accounts may be obtained from West Dunbartonshire Council, Garshake Road, Dumbarton G82 3PU.

Note 2 – Non-Material Interest in Other Entities

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

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

Clydebank Municipal Bank is a company limited by shares set up based upon the Companies Act 1908 and 1913. It acts as banker for a number of private individuals/organisations. The Council provides services to the bank and funds any annual losses incurred. The bank's year end is 5 April. The principal business of the Municipal Bank is to accept deposits from private account holders and to invest funds with West Dunbartonshire Council. The chairman and directors of the bank are Elected Members of the Council. As per the bank's unaudited financial statements at 31 March 2015, 2,434 accounts were held with the bank (2013/14 2,411), with a total amount on deposit of £0.805m (2013/14 £0.818m), with £0.510m being invested with the Council (2013/14 £0.461m). Interest paid by the Council to the bank in the year was £0.015m (2013/14 £0.002m).

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

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

Group Accounts (Cont'd)

Notes to the Group Accounts (Cont'd)

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 £11.767m (2013/14 £9.369m) respectively representing the Council's share of the realisable surpluses/deficits in these organisations. This leaves the group account with an overall net asset of £149.649m (2013/14 net asset of £235.563m).

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:

Revised 2013/14 £000		2014/15 £000
6,929	Passenger Transport Authority	6,846
68	Concessionary Travel Board	69
(887)	Valuation Joint Board	(1,278)
(40)	West Dunbartonshire Leisure Trust	(1,162)
0	Clydebank Property Company	3,827
3,299	Common Good and Trust Funds	3,465
9,369	**Total**	**10,632**

Glossary of Terms

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

1. Employee Costs

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

2. Property Costs

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

3. Supplies and Services

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

4. Transport and Plant Costs

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

5. Administration Costs

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

6. Payments to Other Bodies

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

7. Other Expenditure

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

8. Loan Charges

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

9. Specific Government Grants

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

Glossary of Terms (Cont'd)

10. General Income

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

11. Capital Expenditure

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

12. Capital Financed from Current Revenue

This is expenditure incurred in creating, acquiring or improving assets where that expenditure is charged directly to the revenue account.

13. Deferred Asset

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

14. Useable Capital Receipts Reserve

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

15. Pension Interest Cost

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

16. Expected Return of Pension Assets

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

17. CIPFA

Chartered Institute of Public Finance and Accountancy

18. LASAAC

Local Authority (Scotland) Accounts Advisory Committee

19. Budget

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

Glossary of Terms (Cont'd)

20. Precepts

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

21. Intangible Assets

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

22. Corporate and Demographic Core

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

23. Non Distributing Costs

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

24. Revaluation Reserve

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

25. Capital Adjustment Account

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

26. Financial Instrument Adjustment Account

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

29. Associate Body

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

30. Entity

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

31. Statutory Additions

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

Glossary of Terms (Cont'd)

32. Capital Items Replacement Fund

Reserve earmarked for specific purposes within Education.

33. Available for Sale Reserve

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

34. Current Service Costs (Pension)

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

35. Past Service Costs/Gains (Pension)

This relates to posts/gains from years prior to the current year and arise from decisions made in year. In 2014/15 this relates to the capitalised cost of early retirals on efficiency grounds.

36. Curtailments (Pension)

Used to reduce the number of expected years of future service for employees. In 2014/15 this relates to the capitalised cost of early retirals on efficiency grounds.

37. Interest Cost (Pensions)

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

38. Expected Return on Assets (Pensions)

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

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

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

40. Available for Sale Assets

These assets are in relation to Financial Instruments and include:
- Equity investments; and
- Other investments traded in an active market.

41. Heritage Assets

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

42. PPE

Property, Plant and Equipment.

Glossary of Terms (Cont'd)

43. CAA

Capital Adjustment Account.

44. IAS19

International Accounting Standard 19 (employee benefits).

45. FRS17

Financial Reporting Standard 17 (retirement benefits).

46. SHQS

Scottish Housing Quality Standards

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

I certify that I have audited the financial statements of West Dunbartonshire Council and its group for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and authority-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Account, Non-domestic Rates Account, the Common Good Fund, the Sundry Trust Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the 2014/15 Code). This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Head of Finance & Resources and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2014/15 Code of the state of the affairs of the group and of the local authority as at 31 March 2015 and of the income and expenditure of the group and the authority for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 Code; and

- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

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

24 September 2015

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS

CONTENTS

Trustees' Annual Report

Introduction

The Trustees present the annual report together with the financial statements and the Auditor's Report for the year ended 31 March 2015.

Administration Information

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

Trust Funds	Charity Number	Trustees	Local Authority	Contact Address
Dr AK Glen Alexander Cameron Bequest War Memorial Dumbarton Halkett Memorial Trust Vale of Leven Fund UIE Award	**SC018701** **SC025070**	Provost Douglas McAllistair Councillor John Mooney Councillor Lawrence O' Neill Councillor Gail Casey	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Garshake Road, Dumbarton, G82 3PU
Dunbartonshire Education Trust Scheme 1962 McAuley Prize for Mathematics	**SC025070**	Provost Douglas McAllistair Councillor John Mooney Councillor Michelle McGinty Councillor David Kinniburgh Provost Walker Councillor McNairn Councillor Jamieson Councillor Barry McCulloch Councillor Jean Jones	West Dunbartonshire Council West Dunbartonshire Council West Dunbartonshire Council Argyll & Bute Council East Dunbartonshire Council East Dunbartonshire Council East Dunbartonshire Council North Lanarkshire Council North Lanarkshire Council	West Dunbartonshire Council, Council Offices, Garshake Road, Dumbarton, G82 3PU

Activities

The activities of each of the Trusts are detailed below:

SC018701 – Dr AK Glen
This fund is for the provision of outings for pensioners in Dumbarton

SC025070 – West Dunbartonshire Trusts

- Dunbartonshire Educational Trust Scheme 1962- awards educational prizes and bursaries;
- McAuley Prize for Mathematics - provides prizes for those studying maths and computing;
- Alexander Cameron Bequest - for the benefit of the people of Clydebank;
- War Memorial Dumbarton - for the upkeep of war memorials;
- Halkett Memorial Trust - for young writers and painting competition;
- Vale of Leven Fund - for the benefit of the people of the Vale of Leven; and
- UIE Award - for students studying apprenticeships or training in industry.

Structure and Governance

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

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

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

There were no changes to the Trustees during 2014/15.

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

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

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

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

For the first time in 2013/14, an external audit was required to be carried out for these Accounts. The appointed auditors are Audit Scotland. The Council has agreed to meet the cost of this audit and not pass this on to the Trusts. This is to provide additional financial support to the Trusts, ensuring that core funds are not eroded, and objectives can continue to be achieved.

The Trustees were unable to locate Constitution Documents for all of the Trusts, however West Dunbartonshire Council's Finance & Legal staff are currently working with the Office of the Scottish Charity Regulator (OSCR) to consider options to re-organise Trusts to produce new Constitution Documents.

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

Management of Funds and Investment Policy

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

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

Performance

Income for Dr AK Glen & West Dunbartonshire Trusts comes from investment returns. The average interest rate for any internal investments with the Council's loans fund was 0.44%.

Dunbartonshire Educational Trust Scheme 1962 receives income from external investment. These investments are managed by West Dunbartonshire Council and achieved an average yield of 1.75% for 3 1/12% Conversion and 3 ½ % War Stock and an average yield of 0.62% for Consolidated Stock in 2014/15.

During the year the investments held by Dunbartonshire Educational Trust were reduced due to HM Treasury redeeming 3 ½% War Stock.

Alexander Cameron Bequest Trust awarded Old Kilpatrick Community Council a grant of £1,450. No grants were awarded in financial year 2013/14.

Officers decided to postpone an advertising campaign until options to reorganise the West Dunbartonshire Trusts and any new Constitutional Documents have been considered by the Trustees.

Financial Review

The total sum available to Dr AK Glen and West Dunbartonshire Trusts is £340,519. The value of the remaining investment held by the Trust reduced by £113 during the financial year.

Dr AK Glen and West Dunbartonshire Trusts held cash and bank balances at 31 March 2015 of £335,721.

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

Declaration

This report was signed on behalf of the Trustees on 25 September 2015 by:

Councillor Michelle McGinty
West Dunbartonshire Council

Statement Receipts & Payments Account for the Year Ended 31 March 2015

Receipts 2013/14 £	Payment 2013/14 £	Surplus/ (Deficit) 2013/14 £		Receipts 2014/15 £	Payment 2014/15 £	Surplus/ (Deficit) 2014/15 £
708	0	708	Dunbartonshire Educational Trust Scheme 1962	3,264	0	3,264
118	0	118	McAuley Prize for Mathematics	93	0	93
853	0	853	Alexander Cameron Bequest	679	1,450	(771)
82	0	82	War Memorial Dumbarton	65	0	65
14	0	14	Halkett Memorial Trust	11	0	11
67	0	67	Vale of Leven Fund	53	0	53
129	0	129	UIE Award	103	0	103
139	0	139	Dr AK Glen	111	0	111
2,110	**0**	**2,110**	**Total**	**4,379**	**1,450**	**2,929**

Statement of Balances as at 31 March 2015

Opening Balance 2013/14 £	Surplus/ (Deficit) for year 2013/14 £	Closing Balance 2013/14 £	Cash and Bank	Opening Balance 2014/15 £	Surplus/ (Deficit) for year 2014/15 £	Closing Balance 2014/15 £
80,612	708	81,320	Dunbartonshire Educational Trust Scheme 1962	81,320	3,264	84,584
21,075	118	21,193	McAuley Prize for Mathematics	21,193	93	21,286
153,653	853	154,506	Alexander Cameron Bequest	154,506	(771)	153,735
15,087	82	15,169	War Memorial Dumbarton	15,169	65	15,234
2,608	14	2,622	Halkett Memorial Trust	2,622	11	2,633
8,154	67	8,221	Vale of Leven Fund	8,221	53	8,274
23,840	129	23,969	UIE Award	23,969	103	24,072
25,653	139	25,792	Dr AK Glen	25,792	111	25,903
330,682	**2,110**	**332,792**	**Total Cash and Bank**	**332,792**	**2,929**	**335,721**
			Investment			
6,291	(1,380)	4,911	Dunbartonshire Educational Trust Scheme 1962	4,911	(113)	4,798
6,291	**(1,380)**	**4,911**	**Total Investment**	**4,911**	**(113)**	**4,798**
336,973	**730**	**337,703**	**Overall Total**	**337,703**	**2,816**	**340,519**

The unaudited Financial Statements were issued on 11 May 2015 and the audited accounts were authorised for issue on 25 September 2015.

Signed on behalf of the Trustees by:-

Councillor Michelle McGinty
West Dunbartonshire Council
25 September 2015

Notes to the Financial Statements

Note 1 - Basis of Accounting

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

Note 2 – Trustee Remuneration, Expenses and Related Party Transactions

- No remuneration or expenses were paid to the trustees or any connected persons during the 2014/15;
- The Trusts received interest of £1,473 from the Council at 31 March 2015, and all transactions incoming and outgoing are made via the Council's bank accounts;
- The Council has not charged the charity any fees for legal, financial or administrative services provided during the year.

Note 3 – Grants

During financial year 2014/15 a grant of £1,450 was awarded to Old Kilpatrick Community Council for World War 1 Commemoration. No grants were awarded in financial year 2013/14.

Note 4 – Cash and Bank Balances

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

Note 5 – Investment

The investment valuation of £3,468 (shown in the table below) is the market value as at 31 March 2015, as valued by West Dunbartonshire Council.

Purchase Price as at 31 March 2014	Market Price as at 31 March 2014	Investment	Purchase Price as at 31 March 2015	Market Price as at 31 March 2015
£	£		£	£
2,710	2,270	3 ½ War Stock	0	0
753	436	2 1/2% Consolidated Stock	753	757
2,504	2,016	3 1/2% Conversion Stock	2,504	2,504
289	172	4% Clydeport Authority	289	190
35	17	3% Clydeport Authority	35	17
6,291	**4,911**	**TOTAL**	**3,581**	**3,468**

Note 6 – Audit Fee

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

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

I certify that I have audited the financial statements of the Dr A K Glen & West Dunbartonshire Trust Funds for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the receipts and payments account, the statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

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

Respective responsibilities of the trustees and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2015 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

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

25 September 2015