



Supplementary Agenda

Audit Committee

Date: Wednesday, 9 November 2022

Time: 10:00

Venue: Council Chambers, Clydebank Town Hall, 5 Hall Street, Clydebank,
G81 1UB

Contact: Ashley MacIntyre, Committee Officer
ashley.macintyre@west-dunbarton.gov.uk

Dear Member

ITEMS TO FOLLOW

I refer to the agenda for the above meeting that was issued on 27 October and now enclose copies of Items 8 and 9 which were not available for issue at that time.

Yours faithfully

PETER HESSETT

Chief Executive

Note referred to:

**8 ANNUAL AUDIT REPORT TO MEMBERS AND CONTROLLER 91 – 167
OF AUDIT 2021/22**

Submit report by the Chief Officer – Resources providing the opportunity to consider the Annual Audit Report to Members and Controller of Audit, for the Council and the Trusts administered by the Council, prior to approving the Audited Annual Accounts 2021/22 for both the Council and the Charities administered by the Council.

9 AUDITED FINANCIAL STATEMENTS 2021/22 169 – 240

Submit report by the Chief Officer – Resources providing the opportunity to scrutinise and approve the Audited Annual Accounts 2021/22 for both the Council and the Charities administered by the Council.

Distribution:-

Councillor Karen Conaghan (Chair)
Councillor Ian Dickson
Councillor Jonathan McColl (Vice Chair)
Councillor James McElhill
Councillor Michelle McGinty
Councillor John Millar
Councillor Martin Rooney
Councillor Hazel Sorrell
Mr C Johnstone

All other Councillors for information

Chief Executive
Chief Officers

Date of issue: 3 November 2022

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer - Resources****Audit Committee – 9 November 2022**

Subject: Annual Audit Report to Members and Controller of Audit 2021/22**1. Purpose**

- 1.1** The purpose of this report is to provide Members with the opportunity to consider the Annual Audit Report to Members and Controller of Audit, for the Council and the Trusts administered by the Council, prior to approving the Audited Annual Accounts 2021/22 for both the Council and the Charities administered by the Council.

2. Recommendations**2.1** Members are requested to:

- (a) Consider the information provided within the letter to the Audit Committee in relation to DR AK Glen and West Dunbartonshire Trust Fund - as appended to this report;
- (b) Consider the Annual Audit Report to Members and Controller of Audit 2021/22 for the Council and the Charities administered by the Council - as appended to this report; and
- (c) Note that the Letter and the Annual Audit Report, together with the Financial Statements will be reported to Council in December 2022.

3. Background

- 3.1** The Trust Funds and the Council's draft unaudited Annual Accounts (including the Group Accounts) for 2021/22 were reported to Council on 29 August 2022 and passed to the Accounts Commission before the statutory deadline on 30 June 2022.
- 3.2** Following current statutory deadlines, the Audited Annual Accounts 2021/2022 - covering the Council and the Charities administered by the Council – require to be approved by Council before 30 November 2022 following consideration of the Annual Audit Report to Members and Controller of Audit 2021/22.
- 3.3** At the Council on 26 October 2022, members agreed to delegate authority to the Audit Committee to formally approve the audited accounts by 30 November 2022, prior to submission to the Accounts Commission.

3.4 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

4.1 The audits of the Annual Accounts for both the Council and the Council-administered Charities have now been completed. The Council has received letters regarding the Trust Funds and the Council audit from Audit Scotland and an Annual Audit Report to Members and Controller of Audit which are appended to this report. The audited Annual Accounts for the Council and the Council-administered Charitable Trusts are reported elsewhere within the agenda.

West Dunbartonshire Charities

4.2 Audit Scotland, as the Council's external auditors, has issued a letter dated 1 November 2022 which advises the findings of the audit are contained within the annual audit report for West Dunbartonshire Council. The letter is appended to this report (Appendix 1). The letter appends the letter of representation (ISA 580) which the Chief Officer - Resources is required to sign and submit to Audit Scotland following the Audit Committee.

West Dunbartonshire Council

4.3 Audit Scotland, as the Council's external auditors, has issued a letter dated 9 November 2022 which advises the findings of the audit are contained within the annual audit report for West Dunbartonshire Council. The letter is appended to this report (Appendix 2). The letter appends the letter of representation (ISA 580) which the Chief Officer - Resources is required to sign and submit to Audit Scotland following the Audit Committee.

4.4 Audit Scotland, as the Council's external auditors, has issued a report dated 9 November 2022 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 3).

4.5 The report identifies two recommendations for improvement for the Council. It also identifies a further recommendation in relation to the Trust Funds. The report also provides management responses for these actions and an update on the actions identified from the 2020/21 Audit Report (one of which is noted as partially completed/ ongoing for the Council, and 2 for the Trusts have been superseded by this year's recommendations).

4.6 The Audit Opinion is detailed on page 8 of the report which advises that Audit Scotland expect to issue an unqualified opinion on the Council's Annual Accounts and the Charities Annual Accounts.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no people implications.

7. Financial and Procurement Implications

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

8. Risk Analysis

8.1 No risk analysis was required.

9. Equalities Impact Assessment (EIA)

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

10. Consultation

10.1 The views of relevant officers were requested on this report and the appendices and view were taken on board.

11. Strategic Assessment

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

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Laurence Slavin
Chief Officer - Resources
Date: 3 November 2022

Person to Contact: Laurence Slavin, Chief Officer Resources, Church Street,
Dumbarton
E-mail: gillian.mcneilly @west-dunbarton.gov.uk

Appendices: 1. Letter to the Audit Committee: Audit of Dr A K
Glen and West Dunbartonshire Trust Funds
Annual Report and Financial Statements for the
year ended 31 March 2022;

2. Letter to the Audit Committee: West Dunbartonshire Council and its group Audit of 2021/22 annual accounts; and
3. Proposed 2021/22 Annual Audit Report

Background Papers:

Report to Council of 31 August 2022: Draft Annual Accounts 2021/22
Report to Council of 26 October 2022: General Services Budgetary Control Report to 31 August 2022 (Period 5)
Report to Audit Committee of 9 November 2022: Audited Annual Accounts 2021/22: Council and Trust Funds

Wards Affected:

All

Audit Committee

1 November 2022

Audit of Dr A K Glen and West Dunbartonshire Trust Funds Annual Report and Financial Statements for the year ended 31 March 2022

Independent auditor's report

1. Our audit work on the 2021/22 annual report and financial statements is now substantially complete. We are able to issue unqualified audit opinions in the independent auditor's report on 9 November 2022 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we 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. The findings from our audit are set out within our annual audit report for West Dunbartonshire Council 2021/22. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual report and financial statements. There are no significant findings from the audit of the charitable trusts.

3. This report will be issued in final form after the financial statements have been certified.

Unadjusted misstatements

4. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Audit 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.

Representations from Section 95 Officer

8. As part of the completion of our audit, we are seeking written representations from the Section 95 Officer on aspects of the annual report and financial statements, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual report and financial statements prior to the independent auditor's report being certified.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the trustees of Dr A K Glen and West Dunbartonshire Trust Funds and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Dr A K Glen & West Dunbartonshire Trust Funds for the year ended 31 March 2022 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 Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- Properly present the receipts and payments of the charities for the year ended 31 March 2022 and their statement of balances as 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Trustees for the financial statements

The trustees are responsible for the preparation of financial statements which properly present the receipts and payments of the charities, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

- obtaining an understanding of the applicable legal and regulatory framework and how the charities are complying with that framework;
- identifying which laws and regulations are significant in the context of the charities;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, 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 and that report has been prepared in accordance with The Charity Accounts (Scotland) Regulations 2006.

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.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Christopher Gardner

Senior Audit Manager

Audit Scotland, 4th Floor, South Suite,
The Athenaeum Building, 8 Nelson Mandela Place, Glasgow, G2 1BT

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

APPENDIX B Letter of Representation (ISA 580)

Christopher Gardner
Senior Audit Manager
Audit Scotland
4th Floor, South Suite,
The Athenaeum Building, 8 Nelson Mandela Place
Glasgow, G2 1BT

Dear Mr Gardner,

Charitable Trusts administered by West Dunbartonshire Council – Annual accounts 2021/22. Dr A K Glen Trust (Registered Charity SC018701) and West Dunbartonshire Trust Funds (Registered Charity SC025070)

Annual report and financial statements for the year ended 31 March 2022

1. This representation letter is provided about your audit of the financial statements of the registered charities listed above for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements properly presents the financial position of each of these registered charities as at 31 March 2022 and their receipts and payments for the year then ended.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the trustees of the registered charitable trusts, the following representations given to you in connection with your audit for the year ended 31 March 2022.

General

3. I acknowledge my responsibility and that of West Dunbartonshire Council, as the administering authority, for the preparation of the financial statements on behalf of the trustees. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual report and financial statements have been made available to you for the purposes of your audit. All transactions undertaken by the registered charitable trusts have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the annual report and financial statements of the charities submitted for audit are the only trusts which fall to be audited under the provisions of the Local Government (Scotland) Act 1973.

5. The information given in the Trustees Reports presents a balanced picture of each charity and is consistent with the financial statements.

6. I confirm that there are no uncorrected misstatements.

Financial Reporting Framework

7. The financial statements have been prepared in accordance with the requirements of Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements. The financial statements also comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 and guidance issued by the Office of the Scottish Charity Regulator (OSCR).

8. Disclosure has been made in the financial statements of all matters necessary for them to properly present the transactions and state of affairs of each charity for the year ended 31 March 2022.

Accounting Policies & Estimates

9. The financial statements have been prepared on receipts and payments basis in accordance with applicable regulations and the founding documents of each charitable trust.

Going Concern Basis of Accounting

10. I have assessed West Dunbartonshire Council's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on West Dunbartonshire Council's ability to continue as a going concern. A number of the trusts have been dormant in recent years. The Trustees have assessed the ability of the registered charitable trust to continue as a going concern, and have disclosed in the financial statements any material uncertainties that have arisen as a result.

Assets

11. The cash fund and investments shown in the statement of balances at 31 March 2022 were owned by the charities. Assets are free from any lien, encumbrance or charge. There are no plans or intentions that are likely to affect the carrying value of classification of the assets within the financial statements.

Fraud

12. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

13. There have been no actual or alleged frauds or irregularities involving trustees or staff of West Dunbartonshire Council that could affect the financial statements of the charitable trusts.

Corporate Governance

14. The business of the charitable trusts is recorded in the systems of West Dunbartonshire Council. As section 95 officer for West Dunbartonshire Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the financial statements of the charitable trusts.

Events Subsequent to the Date of the Balance Sheet

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

16. Since the date of the statement of balances 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.

Yours sincerely,

Chief Officer – Resources, West Dunbartonshire Council, for and on behalf of the trustees of the charities administered by West Dunbartonshire Council

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Audit Committee

9 November 2022

West Dunbartonshire Council and its group Audit of 2021/22 annual accounts

Independent auditor's report

1. Our audit work on the 2021/22 annual accounts is now substantially complete. Subject to the satisfactory conclusion of receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 9 November 2022 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we 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 present for the Audit Committee's consideration our draft annual report on the 2021/22 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

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

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Audit 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.

Representations from Section 95 Officer

8. As part of the completion of our audit, we are seeking written representations from the Section 95 Officer on aspects of the annual accounts, including the judgements and estimates made.
9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Appendix A: Proposed Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of West Dunbartonshire Council and its group for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Movement on the Housing Revenue Account Statement, Housing Revenue Account Income and Expenditure Statement, the Council Tax Account, and the Non-Domestic Rate Account and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the council and its group as at 31 March 2022 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 18 July 2016. The period of total uninterrupted appointment is six years. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Officer – Resources and West Dunbartonshire Council for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Officer – Resources is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Officer – Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Officer – Resources is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Council is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- obtaining an understanding of the applicable legal and regulatory framework and how the council and its group is complying with that framework;
- identifying which laws and regulations are significant in the context of the council and its group;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

I have audited the part of the Remuneration Report described as audited. In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

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

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

of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

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

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

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight FCA

Audit Director
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place, Glasgow, G2 1BT

Appendix B: Letter of Representation (ISA 580)

Fiona Mitchell-Knight
Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Fiona,

West Dunbartonshire Council Annual Accounts 2021/22

1. This representation letter is provided about your audit of the annual accounts of West Dunbartonshire Council for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations given to you in connection with your audit of West Dunbartonshire Council's annual accounts for the year ended 31 March 2022.

General

3. West Dunbartonshire Council and I have fulfilled our statutory responsibilities for the preparation of the 2021/22 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by West Dunbartonshire Council have been recorded in the accounting records and are properly reflected in the financial statements.
4. 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 reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (2021/22 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the West Dunbartonshire Council [and its Group] at 31 March 2022 and the transactions for 2021/22.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2021/22 accounting code where applicable. Where the code does not specifically apply I have used judgement in

developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to West Dunbartonshire Council's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed West Dunbartonshire Council's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on West Dunbartonshire Council's ability to continue as a going concern.

Assets

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2022 does not differ materially from that which would be determined if a revaluation had been carried out at that date.

11. I carried out an assessment at 31 March 2022 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2022.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

15. All liabilities at 31 March 2022 of which I am aware have been recognised in the annual accounts.

16. The accrual recognised in the financial statements for holiday untaken by 31 March 2022 has been estimated on a reasonable basis.

17. The pension assumptions made by the actuary in the IAS 19 report for West Dunbartonshire Council have been considered and I confirm that they are consistent with management's own view.

18. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent liabilities

19. There are no significant contingent liabilities, other than those disclosed in Note 31 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not

been provided under the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and IAS 37.

Fraud

- 20.** I have provided you with all information in relation to:
- my assessment of the risk that the financial statements may be materially misstated because of fraud
 - any allegations of fraud or suspected fraud affecting the financial statements
 - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

- 21.** I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

- 22.** All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2021/22 accounting code. I have made available to you the identity of all the West Dunbartonshire Council's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

- 23.** The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

- 24.** I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

- 25.** I confirm that West Dunbartonshire Council has undertaken a review of the system of internal control during 2021/22 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

- 26.** I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2022, which require to be reflected.

Group Accounts

- 27.** I have identified all the other entities in which West Dunbartonshire Council has a material interest and have classified and accounted for them in accordance with the

2021/22 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

Common Good Fund

28. I confirm, to the best of my ability, that all material common good assets have been identified and correctly accounted for within the common good financial statements and where appropriate, common good assets in use by the Council have been assessed and accounted for in line with IAS 17.

Events Subsequent to the Date of the Balance Sheet

29. All events subsequent to 31 March 2022 for which the 2021/22 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Laurence Slavin

Section 95 Officer

West Dunbartonshire Council

Proposed 2021/22 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Members of West Dunbartonshire Council and the Controller of Audit
9 November 2022

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Key messages

2021/22 annual accounts

- 1** Our audit opinions on the annual accounts of the council, its group and its section 106 charities administered by the council are unmodified. The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- 2** The management commentary, annual governance statement and remuneration report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.
- 3** A number of errors were identified in the accounting for non-current assets. While the errors have been corrected, procedures need to be improved to ensure the accuracy of the non-current asset figures in the 2022/23 annual accounts, before they are approved for audit.

Financial management

- 4** Financial management is effective and the council operated within budget in 2021/22. Elected members receive regular updates to ensure they are kept up to date with the impact on services.
- 5** The Covid-19 pandemic continues to have a significant impact on the council's finances. The use of two new Scottish Government financial flexibilities added £1.454 million of income on top of £4.488 million of direct unearmarked Covid-19 funding. At 31 March 2022, £3.445 million of Covid-19 funding was unspent for use in future years.
- 6** The council's outstanding loans total £578.408 million. Recent interest rate rises may present a longer-term risk for the council.
- 7** A trend of significant levels of delay to capital projects continues, with 42% of planned capital expenditure slipping beyond milestones, although the impact of the pandemic was a significant factor.
- 8** The innovative Clydebank district heating network is operational, funded by a significant investment from the council and managed by its own green energy company

Financial sustainability

- 9 The budget for 2022/23 is £252.394 million, with a range of cost-saving measures used to close a budget gap of £5.508 million.
- 10 The council faces significant financial challenges in the years ahead, with the estimated budget gap growing to £19.849 million by 2024/25. Total usable net reserves have decreased by £5.158 million.
- 11 Transformational change aligned with effective medium and longer-term planning is required to address the impacts of the Covid-19 pandemic together with growing inequalities, cost-of-living pressures, and the changing needs of citizens.

Governance and transparency

- 12 Following the May 2022 local government elections, the council has a new administration. A comprehensive training programme is in place to support new and returning elected members.
- 13 Effective governance and decision-making arrangements were in place during 2021/22. The council conducts itself in an open and transparent manner.

Best Value

- 14 The council has made good progress in demonstrating improvement in its services, but the capital programme continues to fall behind as a result of the pandemic.
- 15 Residents' satisfaction with council services overall is high, but performance indicators show challenges in tackling sickness absence levels, empty council homes and recycling.
- 16 The council has a climate strategy and action plan to address the challenge of reaching net zero by 2045. Service performance levels in 2021/22 were in line with agreed targets.

Introduction

1. This report summarises the findings arising from the 2021/22 audit of West Dunbartonshire Council (the council) and its group.
2. The scope of the audit was set out in our 2021/22 Annual Audit Plan presented to the 2 March 2022 meeting of the Audit Committee. This report comprises the findings from:
 - an audit of the annual accounts
 - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) namely, financial management, financial sustainability, governance and transparency and value for money.

Adding value through the audit

3. We add value to the council through the audit by:
 - identifying and providing insight on significant risks, and making clear and relevant recommendations
 - sharing intelligence and good practice through our national reports ([Appendix 4](#)) and good practice guides
 - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability

Responsibilities and reporting

4. The council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.
5. The council is also responsible for compliance with legislation, and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.
6. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.
7. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the effectiveness of the council's performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements, and financial position
- the arrangements for securing financial sustainability and,
- Best Value arrangements.

8. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

9. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

10. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

Auditor Independence

11. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £280,840 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

12. This report is addressed to both the council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

Audit appointment from 2022/23

13. The Auditor General for Scotland is responsible for the appointment of external auditors to central government bodies. 2021/22 is the last year of the current appointment round.

14. The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23, Mazars will be the appointed auditor for West Dunbartonshire Council. We will work closely with the new auditors to ensure a well-managed transition.

15. A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

16. There are several significant changes introduced by the new Code, namely the integration of Best Value work into wider scope audit work and the audit of Best Value across the Integration Joint Boards.

17. We would like to thank members, Audit Committee members, management and other staff, particularly those in finance, for their co-operation and assistance over the past six years.

1. Audit of 2021/22 annual accounts

The principal means of accounting for the stewardship of resources and performance

Main judgements

Our audit opinions on the annual accounts of the council, its group and its section 106 charities administered by the council are unmodified. The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

The management commentary, annual governance statement and remuneration report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

A number of errors were identified in the accounting for non-current assets. While the errors have been corrected, procedures need to be improved to ensure the accuracy of the non-current asset figures in the 2022/23 annual accounts, before they are approved for audit.

Our audit opinions on the annual accounts are unmodified

18. The accounts for the council and its group for the year ended 31 March 2022 were approved by the Audit Committee on 09 November 2022. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance

19. We concluded that there were no matters upon which we are required to report, by exception, to the Accounts Commission.

The annual audit report and accounts were submitted in line with our agreed audit timetable

20. Submission dates for the audited annual accounts and the annual audit report for 2019/20 and 2020/21 were deferred in line with the later dates for producing the annual accounts because of the impact of Covid-19. As the audit team were aware that Covid-19 would have an impact on the staff resources available and delays in receiving some supporting documentation, we agreed to work to the revised submission deadlines of 30 November 2022.

21. The unaudited annual report and accounts were received in line with our agreed audit timetable on 30 June 2022. The working papers provided with the unaudited accounts were of a good standard and finance staff provided good support to the audit team during the audit.

There were no objections raised to the annual accounts

22. The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. No objections were raised to the 2021/22 Annual Accounts.

Our audit testing reflected the calculated materiality level of £5.418 million

23. We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatement on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for calculating materiality values.

24. The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. These materiality levels were reported in our Annual Audit Plan presented to the Audit Committee in March 2022. On receipt of the unaudited 2021/22 annual accounts we recalculated our materiality levels based on the financial results for the year ended 31 March 2022. Our audit approach and testing were adapted to reflect the recalculated materiality levels in [Exhibit 1](#).

Exhibit 1

Materiality values

Materiality level	Council	Group
Overall materiality: This is the figure we calculated to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2022.	£5.418 million	£5.444 million
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 50% of planning materiality.	£2.709 million	£2.722 million
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 4% of planning materiality.	£0.215 million	£0.220 million

Source: Audit Scotland

We have significant findings to report on the audited annual accounts

25. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. We have reported a number of issues from the work done on the identified risks of material misstatement. These are included in the action plan at Appendix 1.

26. The qualitative aspects of the council's accounting practices, accounting policies, accounting estimates and accounts disclosures are satisfactory and appropriate to the council.

27. The significant findings are summarised in [Exhibit 2](#). In addition to the issues set out below, and in accordance with normal audit practice, a number of presentational and disclosure amendments were discussed and agreed with management.

Exhibit 2

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Overstated value of council dwellings due to capitalisation of improvements</p> <p>Expenditure to improve council dwellings (such as kitchens, bathrooms and heating systems) had been capitalised as property, plant and equipment additions over a number of years. The total value carried on the Balance Sheet at 31 March 2022 for this category was £78.224 million.</p> <p>This accounting treatment is correct, based on these being capital enhancing works which improve the quality of the housing stock. However, the impact of these improvements was already reflected in the overall valuation of council dwellings which took place in 2020/21, and this was carried forward into the balances for 2021/22. As a result, the total value of the council dwellings should have adjusted when the revaluation was processed.</p>	<p>The annual accounts have been amended for both the current year and the prior year comparator.</p> <p>Once prior years and depreciation values were taken into account, this had the effect of reducing the disclosed value of council dwellings by £80.636 million.</p> <p>The council should review its capital accounting procedures, with a view to improving the systems used to record entries, compliance with accounting requirements, review processes and communication with asset owners.</p> <p>Recommendation 1</p> <p>(Refer Appendix 1, action plan)</p>
<p>2. The value of property and council dwellings did not match those provided by the valuer</p> <p>The council revalues its non-current assets on a 'rolling' cycle, with each category of asset revalued at least every five years.</p> <p>Our review of the fixed asset register found that the net book values of newly-revalued assets did not match those provided by the valuer. The depreciation charges, and subsequent accounting entries, were incorrect as a result. This was because the valuation had been treated as if it occurred on 1 April 2021, when in fact it took place as at 31 March 2022.</p> <p>In addition, £35.306m of new council dwellings were transferred from assets under construction to council dwellings during the year. These were valued at cost, rather than fair value. A revaluation of these properties took place late in the audit process and resulted in a decrease of £23.206 million to the value of council dwellings.</p>	<p>The annual accounts have been amended accordingly.</p> <p>The timing issue had the effect of undervaluing assets by around £1.200 million in 2021/22. As this error had also occurred in previous years, the cumulative effect was to increase the valuation of the affected non-current assets by approximately £16.768 million.</p>

Issue	Resolution
<p>3. Misclassification of non-current assets</p> <p>Our review identified that some significant assets classified as ‘assets under construction’ were, in fact, operational. This included the new district heating energy centre in Clydebank, which has been operational since 2020/21.</p> <p>Depreciation should be charged on an asset if it can be operated as intended. Assets totalling £30.877 million required to be classified as infrastructure or land and buildings assets, and additional depreciation charges were necessary as a result.</p>	<p>The annual accounts have been amended accordingly. An additional depreciation charge of £1.466 million was made as a result.</p>
<p>4. Capitalisation of salary costs</p> <p>The unaudited accounts included approximately £4.397 million (£3.984 million in 2020/21) of employee costs which had been capitalised for the development of a number of assets, for example surveying or legal costs.</p> <p>Although this treatment is permitted under International Accounting Standard 16 (property Plant and Equipment) in specific circumstances, the related costs had not been eliminated from the income and expenditure statement. This had no effect on the overall net expenditure figure.</p>	<p>Management has made the necessary amendments in the accounts for the current and prior year figures.</p>
<p>5. Overstatement of debtors and creditors</p> <p>Our review of working papers identified that funds relating to the European Social Fund (ESF) and the Construction Industry Scheme (CIS) were double counted overstating both debtors and creditors by £2.343 million and £1.238 million respectively. We also identified an overall credit balance of £0.359 million misclassified within debtors.</p>	<p>The necessary amendments have been made in the accounts. These adjustments decreased debtors and creditors by £3.222 million, having a nil effect on net assets.</p> <p>Management should review the year-end procedures to ensure that debtors and creditors are correctly accounted for.</p> <p>Recommendation 2 (Refer Appendix 1, action plan)</p>

Source: Audit Scotland

28. Other findings we identified:

- **Depreciation charges:** A depreciation charge is an expense representing how much of a non current asset's value has been 'used

up' in a year. Following production of the unaudited accounts, management identified that the depreciation charge on some assets was incorrect due to formula errors. This gross misstatement of £1.197 million resulted in a net increase to the net book value assets of £0.361 million.

- **Group subsidiaries:** Two of the council's subsidiaries (Clydebank Property Company and the Common Good Fund) had a balance of £7.863 million incorrectly classified as property, plant and equipment, and investments. They should have been shown as investment properties, which has implications for the way these are accounted for. This was a classification issue with a nil effect on total assets. Management have made the necessary corrections.
- **Accounting policies:** Common Good assets with a value of £3.489 million are held as investment properties, per the accounting standards these assets must be held at fair value and revalued each year. There is no accounting policy in the unaudited accounts relating to common good or investment properties. Management have now revalued these assets, which has had a negligible effect, and updated the accounting policy to revalue these assets each year.
- **Capital commitments:** A planned spend of £2 million in relation to the Scottish Marine Technology Park was not included in the capital commitments disclosures.
- **Fully depreciated assets:** Our review of non-current assets identified that fully depreciated assets are removed from the asset register and are no longer recognised in the annual accounts. This is the appropriate accounting treatment where an asset has been disposed of. However, if the council continues to use assets that are fully depreciated, they should consider whether they should be revalued and depreciated over the estimated further useful life. To identify fully depreciated assets which remain in use, management should undertake an asset verification exercise of material assets. Appropriate accounting adjustments should then be made for material assets which remain operational assets of the organisation.

29. We have obtained audit assurances over the identified significant risks of material misstatement to the financial statements. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2021/22 Annual Audit Plan audit. It summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

30. Our most significant findings in 2021/22 relate to the accounting treatment of non-current assets. This area involves complex calculations and estimates which can materially alter the largest values on an organisation's balance sheet. Auditors and regulators across the public and private sectors have increased their focus on areas where more judgement is exercised, such as property valuations.

31. While the errors have been corrected, procedures need to be improved to ensure the accuracy of the non-current asset figures in the 2022/23 annual accounts, before they are presented for audit.

Recommendation 1

The council should review its capital accounting procedures for non current assets, with a view to improving the systems used to record entries, compliance with accounting requirements, review processes, and communication with asset owners.

Exhibit 3

Significant risks of material misstatement reported in the 2021/22 Annual Audit Plan

Audit risk	Audit response to risk	Results and conclusions
<p>1. Risk of material misstatement due to the fraud caused by the management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • Assess the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Test journals entries with a focus on significant risk areas. • Evaluate significant transactions outside the normal course of business identified through audit testing of income and expenditure, accruals and cut off transactions. • Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements. • Review accounting estimates for evidence of management bias including assessing any 	<p>Results: We assessed the design and implementation of controls over journal entry processing. No significant issues were noted.</p> <p>Management did not identify any inappropriate or unusual activity with journals or other adjustments.</p> <p>Journal adjustments were tested, and no indications of management override of controls were found.</p> <p>We reviewed transactions during the year - no issues were highlighted of significant transactions outside the normal course of business.</p> <p>Judgements and estimations applied were tested to confirm they were appropriate and reasonable.</p> <p>Conclusion: There was no evidence of management override of controls from the work we performed.</p>

Audit risk	Audit response to risk	Results and conclusions
	<p>changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p>	
<p>2. Estimation in the valuation of Property, Plant and Equipment</p> <p>West Dunbartonshire Council's property, plant and equipment had a net book value of £1,111,227 million as at 31 March 2021.</p> <p>There is a significant degree of subjectivity in the valuation of this category of assets. Valuations are based on specialist and management assumptions, and changes in these can result in material changes to financial disclosures.</p>	<ul style="list-style-type: none"> • Review of the work of the valuer, including focused substantive testing of the classification and valuation of assets. • Evaluate the competence, capabilities, and objectivity of the professional valuer. • Confirm asset values in valuation certificates are fairly reflected within the 2021/22 accounts • Review the annual cycle of valuations to ensure that assets have been valued within the five-year rolling programme. • Evaluate the approach taken to ensure that assets not subject to revaluation in 2021/22 are not materially misstated. • Assess the adequacy disclosures in the accounts covering the valuation of the property, plant and equipment. 	<p>Results: Our review of the council of the internal and external valuation team confirmed the appropriateness of the methodology and assumptions used.</p> <p>Conclusion: We have made a number of findings in relation to non-current assets which are detailed in Exhibit 2.</p> <p>Recommendation 1</p> <p>The council should review its capital accounting procedures, for non current assets, with a view to improving the systems used to record entries, compliance with accounting requirements, review processes, and communication with asset owners.</p>

Other areas of audit focus

32. We identified in our 2021/22 Annual Audit Plan areas where we considered there to be other risks of material misstatement to the financial statements. Based on our assessment of the likelihood and magnitude of the risk, we did not consider these to represent significant risks. The areas of specific audit focus were:

- The pension liability valuation due to the material value and significant assumptions used in the calculation of the liability.
- The consolidation and disclosures for the West Dunbartonshire Energy LLP company due to this being the first year of consolidation for this entity into the council's Group.
- The loans fund holiday due to use of the Covid-19 financial flexibilities available to the council.

33. We kept these areas under review throughout our audit. We identified improvements to some of the disclosures relating to the loans fund holiday and the consolidation of the energy company:

- Following its first year of inception, the new council-owned West Dunbartonshire Energy LLP was reported in the accounts as having a net liability at 31 March 2022 of £0.397 million, funded as a working capital advance from the council. This is likely to be repaid over a number of years at a market interest rate. This capital amount of £0.397 million was accounted for a debtor in the council's accounts, however it is more appropriate to re-classify this as an investment held within non-current assets. We have commented positively on this innovative scheme in [paragraph 80](#).
- The finance circular which permitted use of capital receipts to fund Covid-related expenditure required the approval of full council. Retrospective agreement is expected to be sought for this in October 2022.

34. Management made the necessary adjustments for these issues and there are no further matters which we need to bring to your attention.

Identified misstatements of £138.610 million were adjusted in the annual audited accounts

35. We identified misstatements with a gross value of £138.610 million in the unaudited annual accounts. As the total was above our performance materiality level, we considered the need to revise our audit approach. We reviewed the nature and causes of these misstatements to consider the need for additional audit testing. As a result of the errors identified, we undertook additional testing in some areas to address these areas of risk.

36. Management has adjusted the accounts to correct all the misstatements. These adjustments have contributed to the total comprehensive net income increasing by £31.776 million, with a corresponding increase in total reserves. Further details of some of the more significant adjustments are included in [Exhibit 2](#).

The council applied the statutory override for the accounting for infrastructure assets included in its property plant and equipment assets

37. The Code of Practice for Local Authority Accounting in the United Kingdom (the Code) requires infrastructure assets to be measured using the historical cost measurement basis and carried at depreciated historical cost. Where a component of an asset is replaced, the carrying amount (i.e., net book value) of the old component shall be derecognised to avoid double counting and the new component shall be reflected in the carrying amount of the infrastructure asset.

38. Due to practical difficulties in applying component accounting for the recognition and derecognition of replaced components of infrastructure assets, in large part due to data limitations, the Scottish Government approved a [Statutory Override - Accounting for Infrastructure Assets](#) that is applicable to 31 March 2024. The statutory override is formed of two parts:

- **Statutory Override 1:** For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.
- **Statutory Override 2:** For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

39. Where a local authority chooses to adopt either or both statutory overrides, this should be disclosed within the relevant note to the annual accounts.

40. West Dunbartonshire Council applied both parts of the statutory override in its 2021/22 annual accounts. As part of our audit, we reviewed the infrastructure assets disclosures and the related notes, including the relevant disclosure in the accounting policies. We are satisfied that these disclosures reflect the statutory override and adequately explain the approach adopted to the readers of the annual accounts.

The council's 2021/22 management commentary provides a fair and balanced picture of its performance and operational activity for the year

41. Management commentaries included within the annual accounts should provide information on its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of an organisation's performance as well as helping stakeholders understand the financial statements.

42. The management commentary in the 2021/22 annual accounts provides a good analysis of the council's financial performance throughout the year. It explains how the council has performed against its budget and how this is reconciled to the financial statements. The council has also included a good level of disclosure on the principal risks it is facing going forward. This includes

details on the scale of financial challenges, including those as a result of the pandemic, which will continue to be an area of focus for the foreseeable future.

43. In our view, the 2021/22 disclosure represents a fair and balanced commentary on the council's performance in 2021/22

We have given an unqualified opinion on the financial statements for the charities administered by the council

44. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of West Dunbartonshire Council are sole trustees, irrespective of the size of the charity.

45. West Dunbartonshire Council administer the Dr A K Glen and West Dunbartonshire Charitable Trusts, a registered charity that incorporates five trust funds. A single statement of accounts is produced each year covering the five trust funds and as at 31 March 2022 a cumulative balance of £0.262 million was held in these funds.

46. Our audit opinions on the Section 106 charities are unmodified.

47. Our duties as auditors of the charities administered by West Dunbartonshire Council are to:

- express an opinion on whether the charity's financial statements properly present the charity's financial position and are prepared in accordance with charities legislation
- read the trustees' annual report and express an opinion as to whether it is consistent with the financial statements
- report on other matters by exception to the trustees and to the Office of the Scottish Charity Regulator (OSCR)

48. We have given an unqualified opinion on the financial statements for the charities administered by the council and have nothing to report in respect of other matters.

49. Two wider dimension risks were identified during the planning process. These related to the potential dormancy of certain charitable trusts, and the governance and investment documentation for the following charitable trusts:

- Dunbartonshire Educational Trust Scheme 1962
- McAuley Prize for Mathematics
- UIE Award

50. These trusts continue to face prolonged legal and administrative challenges in order for them to discharge their obligations, which we have

reported in previous years. The Dunbartonshire Education Trust requires a meeting of the governors appointed from four local authorities in order to formally adopt a reorganisation scheme. The McAuley Prize bequest is without governing documentation, and so requires a new trust deed. We understand that the council is seeking to agree new trustees for the UIE award, which is dormant, and a court petition is required to make a formal appointment. As a result, they are included in the agreed action plan at [Appendix 1. Action plan 2021/22](#)

51. Only one of the charitable trusts made a payments during 2021/22, which was a single award of £19,800 from the Dr A K Glen fund. Since our report last year, the council has provided further information on its website on the charitable trusts, including an application form. However, only one application was made in-year. As the appointed auditors of the Section 106 charities administered by the council, we are required to consider whether the funds held within the trusts are being used for the purposes intended. This includes reporting any inappropriate use of funds or prolonged lack of activity - the 'public benefit' test.

52. A charity is not failing the public benefit test if they are not providing benefit in any particular year. However, if no benefit is being delivered for an extended period then the charity could be considered to be dormant. If a dormant charity has no clear plans to rectify that, it may be appropriate for us as external auditors to report this to the Office of the Scottish Charity Regulator (OSCR) [Refer recommendations CH1 and CH2 in the Action Plan.](#)

Recommendation CH1

The trustees of the charities should continue to seek a resolution to legal and administrative barriers which prevent charitable objectives being achieved. This should include taking steps to make their existence more widely known, and applications more accessible.

Good progress was made on prior year recommendations

53. The council has made good progress in implementing our prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1.](#)

2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Main judgements

Financial management is effective and the council operated within budget in 2021/22. Elected members receive regular updates to ensure they are kept up to date with the impact on services.

The Covid-19 pandemic continues to have a significant impact on the council's finances. The use of two new Scottish Government financial flexibilities added £1.454 million of income on top of £4.488 million of direct unearmarked Covid-19 funding. At 31 March 2022, £3.445 million of Covid-19 funding was unspent for use in future years.

The council's outstanding loans total £578.408 million. Recent interest rate rises may present a longer-term risk for the council.

A trend of significant levels of delay to capital projects continues, with 42% of planned capital expenditure slipping beyond milestones, although the impact of the pandemic was a significant factor.

The innovative district heating network is operational, funded by a significant investment from the council and managed by its own green energy company

The council's financial management processes are effective

54. During the 2021/22 annual budget setting process we observed that elected members were provided with projected funding gaps and savings options to enable them to make soundly based decisions on closing any funding gaps. Based on our observations of the budget setting process, we are satisfied that the council's budget setting process operates effectively.

55. Performance against budget and projected outturn was reported to members during the year through budgetary control reports, allowing action to be taken on any unplanned variances. Additionally, Covid-19 update papers at council meetings provided information on additional funding and financial pressures on services.

The council operated within budget in 2021/22, with spending tightly controlled to deliver a small surplus of £0.159 million

56. The council approved its 2021/22 budget in March 2021 (22 March 2021). The initial budget was set at £231.919 million, and was further revised throughout the year as more information on additional Covid-related funding was released. By the year-end, total budgeted expenditure had increased to £252.986 million, with £6.460 million income attributable for Covid-19 purposes.

57. The results from a previous consultation with West Dunbartonshire residents, held in 2019, were used in the 2021/22 budget setting process as the outcomes of the previous process were considered to remain valid in closing the budget gap in 2021/22. The updated budget paper presented to the Council on 23 March 2022 projected a favourable variance on the revenue budget of £0.057m (0.02% of total budget), with agreed savings of £3.212 million reported as on track to be achieved. The actual in-year surplus delivered was £0.159 million against the budget.

58. The main favourable variances against budget, particularly within corporate and education services, were due to actions such as control of staff vacancies and efficiency reviews, as well as less than anticipated demand for services.

59. The changes in the budget position were reported in revenue budget control reports presented to members throughout the year. These reports contained a good level of detail on the forecast outturn position, as well as details on the costs of Covid-19 and the funding received in support of this.

The council received £4.488 million of direct unearmarked Covid-19 funding, and administered around £14 million of agency income, to alleviate the impact of the Covid-19 pandemic on individuals, businesses and the economy

60. At the time of setting the 2021/22 budget, the council had moved on from the initial emergency response to the pandemic but was continuing to respond to unprecedented challenges to the delivery of services. Ongoing restrictions, Covid-19-related staff absences and the uncertain nature of the pandemic, for example the emergence of the Omicron variant, resulted in adaptation and disruption to service provision. The unprecedented impact on public finances of the Covid-19 pandemic has been reported in the [Local Government in Scotland Overview 2022](#).

61. West Dunbartonshire Council received £4.488 million in Covid-19 related funding in 2021/22 (£20.43 million in 2020/21), plus £1.973 million which had been carried forward from 2020/21. The council used two new financial flexibilities made available by the Scottish Government to mitigate the financial impact of Covid-19 in 2021/22. This provided a further £1.454 million of additional funding, although will come at a cost to the council in future years as loan fund payments increase. The flexibilities permit:

- capital receipts being used to finance Covid-19 revenue expenditure

- a Loans Fund repayment holiday to defer loans fund repayments due to be repaid in 2021/22.

62. A total of £3.445 million Covid funding was transferred to the council's general reserve. This will be used to manage the ongoing budget pressures resulting from the pandemic in 2022/2023 and beyond.

63. Throughout 2021/22 the council has played a key role in supporting individuals and families through the financial burden of the pandemic. This included facilitating support for:

- those self-isolating
- provision of free school meals
- funding for education recovery
- advice to businesses

64. The council was responsible for administering £14.284 million of payments to various business and support grant schemes. Due to grant conditions, these business support funds are considered to represent an agency agreement. Agency payments are those paid out by the council on behalf of another organisation, in this case the Scottish Government. As such, the £14.284 million does not appear in the council's annual accounts, except for being appropriately disclosed in its management commentary.

65. We reviewed the council's accounting treatment for each of the grants against the applicable guidance and concluded that the council had classified, and where required, correctly accounted for the grants in its 2021/22 annual accounts.

66. Despite the impact of the pandemic on the economy, the council's in-year collection of council tax increased slightly from 94.18% in 2020/21 to 94.53% in 2021/22. This may be due to eased payment terms and follow-up processes to assist residents.

The housing revenue account reported an overall deficit of £4.630 million funded through a use of reserves

67. The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set a level which will at least cover the costs of its social housing provision. As at the end of March 2022, West Dunbartonshire Council owned 10,378 housing units.

68. In March 2021, the council approved a 1.5% increase in the average weekly rent levels for tenants for 2021/22. The rent level was set to reflect the income required to fund the revenue budget of £46.168 million. In 2021/22, the council recorded a deficit on HRA services of £4.63 million which has been funded through use of reserves, which at the start of the year stood at £7.364 million. This is in line with the HRA financial plan to fund some capital from revenue to reduce the costs of borrowing.

69. The standing Council policy is that an HRA Prudential Reserve of 2% of gross expenditure should be maintained, which equates to £0.923m for 2021/22. The balance available to the HRA for future use is £2.734m.

70. Last year we noted that issues relating to the Housing Repair telephone contact centre had been reported, with tenants facing a lengthy wait to resolve problems. The council acknowledged the deterioration in service and put in place measures to alleviate this, including planned recruitment.

71. The net surplus on the housing maintenance trading account was £0.568 million from a total budget of £1.4 million. Continuous high levels of Covid-related absence, together with the national skills shortage and higher supplies costs, caused difficulties in addressing the council's repairs and maintenance backlog. The reduction in repairs and maintenance activity during the year will likely have a knock-on effect on the level of such activity required in future years.

72. In March 2021, the Council approved the Housing Capital Programme 2021-2026, with an expenditure budget of £83.393m for the affordable housing supply programme.

73. Through the Council's Strategic Housing Investment Plan, supported by the Scottish Government's Affordable Housing Programme, more than 1000 new social homes for rent were completed in West Dunbartonshire by the council and private sector partners by April 2022, including 467 new council homes. In 2021/22, the council delivered 211 new-build homes.

A trend of significant levels of delay to the council's capital projects continues, with 42% of planned capital expenditure slipping beyond milestones

74. We reported in the [Best Value Assurance Report \(June 2018\)](#) that there has been a trend of significant levels of capital slippage at the council over a number of years and recommended that the council review its project management processes and consider performing self-assessments to identify areas for improvement. In response to this recommendation the council agreed improvement actions to address the level of slippage. These actions were completed during 2018/19 and the council anticipated these would lead to improvements in the delivery of the capital programme going forward.

75. The council's overall capital programme includes a number of high-profile and ambitious projects, such as redevelopment of the ExxonMobil site in Bowling, and regeneration of Dumbarton town centre. For 2021/22, the council had a budgeted capital programme of £105.054 million split between £56.726 million for planned general services capital projects and £48.328 million for HRA capital works.

76. Total capital expenditure in 2021/22 was £64.219 million of which £33.619 million related to general services and £30.600 million to the HRA capital programme. The total in-year slippage was £44.883 million (42 per cent), with slippage of £24.958 million (44 per cent) against the general services programme and £19.925 million (42 per cent) against the HRA programme.

77. Overall, 42% of planned capital expenditure slipped beyond anticipated milestone (in 2020/21 this percentage was 34%). The pandemic was noted as being the main factor behind these reductions, with material shortages and longer lead times impacting on the supply chain.

Exhibit 6

Summary of significant under/overspends against budget

Project	Budgeted Spend in 2021/22 (£m)	Actual Spend (£m)	Slippage (£m) (%)		Explanation for slippage
General Services					
District heating network expansion	3.600	0.000	3.600	100	Network expansion to Golden Jubilee National Hospital will commence pending positive commercial discussions.
Heritage Capital Fund	2.550	0.875	1.676	66%	COVID impacted on the timescale for delivery of a number of projects including Clydebanks Town Hall, the Clydebanks Museum, and the Dalmuir Library and Gallery. Work is now underway to get these projects progressed.
Vehicle Replacement	3.042	1.442	1.600	53%	Delay due to the vehicle build time associated with the specialist vehicles and the delivery lead time from the date of supply order placement.
Schools Estate Improvement Plan	6.200	4.180	2.020	33%	As a result of COVID Skills School was rephased during 2021/22 and further costs are still expected for Renton Campus.
HRA					
New house build	20.281	7.389	12.892	64%	Due to a number of different complexities there were delays to getting on site across each of the new build sites.

Project	Budgeted Spend in 2021/22 (£m)	Actual Spend (£m)	Slippage		Explanation for slippage
			(£m)	(%)	
Projects to deliver housing strategies (Buy Backs)	1.706	1.036	.670	39%	These are subject to stringent criteria to ensure accountability and value for money for tenants and involves several key stakeholders which resulted in time delays
Doors/Windows	3.831	1.357	2.474	65%	Installations are behind original planned targets due to internal and external contractor resource issues
Building external components	4.088	2.105	1.983	49%	Resource issues has delayed the roof renewal programme which continues into 2022/23. Additional installations by support contractors is underway to assist completions

Sources: Capital spend outturn report 2021/22, West Dunbartonshire Council August 2022, West Dunbartonshire Council unaudited annual accounts 2021/22

78. It is important that the council addresses the slippage caused by the pandemic. As the impact of the pandemic eases, we would anticipate a return to pre-pandemic levels of programme delivery. In its [Local Government in Scotland: Overview 2022](#) report the Accounts Commission highlighted the important role of capital investment in councils' recovery from the pandemic.

79. In particular, there is a need for investment to be aligned with plans to tackle the impact of climate change, with modernisation of councils' estates needed to ensure carbon reduction targets are achieved.

The innovative Clydebank district heating network is now operational, run by the council's own green energy company

80. The importance of investment in this area is something the council has recognised in its Climate Change Strategy, published in January 2021, and is evident in sustainable and pioneering initiatives such as the district heating network in Clydebank, which is the first large-scale water source heat pump scheme of its kind in Scotland.

81. The council has established its own energy company, West Dunbartonshire Energy LLP, to operate and manage the system, with £0.397 million of working capital advanced from the council.

82. The council will fund £14.458 million of the cost of the system, with the Scottish Government funding £6.1million through the Low Carbon Infrastructure Transition Programme. Heat is now being supplied to council offices at Aurora House, the Titan Enterprise Centre, Clydebank Leisure Centre and the new care home at the site, Queens Quay House. Plans are in place to supply the Clydebank Health Centre, over 140 flats and retail units currently on site, all other homes planned for the site, as well as Clydebank Library and Clydebank Town Hall.

The council has high levels of debt, with outstanding loans standing at £578.408 million. Recent interest rate rises may present a longer-term risk for the council

83. In recent years we have reported the council's overall levels of debt as compared to its annual revenue, which has been among the highest levels in Scotland. In 2020/21, the ratio of net debt to revenue was 220 per cent. Using the same methodology this has now improved slightly to 217 per cent.

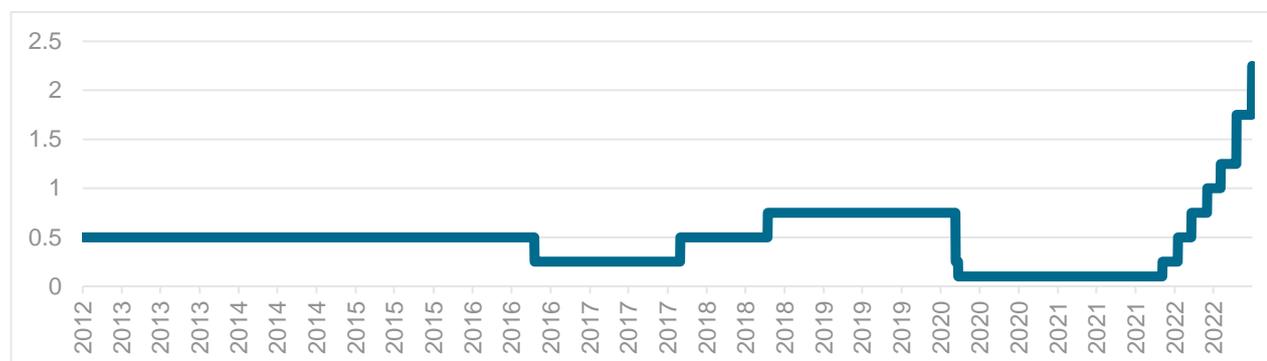
84. At 31 March 2022, the council's total outstanding borrowing stood at £578.408 million (excluding PPP debt of £92.485 million), an increase of £29.749 million on the 2020/21 level of £548.659 million. Loan repayments of £320.748 million were made during 2021/22, new loans of £350.500 million (long-term loans of £35 million and short-term loans of £315.500 million) were taken out during the year.

85. As with recent years, the additional borrowing was required to help finance the council's capital programme and short-term borrowing was used to take advantage of low interest rates.

86. We recognise that the council's borrowing figure includes debt associated with both the HRA and the council's PPP assets which not all Scottish local authorities have, and that the current cost of borrowing is at historically low levels. The significant proportion of borrowing presents a risk for the council if interest rates on debts increase. Management has indicated it intends to conduct a review of the capital programme to report in December 2022, with recommendations to reduce costs. [Exhibit 7](#) shows the scale of recent increases to the UK base interest rate since 2012.

Exhibit 7

Bank of England base interest rate since 2012



Source: Bank of England (<https://www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp>)

Internal controls operated effectively during 2021/22

87. As part of our 2021/22 audit, we tested the key controls operating over the main accounting systems. Our objective was to gain assurance that the systems for processing and recording transactions provide a sound basis for the preparation of the annual accounts.

88. Our controls work did not identify any significant risks of material misstatement, with the internal controls providing a sound basis for the preparation of the annual accounts.

Internal audit provided a ‘generally satisfactory’ level of assurance over the council’s governance, risk management, and internal controls in place during 2021/22

89. The internal audit service, in any organisation, is an important element of internal control. It provides members and management with independent assurance on risk management, internal control and corporate governance processes as well as providing a deterrent effect to potential fraud.

90. We found the council’s internal audit to be operating effectively, and in line with the Public Sector Internal Audit Standards (PSIAS) requirements.

91. PSIAS require the provision of an annual internal audit opinion, to inform the council’s annual governance statement. The Shared Service Manager – Audit & Fraud issued her Annual Assurance Statement to the Audit Committee in June 2022 which included the opinion that: The report concludes that the majority of West Dunbartonshire Council’s established internal control procedures operated as intended to meet management’s control requirements for each area reviewed by Internal Audit in 2021/22. The overall audit opinion was “Generally Satisfactory with some improvement needed”. The improvements required related to aspects of stock security and use of council vehicles. Management is progressing actions in line with agreed timescales.

The council has in place appropriate arrangements for the prevention and detection of fraud and corruption

92. The council has a range of established procedures for preventing and detecting fraud and irregularity including a whistleblowing policy, anti-fraud strategy and codes of conduct for members and officers.

93. The council continues to participate in the National Fraud Initiative (NFI). This is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. By the end of March 2021, 52% of matches had been actioned in relation to the 2020/21 exercise, with progress delayed due to vacancies in the internal audit service.

94. We have concluded that the council has generally appropriate arrangements in place for the prevention and detection of fraud and corruption. We are not aware of any specific issues we require to bring to your attention.

3. Financial sustainability

Financial sustainability looks forward to the medium and long term to consider whether the council is planning effectively to continue to deliver its services or the way in which they should be delivered

Main judgements

The budget for 2022/23 is £252.394 million, with a range of cost-saving measures used to close a budget gap of £5.508 million.

The council faces significant financial challenges in the years ahead, with the estimated budget gap growing to £19.849 million by 2024/25. Total usable net reserves have decreased by £5.158 million.

Transformational change aligned with effective medium and longer-term planning is required to address the impacts of the Covid-19 pandemic together with growing inequalities, cost-of-living pressures, and the changing needs of citizens.

The budget for 2022/23 is £252.394 million, with a range of cost-saving measures used to close a budget gap of £5.508 million

95. As part of the 2022/23 budget-setting process, a report to the Council on 9 March 2022 estimated an initial budget gap of £5.508 million. A range of options were presented to close the gap. These included the use of reserves (£1.034 million), the continued use of financial flexibilities permitted to allow councils to respond to Covid (£0.700 million), a 3% increase to Council tax and a proposal to negotiate the funding split of residential child placements with the HSCP (£1.365 million).

96. The council approved a total net revenue budget of £251.064m for 2022/23 in March 2022. Since then additional funding, including Covid-related income, has been provided by the Scottish Government bringing the revised net budget to £252.394 million.

97. As at the end of July 2022, an overspend of £0.318m was projected for 2022/23 (0.13% of the total budget). Officers reported that from identified savings measures of £0.276 million, £0.251 million are on target to be achieved. A budgeted assumption to reduce residential care costs by £1.365 million – by increasing the West Dunbartonshire Health and Social Care Partnership's share of costs from 50% to 77% – requires the agreement of both parties, and has not yet been agreed.

The council faces significant financial challenges in the years ahead, with the estimated budget gap growing to £19.849 million by 2024/25

98. The budget also estimated future annual budget gaps based on a range of assumptions including future Scottish Government funding, inflation, council tax increases and interest rates. At the time of setting the budget in March 2022, projections identified expected budget gaps of £13.761m in 2023/24 rising cumulatively to £18.622m in 2024/25.

99. The Scottish Government's Resource Spending Review, published in May 2022, indicates intentions that local government funding will remain as 'flat cash', i.e. static, at current 2022/23 levels until 2025/26 with a further £100m added in 2026/27. This would mean requiring the council to absorb inflationary and pay award increases, as well as increases to energy costs. In addition, there is uncertainty over how long Covid-related funding will continue to be made available to promote recovery.

100. In June 2022, the Chief Officer – Resources presented to the council an updated assessment of the financial challenges facing the council. The assumptions underpinning the previous budget gap projections were refined. This included removing an assumption that council tax would increase by 3%, higher inflation, interest rates and pay awards, and increasing utility costs. The revised projection estimates a deteriorating position for the council, ([Exhibit 10](#)) with a mid-range scenario now projecting a £19.849 million annual deficit position by 2024/25 unless significant savings can be made.

101. The local government pay settlements for 2022/23 will add substantial pressures to the council's budgets. The council is currently considering how the increases will be funded.

Exhibit 8

West Dunbartonshire Council - Identified budget gaps 2023/24 to 2024/25 (cumulative)

Budget gap scenario	2023/24 £000	2024/25 £000
Best Case	13,636	18,709
Mid-Range	14,309	19,849
Worst Case	22,164	34,724

Source: Financial Update, West Dunbartonshire Council, 22 June 2022

102. Achieving the required savings for 2022-2025, against a backdrop of the continuing financial impact of the Covid-19 pandemic and significant inflationary cost pressures, is likely to prove challenging.

103. The council has a long-term financial strategy in place which is updated annually and was refreshed in October 2021. It reflects the impact of the pandemic on financial and service pressures, identifies budget gaps and provides clear links to the council's strategic objectives. The long-term cumulative anticipated funding gaps identified have since been reviewed and increased, as we note above.

Transformational change aligned with effective medium and longer-term planning is required to address the impacts of the Covid-19 pandemic together with growing inequalities, cost-of-living pressures, and the changing needs of citizens

104. There remains uncertainty over the longer-term funding position for councils. In its [Local Government in Scotland: Overview 2022](#) report, the Accounts Commission reports that councils have seen their underlying cumulative funding fall by 4.2 per cent in real terms since 2013/14 (excluding Covid-19 funding). This contrasts with an increase of 4.3 per cent in Scottish Government funding of other areas of the budget over the same period.

105. This funding reduction is against the backdrop of a range of new challenges facing councils, including decisions on what services to reinstate and redesign, and to what level, following the Covid-19 pandemic. Councils across Scotland have struggled in the past to bring about the level of change that is needed to deliver public service reform, sustainable local government, and better outcomes

106. Transformation programmes, aiming to improve how councils operate, have been disrupted by Covid-19. The budgeted spend in 2021/22 for transformational programmes was £0.526m, and the actual spend as at 31 March 2022 was £0.383m. This includes investment in digital transformation within the council, automation projects and restructuring savings.

Total usable net reserves have decreased by £5.159 million

107. One of the key measures of the financial health of a body is the level of reserves held. Usable reserves are those that the council is able to apply to fund expenditure or reduce taxation, and comprise both capital and revenue reserves. The level of usable reserves held by the council decreased by £5.158 million, from £24.211 million to £19.052 million during 2021/22, as shown in Exhibit 6. This is largely attributable to the decision to fund the in-year HRA deficit through reserves in order to reduce future borrowing costs.

Exhibit 9

West Dunbartonshire Council's usable reserves

Reserve	31 March 2021 (£m)	31 March 2022 (£m)
General fund	15.028	15.020
Housing revenue account	7.364	2.734
Capital receipts reserve	0	0.030
Capital grants and receipts unapplied	0.042	0.042
Capital reserve	1.469	0.758
Other reserves	0.308	0.468
Total usable reserves	24.211	19.052

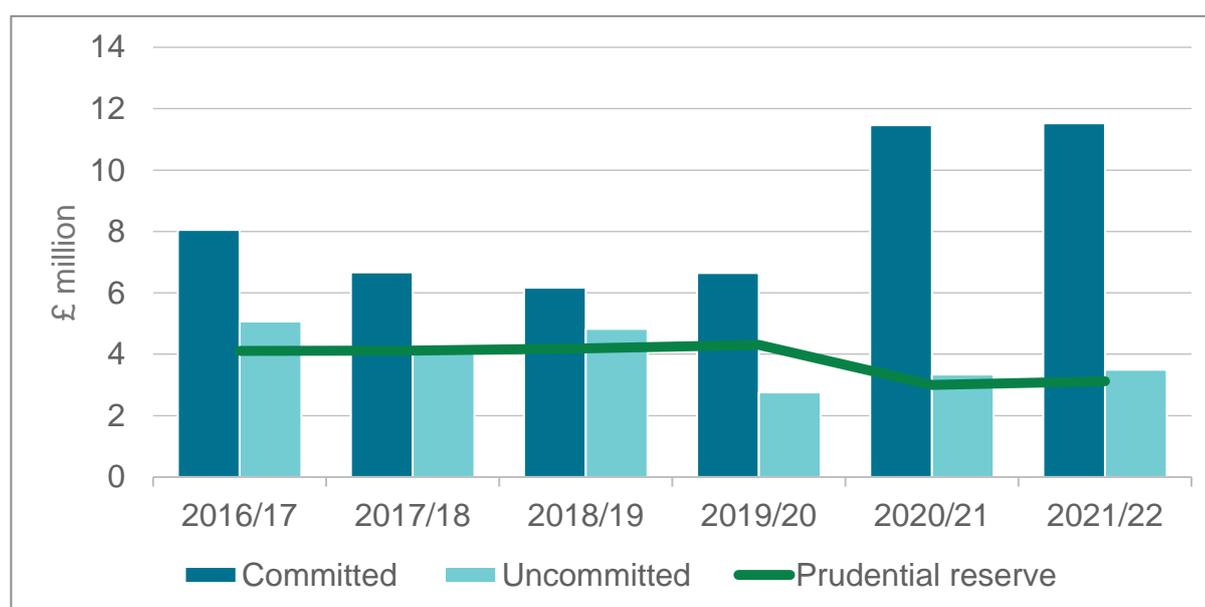
Source: Note 29, West Dunbartonshire Council Annual Accounts 2021/22

108. The council's general fund balance is £15.020m as at 31 March 2022, of which £11.517m is earmarked for specific purposes. The council's prudential reserves policy is to retain a prudential reserve of 2% of net expenditure (excluding funding requisitions to bodies such as the HSCP, Valuation Joint Board, SPT) in order to safeguard assets and protect services against financial risk. This target equates to £3.123 million in 2021/22, therefore the council has exceeded this target by £0.380 million. The overall position of the reserves was considered as part of the budget process for 2022/23.

109. General earmarked reserves have decreased by £0.174 million to £11.517 million. This includes carrying forward £6.791 of Covid-related funding to 2023/24. Exhibit 10 provides an analysis of the general fund balance over the last five years split between the earmarked and uncommitted elements.

Exhibit 10

Analysis of the general fund balance over past five years



Source: West Dunbartonshire Council Annual Accounts 2016/17 to 2021/22

110. Consideration of the wider context in which the council is operating in helps to explain higher reserves balances in the past two years. The Accounts Commission's [Local Government in Scotland: Overview 2022](#) report highlighted that the increase in 2020/21 revenue reserves across most councils was largely because of additional Covid-19 funding. The Commission recognised that this funding had artificially inflated reserve positions, with councils unlikely to have flexibility in the use of large elements of these reserves. This is evident from review of the council's total usable reserves, with Covid-19 earmarked monies equating to 45.2% per cent (£6.791 million) of the total general fund reserve.

111. There are ongoing sustainability challenges of using reserves to fund recurring expenditure, particularly as recovery and renewal from the pandemic is progressed. The reserves accumulated in recent years may provide the council with the opportunity to re-shape services to support sustainability going forward. Beyond that, difficult decisions will need to be taken in the future, with effective management of the council's reserves key to maintaining financial sustainability.

The Scottish Government's proposals for a new National Care Service have the potential to significantly change the way that social care services are structured and operate

112. Following the publication of the [Independent Review of Adult Social Care](#) in February 2021, work is currently under way nationally to develop and implement a new National Care Service (NCS). The Scottish Government expects the new NCS to be operational by 2026. These proposals have the potential to significantly change the way that social care services are structured and operate.

113. In its January 2022 [Social Care](#) briefing Audit Scotland noted stakeholders concerns about the extent of the proposals for reform and the time it will take to implement them. Many of the current issues experienced by the social care sector, for example workforce pressures, cannot wait for the Scottish Government to implement a new NCS.

114. West Dunbartonshire Council provided a formal response to the consultation through the adoption of a response developed by Convention of Scottish Local Authorities (CoSLA) and supplemented by the advice of the council's chief officers. The response, agreed in November 2021, raised the concern that "transformative change will not be achieved through the primarily structural change that the consultation is proposing but by taking action now to tackle the underlying causes of challenge".

Intention to abolish charges for non-residential care

115. At the June 2022 council meeting, a motion was passed with an intention to abolish £1.5 million of non-residential care charges. The aim was that West Dunbartonshire HSCP would cover this loss of income from the HSCP's unearmarked reserves. At a subsequent meeting of the HSCP, voting members were unable to agree on funding. The issue now lies with the Chief Executives of the Health Board and the Council as per the Integration Scheme dispute resolution process.

The council's allocation from the Scottish Attainment fund is set to reduce to £0.851 million by 2025/26

116. The council's annual Scottish Attainment Challenge (SAC) allocation is due to reduce from £2.043 million in 2021/22 to £0.851 million in 2025/26. This presents a challenge for the council in continuing to support improvements in attainment levels for learners.

117. The money provided from the Attainment Scotland Fund since its launch 2015 has been targeted at supporting pupils in the nine local authorities of Scotland with the highest concentrations of deprivation. It aims to achieve equity in education through ensuring every child has the same opportunity to succeed, with a particular focus on closing the poverty-related attainment gap.

118. In November 2021, the Cabinet Secretary for Education and Skills set out to Parliament plans for SAC for 2022/23 to 2025/26. The allocations will taper over four years towards a fully equitable distribution in 2025/26, ensuring children and young people are supported across the country. The impact of this on West Dunbartonshire Council is that its annual SAC allocation will reduce to £1.745 million in 2022/23, with further gradual reductions to £0.851 million in 2025/26. This presents an additional challenge for the council in continuing to support improvements in attainment levels across West Dunbartonshire.

4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information

Main Judgements

Following the May 2022 local government elections, the council has a new administration. A comprehensive training programme is in place to support new and returning elected members.

Effective governance and decision-making arrangements were in place during 2021/22. The council conducts itself in an open and transparent manner.

Following the May 2022 local government elections, West Dunbartonshire Council has a new administration

119. Following the local government elections in May 2022, 22 members representing the six multi-member wards were elected across West Dunbartonshire. The political composition is as follows:

- Scottish Labour Party – 12
- Scottish National Party – 9
- West Dunbartonshire Community Party – 1

120. In May 2022, at the first meeting of the new council, a Labour-led administration was put in place succeeding the Scottish National Party who led the council in the preceding five years. The established governance structure has been maintained by the new administration.

The council has a comprehensive training programme to support new and returning councillors

121. Eleven new councillors were elected to the Council at the local government elections in May 2022, with eight of those new members having never served before. To support these new members, and continuing members, the council provided a comprehensive induction programme which included seminars and briefings on members' key roles and responsibilities as councillors. Tailored training was also provided to members based on their specific responsibilities, such as for those sitting on the Licensing Board.

122. The council has also adopted the Continuing Professional Development Framework, developed by the Improvement Service, for elected members to provide feedback about their performance, and provide them with personal and professional development opportunities.

Effective governance and decision-making arrangements were in place during 2021/22

123. Elected 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. The governance and accountability arrangements we consider include:

- council and committee structure
- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption. This includes action in response to the National Fraud Initiative
- openness of council and committees
- reporting of performance and whether this is fair, balanced and understandable.

124. Audit committees and Council meetings continued to be held with a hybrid option of attending virtually into 2021/22. This allowed members to undertake their scrutiny role appropriately and, by June 2022, attendance in person became more prevalent. The meetings continued to be audio streamed and recordings made available after the meeting.

125. Meeting papers are available on the council's website to support transparency. The website also allows the public to access a wide range of information including current service updates and restrictions due to Covid-19, advice for individuals and businesses and how to contact the council or make a complaint.

126. No significant risks were identified from our review of the governance and accountability arrangements in the council.

The council conducts its business in an open and transparent manner

127. There continues to be an increasing focus on demonstrating the best use of public money. The council support open and transparent business in several ways such as:

- Live streaming and audio recording of council and service meetings. This was in place prior to the pandemic and continued throughout.

- Council and committee meeting papers and minutes are publicly available on the council website. Elected members briefings are also publicly available.
- The council website contains a wide range of information including the annual accounts, register of members' interests, fraud reporting policies and complaint procedures.

128. We conclude that the council continues to demonstrate a commitment to conducting business in an open and transparent manner.

Collaboration and effective leadership is more important than ever to ensure that outcomes are improved for residents

129. In its [Local Government in Scotland Overview 2022](#) report, the Accounts Commission highlighted that recovery and renewal was not about returning to the pre-pandemic status quo, but ensuring services are reshaped to meet the new needs of the local area. To achieve this, strong leadership from councils is needed. The council's new and returning councillors should be willing and able to make difficult decisions about where and how to spend its resource, with a willingness to embrace collaborative working within the council and with external stakeholders critical to achieving this.

130. The new council has shown an appetite for collaboration, in establishing, for example, a cross-party cost of living working group. We encourage members and senior officers at the council to maintain an open and collaborative culture. This will help drive improvement and innovation at the council which will in turn will lead to better outcomes for residents.

5. Best Value

Using resources effectively and continually improving services.

Main judgements

The council has made good progress in demonstrating improvement in its services, but the capital programme continues to fall behind as a result of the pandemic.

Residents' satisfaction with council services overall is high, but performance indicators show challenges in tackling sickness absence levels, empty council homes and recycling.

The council has a climate strategy and action plan to address the challenge of reaching net zero by 2045.

The council has made good progress in demonstrating improvement in its services, but the capital programme continues to fall behind as a result of the pandemic

131. Best value is assessed over the term of our appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council is considered by the Accounts Commission at least once during this period.

132. The [Best Value Assurance Report \(June 2018\)](#) for West Dunbartonshire Council reported that the council had made significant improvements in how it works since the previous Best Value report in 2007. It highlighted that the council now demonstrates a focus on delivering Best Value and there was evidence of continuous improvement in its services. The report also included five recommendations which were endorsed by the Accounts Commission.

133. At its meeting on 29 August 2018, the council agreed a Best Value Assurance Improvement Plan which included actions to address all recommendations included in the BVAR. An update against the plan was reported to the Council meeting in February 2020. It noted that all recommendations within the BVAR Improvement Plan had been fully delivered and activity on driving Best Value will continue.

134. In subsequent annual audit reports we reported a summary of the progress made against the BVAR recommendations. A current position statement on the outstanding actions from 2020/21 is summarised in [Exhibit 8](#).

Exhibit 11

Progress against outstanding BVAR recommendations

Recommendation	Audit Scotland view on progress to date
<p>To reduce the level of slippage on the capital plan, the council should review its project management processes.</p>	<p>Covid-19 continues to delay progress with the capital programme</p> <p>As we detail in paragraphs 65 to 68, the council has reported slippage against the capital programme. Although the project management improvements are complete, there are still delays in progressing projects. In 2021/22 these occurred for various reasons, with the pandemic and its knock-on effect on absences and supply chains clearly a significant factor..</p>
<p>Some staff are finding the pace of change challenging and staff absence remains an issue. The council is taking positive steps to try and address this and should continue to explore opportunities for improvement.</p>	<p>Significant successes in reducing sickness levels have been short-lived, with 2021/22 data showing a sharp spike in staff absences</p> <p>We reported in our original BV report that the council had taken a range of action to support staff and tackle sickness absence levels. The impact of these actions had not yet been reflected in the reported sickness absence figures, but we accepted that delivering such improvement would be a longer-term process.</p> <p>The latest data – relating to 2020/21 – from the Local Government Benchmarking Framework (LGBF) shows that sickness absence per employee (excluding teachers) in West Dunbartonshire Council decreased to an average of 8.38 FTE days per employee (11.4 days in 2019/20). This places the council favourably below the Scotland-wide average of 9.71 days lost.</p> <p>A similar improvement could be seen with teachers, with only 1.68 FTE days lost in 2020/21 (5.46 FTE in 2019/20), well below the Scottish average of 4.16 days, which made West Dunbartonshire Council as the best performing council in Scotland in this regard.</p> <p>There remain concerns. Figures from the council's annual wellbeing update show that council-wide absences in 2021/22 have spiked significantly to 14.55 FTE days lost per employee, the highest level since at least 2015/16. In the absence of Scotland-wide benchmarking data, which is not yet available, it will be important to understand this deterioration within a national context. We recognise that officers continue to treat the underlying reasons for sickness absence as a priority. Action taken by the Employee Wellbeing group includes employee support initiatives, work with trade unions, monthly webinars and an employee counselling service.</p>

The council has effective systems in place to monitor performance and drive continuous improvement, which support scrutiny of service performance

135. The council has effective systems in place to monitor performance and drive continuous improvement. Members and officers effectively scrutinised how services perform:

- Each Strategic Service Management Team considers performance reports during routine management meetings.
- The Performance Monitoring and Review Group considers regular reports from across strategic areas through its online performance management system, Pentana. This monitors the performance indicators linked to the strategic plan.

- Service committees meet every quarter and get regular performance information.
- Service performance is reviewed through the Corporate Services Committee, Education Services Committee, Housing and Communities Committee and Infrastructure, Regeneration & Economic Development Committee and annually through the council.
- Officers and councillors have a good understanding of what the council has achieved and the challenges that remain.

136. Based on our attendance at Council and committee meetings during 2021/22 we have concluded that these performance monitoring and reporting arrangements continue to operate effectively and support scrutiny of service performance.

The council has a climate strategy and action plan to address the challenge of reaching net zero by 2045

137. West Dunbartonshire Council launched its [Climate Change Strategy](#) in January 2021 which has set a target to reduce WDC carbon emissions to 'net zero' by 2045, aligning with Scottish Government targets. In order to ensure it realistically meets its 2045 net zero target, the council recognises it will require further internal funding (capital and revenue) and support from all service areas.

Exhibit 12

Climate Change Action Plan – 10 key themes to address climate change



Source: West Dunbartonshire Council Climate Change Action Plan 2021

138. In the Audit Scotland [Auditing Climate Change](#) 2021 report and the Accounts Commission's September 2022 briefing on [Scotland's councils' approach to addressing climate change](#), it was noted that while public bodies, including councils, have declared a climate emergency, there is a need to ensure the robustness of plans. The plans should include clarity on how targets and timescales will be achieved. The reports also reaffirmed the important role that citizens will have and the need for strong partnership working.

139. The council has recognised this, and has built on its strategy with a [Climate Change Action Plan](#), which was approved in October 2021. This sets out the immediate and longer term actions the council will need to take, both in relation to mitigating and adapting to climate change. This will be reviewed annually and every five years it will go through a full progress review.

140. A Climate Change Action Group has been launched involving senior management from each Council service area. The council has committed to develop a Climate Change Community Forum to underpin more proactive and engaged discussions with and climate actions by the local community.

A new strategic plan 2022-27 sets out the vision and key priorities for the council over the next five years

141. This was the final year under the Council's Strategic Plan 2017-22. The plan contains five-year targets with monitoring and reporting on progress annually. Targets are set from a baseline and reviewed over time, and performance against these is reported to the full council each year in the annual performance report. These measures are considered the most relevant for evidencing the delivery of the key priority and outcome areas defined in the Strategic Plan.

142. The council's new strategic plan, covering the period 2022-27, will be considered by the council in October 2022. The strategic plan is the key document which sets out the priorities of the council over the next five years, and how performance against outcomes will be measured.

143. The plan groups the council's priorities under four key themes of 'our communities, our environment, our economy and our council' and is aligned to the Scottish Government's national priorities. More than 200 people took part in a survey consultation to give their views.

Residents' satisfaction with council services overall remains high. but performance indicators show challenges in tackling sickness absence levels, empty council homes and recycling

144. The 2021/22 annual performance report is expected to go before the Council in October 2022. From review of the most recent quarterly performance data 2021/22, we note good progress has been made in a number of areas including:

- An increase in overall residents' satisfaction with Council services (93%, up from 89% in 2020/21).

- The number of businesses given advice and assistance to start up through Business Gateway (53 against a target of 50).
- Percentage of income due from council tax received by the end of the year (93.3%).

145. However, there remains particular challenges in the following areas:

- Percentage of citizens who agree the Council listen to community views when designing and delivering services (72% against a target of 90%).
- Percentage of council rent that was lost due to houses remaining empty (1.29% against a target of 0.88%).
- Percentage of total household waste that is recycled (34% against a target of 60%).
- Sickness absence levels (as noted in [Exhibit 8](#)).

The council is meeting statutory performance indicators (SPIs) expectations on reporting its performance to the public

146. The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. In turn, councils have their own responsibility, under their Best Value duty, to report performance to the public. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced, and engaging performance information.

147. The Accounts Commission issued a revised 2018 Statutory Performance Information Direction in December 2018 which requires a council to report:

- Its performance in improving local public services provided by the council (on its own and with its partners and communities), and progress against agreed desired outcomes
- Its own assessment and independent audit assessments of how it is performing against its duty of Best Value, and how it plans to improve these assessments and how it (with its partners where appropriate) has engaged with and responded to its diverse communities.

148. West Dunbartonshire Council continues to participate in the Local Government Benchmarking Framework and publish this data and a range of other performance information on the council website which adequately covers the requirements set out in the SPI direction issued by the Accounts Commission.

Relevant national performance audit reports are considered by the council

149. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland.

During 2021/22, Audit Scotland published several reports which are of direct interest to the council. These are outlined in appendix 3.

150. We noted that relevant national reports, including the [Local government in Scotland: Financial overview 2020/21](#) and [Audit Scotland - COVID-19 Guide for Audit and Risk Committees](#) reports, were considered by the Audit Committee. These were accompanied by information explaining how the findings and recommendations relate to the specific circumstances of West Dunbartonshire Council. We welcome this positive response to our national reports.

Appendix 1. Action plan 2021/22

2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Accounting for non-current assets</p> <p>We identified significant errors on the processing of non-current assets. This included the valuation of council dwellings, depreciation calculations, the capitalisation of staff costs and misclassification of assets.</p> <p>Risk: If the accounting for non-current assets is not improved, future accounts could be materially misstated.</p>	<p>The council should review its capital accounting procedures for non-current assets, with a view to improving the systems used to record entries, compliance with accounting requirements, review processes, and communication with asset owners.</p> <p>Exhibit 2</p>	<p>A review will be carried out to properly understand any process failures relating to the management of the Council's asset register. This will include giving consideration to the cost/benefit of replacing the current spreadsheet based asset register with a more robust bespoke system.</p> <p>Chief Officer Resources 31 March 2023</p>
<p>2. Debtors and creditors overstatement</p> <p>We identified a number of errors in the disclosures of debtors and creditors. This had the effect of reducing both assets and liabilities by £3.222 million.</p> <p>Risk – There is a risk that the figures in the Balance Sheet are overstated.</p>	<p>Management should review the year-end procedures to ensure that debtors and creditors are correctly accounted for.</p> <p>Exhibit 2</p>	<p>An exercise will be carried out to review the audit adjustments required during the audit of the 2021/22 annual accounts which will inform improvement actions in advance of the preparation of the 2022/23 accounts.</p> <p>Chief Officer Resources 31 March 2023</p>
<p>Recommendations for charities administered by West Dunbartonshire Council</p>		
<p>CH1. Governance documentation and dormant activity</p>	<p>The trustees of the charities should continue to seek a resolution to legal and administrative barriers which</p>	<p>Further action will be taken to raise the profile of the charitable trusts in an attempt to encourage greater</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>As we have previously reported, some of the trusts have been dormant for a number of years, and new deeds of trust or governing documentation is required for the Dunbartonshire Educational Trust Scheme, the UIE award and the McAuley Prize for Mathematics.</p> <p>Risk – There is a risk that funds are lying dormant and do not provide public benefit</p>	<p>prevent charitable objectives being achieved.</p> <p>This should include taking steps to make their existence more widely known, and applications more accessible.</p> <p>Paragraphs 50 to 52</p>	<p>applications from qualifying parties.</p> <p>Chief Officer Resources 31 March 2023</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>PY1. Analysis of rent arrears</p> <p>Our review of the underlying records for the Housing Revenue Account (HRA) identified that the council is currently unable to analyse overdue rent arrears by age of the debt.</p> <p>Risk – The disclosures in the accounts for rent arrears may contain errors, and the council may be unable to adequately identify rent arrears which should be written off.</p>	<p>The council should explore improving its systems capability to provide an analysis of rent arrears by age of the debt.</p>	<p>Complete</p> <p>West Dunbartonshire Council have new reporting capability and are now able to analyse rent arrears by age of debt. This information has been used to include amounts past due for payment.</p>
<p>PY2. Review of rent model</p> <p>The council's current rent model for its housing stock, which bases charges on property size, property type and general quality was implemented in June 2010 at a meeting of the Housing,</p>	<p>The rent model should be reviewed to ensure it meets the needs of the council and its tenants.</p>	<p>In Progress</p> <p>The current rent model does not include properties built since 2010. The rent model has been discussed with the Joint Rent Group who are satisfied with the current model. A satisfaction survey</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>Environment and Economic Development Committee. At that time, the committee resolved that the model was due for review no more than 10 years after implementation, meaning that the review is now overdue.</p> <p>Risk – the rent model does not meet the needs of the council and its tenants.</p>		<p>is being completed with all residents regarding the current rent model. The revised model should be presented to full council in due course.</p> <p>Chief Officer – Housing and Employability</p> <p>31 March 2023</p>

Recommendations for charities administered by West Dunbartonshire Council

Issue/risk	Recommendation
<p>PY CH1. Governance and investment documentation</p> <p>As previously reported:</p> <ul style="list-style-type: none"> The Deed of Trust for the Dunbartonshire Educational Trust Scheme 1962 and UIE award require to be updated. The governing documentation for the McAuley Price for Mathematics is not available and a new trust deed is required. <p><i>Risk – There is a risk that the Trust does not hold the title to the investment. There is also a risk of delay in issuing awards.</i></p>	<p>Superseded by Recommendation CH1 above.</p>
<p>PY CH2. Dormant Trust</p> <p>As previously reported, some of the trusts have been dormant for a number of years and annual activity on all trusts is minimal.</p> <p><i>Risk – There is a risk that funds are lying dormant and do not provide public benefit.</i></p>	<p>Superseded by Recommendation CH1 above.</p>

Appendix 2. Wider audit dimension risks

The table below sets out the risks we identified for the 2021/22 audit relating to our wider responsibility under the Code of Audit Practice 2016 and how we addressed each risk in arriving at our conclusion.

Audit risk	Assurance procedure	Results and conclusions
<p>1. Financial sustainability of services</p> <p>The council needs to demonstrate financial sustainability of its services as it faces increasing demand for services and the continuing service pressures from Covid.</p> <p>Covid-19 funding has increased the council's reserves but these will be needed to meet ongoing costs. The council is projecting funding gaps increasing to £14.355 million by 2024/25.</p>	<ul style="list-style-type: none"> Review the council's monitoring reports against the 2021/22 budget and long-term financial strategy. Report the outturn in our 2021/22 annual audit report. Review how the council demonstrates the long-term affordability of budget decisions, including any planned use of reserves. Ongoing assessment of the council's long-term financial strategy. 	<p>Results & Significant Judgements: As we have reported in Paragraph 56., the council achieved a £0.159 million surplus against budgeted expenditure for 2021/22.</p> <p>Conclusion: There is uncertainty over how long Covid-related funding will continue to be made available to promote recovery. The long-term financial strategy has identified cumulative anticipated revenue funding gaps within General Services rising to £18.622 million in 2024/25.</p>
<p>2. Capital project delays</p> <p>We have previously reported on a trend of delays in capital projects and capital programme slippage. A significant underspend is forecast against the 2021/22 original capital budget for 2021/22. The majority of this is due to the impact of Covid-19 and the ongoing restrictions on capital works.</p>	<ul style="list-style-type: none"> Review the council's reports for monitoring the budget and progress with the capital programme. Report the outturn in our 2021/22 annual audit report. 	<p>Results & Significant Judgements: As we have reported in Paragraph 76, 42 per cent of the capital programme has been identified as slippage.</p> <p>Conclusion: Although Covid-19 is likely to have had a significant impact on the capital programme, there remains a risk of unrealistic or overly optimistic scheduling. We will continue</p>

Audit risk	Assurance procedure	Results and conclusions
<p>There is a risk that the council's ability to deliver against its strategic plan is affected by the delays to completing its capital projects.</p>		<p>to monitor progress in this area.</p>
<p>CH1. Governance and investment documentation</p> <p>The Deed of Trust for the Dunbartonshire Educational Trust Scheme 1962 and UIE Award require to be updated.</p> <p>The governing documentation for the McAuley Prize for Mathematics is not available and a new trust deed required.</p>	<ul style="list-style-type: none"> • Continue to liaise with officers to establish progress with updating and replacing Deeds of Trust. • Review updated Deeds of Trust. • Provide an update on progress in our 2021/22 Annual Audit Report. 	<p>Results & Significant Judgements: Progress is being made towards replacing the deeds of trust and governance documentation.</p> <p>Conclusion: In progress</p>
<p>CH2. Dormant Trusts</p> <p>Some of the trusts have been dormant for a number of years, with annual activity on all trusts minimal. There is a risk that the trusts are not meeting the requirement of public benefit.</p>	<ul style="list-style-type: none"> • Continue to liaise with officers and monitor the activity on trusts funds. • Provide an update on activity in 2021/22 Annual Audit Report. 	<p>Results & Significant Judgements: There is minimal activity on some trusts, with only one award in 2021/22.</p> <p>Conclusion: In progress</p>

Appendix 3. Summary of 2021/22 national performance reports and briefing papers

May

[Local government in Scotland Overview 2021](#)

June

[Covid 19: Personal protective equipment](#)

July

[Community justice: Sustainable alternatives to custody](#)

September

[Covid 19: Vaccination programme](#)

January

[Planning for skills](#)

[Social care briefing](#)

February

[NHS in Scotland 2021](#)

March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

West Dunbartonshire Council

Proposed 2021/22 Annual Audit Report

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WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer - Resources****Audit Committee – 9 November 2022**

Subject: Audited Financial Statements 2021/22**1. Purpose**

- 1.1 The purpose of this report is to provide Members with the opportunity to scrutinise and approve the Audited Annual Accounts 2021/22 for both the Council and the Charities administered by the Council.

2. Recommendations

- 2.1 Members are requested to:
- (a) approve the information provided within the Audited Annual Accounts 2021/2021 - covering the Council and the Charities administered by the Council - as appended to this report; and
 - (b) Note that the Statements will also be reported to Council in December 2022.

3. Background

- 3.1 The Council's draft unaudited Annual Accounts (including the Group Accounts) for 2021/22 were reported to Council on 29 August 2022 and passed to the Accounts Commission before the statutory deadline on 30 June 2022.
- 3.2 The report submitted to the August 2022 Council identified a draft position of an unearmarked General Service reserve of £3.496m and provided Members with information as to variances for the year. The draft unearmarked position for the Housing Revenue Account reserve was £0.940m.
- 3.3 The Charitable Trusts' draft, unaudited accounts for 2021/22 were also reported to August 2022 Council.
- 3.5 Following current statutory deadlines, the Audited Annual Accounts 2021/2022 - covering the Council and the Charities administered by the Council – require to be approved by Council before 30 November 2022.

4. Main Issues

- 4.1 The audits of the Annual Accounts for both the Council and the Council-administered Charities have now been completed. The Council has received Annual Audit Report to Members and Controller of Audit which is elsewhere on the agenda to this meeting. The audited Annual Accounts for

the Council and the Council-administered Charitable Trusts are appended to this report for consideration and approval.

The Council's Accounts

- 4.2** A number of presentational and monetary adjustments were identified within the draft Annual Accounts during the course of the audit, some of which resulted in the audited accounts for 2020/21 requiring to be restated (incorporate the impact of misclassification of assets and to correct errors in depreciation calculations; the removal of additional internal recharges and amendments between creditors and debtors). The necessary changes to the main statements in 2020/21 are detailed within Note 2 of the accounts (pages 63 and 64 within the Statements).
- 4.3** In 2021/22 the changes between draft and final resulted in the balance sheet movement as noted below These adjustments did not affect the usable reserves positions of the Council.

	Draft 31 March 2022 £000	Audited 31 March 2022 £000	Change £000
Long Term Assets	1,148,987	1,054,610	(94,377)
Current Assets	79,723	76,404	(3,319)
Current Liabilities	(352,731)	(349,509)	3,222
Long Term Liabilities	(454,383)	(454,383)	0
Total	421,596	327,122	(94,474)

- 4.4** Although the overall Council's usable reserves did not change, the General Services earmarked reserves was amended and resulted in a net increase in the Council's General Fund free reserve balance of £0.007m. Further detail on the updated General Fund position is noted below:

	General Services			HRA		
	Free Reserve	Earmarked Reserve	Total Reserve	Free Reserve	Earmarked Reserve	Total Reserve
	£000	£000	£000	£000	£000	£000
Draft Financial Statements	3,496	11,524	15,020	940	1,794	2,734
Unearmark - Historic Abuse Cases	150	(150)	0	0	0	0
Earmark - further covid funds	(143)	143	0	0	0	0
Audited Financial Statements	3,503	11,517	15,020	940	1,794	2,734

- 4.5** I am pleased to report that a clean audit opinion has been given in relation to these Accounts.
- 4.6** The management commentary on pages 2 to 24 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 2022. In particular:
- 4.7** On pages 26 to 32 of the accounts is the Annual Governance Statement. This Statement provides assurance that the Council has in place a sound system of governance control. The Governance Statement identifies a number of areas where officers have identified improvements can be made.

Charitable Trusts' Accounts

- 4.8** I am pleased to report that a clean audit opinion has been given in relation to these Accounts.
- 4.9** Page 8 of the Accounts details the Statement of Balances and highlights a decrease in the balances held from £0.280m as at 31 March 2021 to £0.263m as at 31 March 2022.

5. Option Appraisal

- 5.1** No option appraisal was required for this report.

6. People Implications

- 6.1** There are no people implications.

7. Financial and Procurement Implications

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

8. Risk Analysis

- 8.1** No risk analysis was required.

9. Equalities Impact Assessment (EIA)

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

10. Consultation

- 10.1** The views of relevant officers were requested on this report and the appendices and view were taken on board.

11. Strategic Assessment

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

.....

Laurence Slavin
Chief Officer - Resources
Date: 2 November 2022

Person to Contact: Gillian McNeilly, Finance Manager, Church Street, Dumbarton
E-mail: gillian.mcneilly @west-dunbarton.gov.uk

Appendices:

1. Audited Annual Accounts 2021/22 – West Dunbartonshire Council; and
2. Audited Annual Accounts 2021/22 – Charitable Trust Funds.

Background Papers: Report to Council of 31 August 2022: Draft Annual Accounts 2021/22

Wards Affected: All

**AUDITED ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2022**



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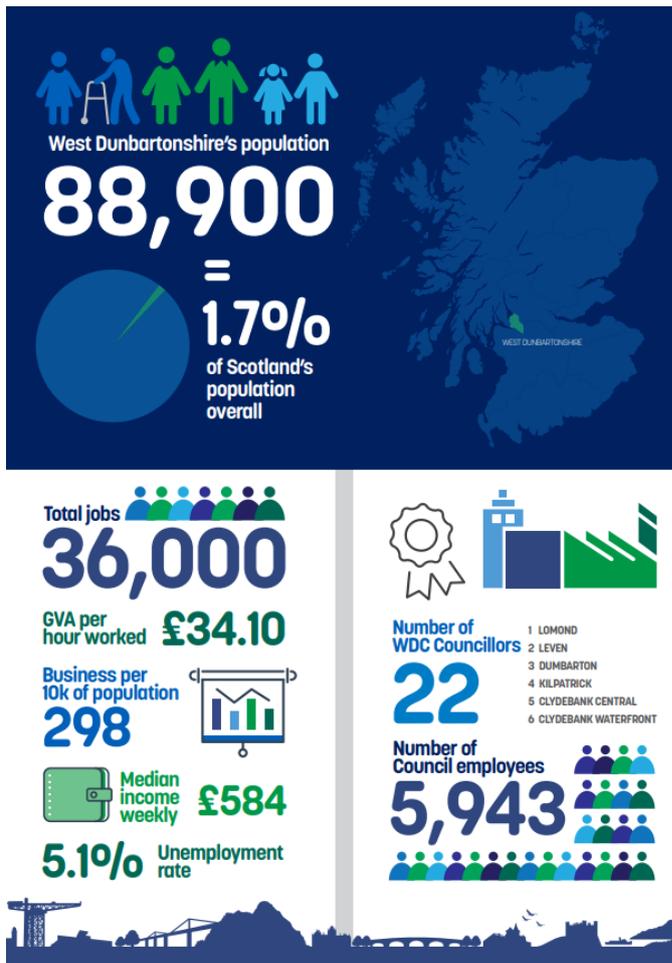
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Management Commentary

1. Introduction

Welcome to the Financial Statements for West Dunbartonshire Council (the Council) and its group for the year ended 31 March 2022. The Statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This Management Commentary will demonstrate the stewardship of public funds entrusted to the Council and outlines the key messages regarding the performance of the Council over the 2021/22 financial year as well as providing an indication of risks and issues which may impact upon the Council in the future.

2. Profile of West Dunbartonshire Council



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

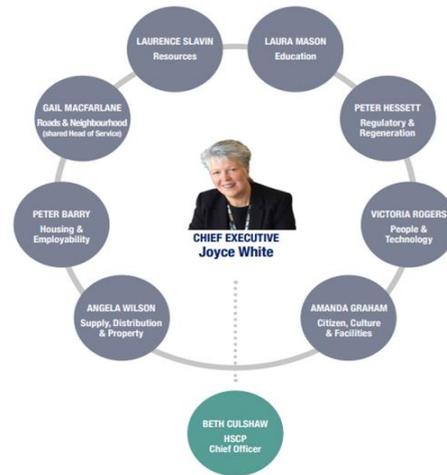
The Council is responsible for providing a wide range of local authority services (including education, housing, environmental health, environmental services, planning, economic development, employment, highways and transport) to residents within the West Dunbartonshire area.

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

Management Commentary

2. Profile of West Dunbartonshire Council (cont'd)

During 2021/22 the senior management structure consists of the Chief Executive, eight Chief Officers, with the Integration Joint Board (referred to as Health and Social Care Partnership (HSCP)) managed at a senior level by a Chief Officer. In addition the Council retained 20% of the time of the former Strategic Director of Regeneration, Environment and Growth who, since October 2020 is seconded to the Glasgow City Region for a two year period.



The Council also has:

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

In early 2022 Joyce White announced her intention to stand down as the Council’s Chief Executive and, in June 2022, Peter Hessest was appointed as the Council’s new Chief Executive.

3. The Strategic Plan, Vision and Priorities

Nationally, the Scottish Government sets out its joint priorities and local authorities, in conjunction with community planning partners, agree a planned approach aligned to these through the Local Outcome Improvement Plan (LOIP). The Council’s LOIP, covering the period from 2017 to 2027, feeds through into our 2017-2022 Strategic Plan which sets out our commitment to improving outcomes in key areas to deliver on our vision that:

West Dunbartonshire Council will deliver high quality services, led by priorities identified by the communities of West Dunbartonshire, in an open and transparent way

The Strategic Plan identifies the following five priorities aligned to the Council’s vision:

- A strong local economy and improved job opportunities.
- Supporting individuals, families and carers living independently and with dignity.
- Meaningful engagement with active, empowered and informed citizens who feel safe and engaged.
- Open, accountable & accessible local government.
- Efficient and effective frontline services that improve the everyday lives of residents.

To support delivery of the [Strategic Plan](https://www.west-dunbarton.gov.uk/council/strategies-plans-and-policies/strategic-plan/) (https://www.west-dunbarton.gov.uk/council/strategies-plans-and-policies/strategic-plan/) and the Council’s strategic objectives each Chief Officer has developed Service Delivery Plans. These are refreshed annually and progress reported to relevant committees every six months. The HSCP also has a Strategic Plan which is linked to the Council’s and the LOIP.

Management Commentary

4. Performance Reporting

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

In conjunction with this internal SPS, the Council (together with all Scottish local authorities) measures 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 enables councils to learn from each other. Full details of the most up to date performance information are available on the Council's website at: www.west-dunbarton.gov.uk/council/performance-and-spending/

Some of our achievements in 2021/22, in relation to our five strategic priorities, are highlighted below.

Priority 1 - A strong local economy and improved job opportunities

We continued our strong focus on town centre regeneration securing Levelling Up Funding to transform Dumbarton with a state of the art new museum and library and redeveloping the Artizan Centre. We also finalised 10-year investment plans for Alexandria and Clydebank focusing on boosting local enterprise and community activity, celebrating the towns' heritage and making it safe and easy for citizens to move around.



We progressed the £34.1million Glasgow City Region City Deal project which will provide up to 980 full-time jobs and a further 670 during construction.

We also invested in the Scottish Marine Technology Park at Carless, which is expected to create 1,000 local jobs and bring £65.6 million annually to the Glasgow City Region economy. In addition, we provided support to 200 new business start-ups, took on 50 modern apprentices with a further £1million investment planned over the next four years and supported 90.99% of school pupils to leave school to a positive destination.

Priority 2 - Supported individuals, families and carers living independently and with dignity. Improving the lives of the people of West Dunbartonshire is at the heart of our work

An increased £75 million investment in our housing stock has provided 530 additional affordable, sustainable, accessible and adaptable housing options that meet the changing needs of our population. Among those projects is the new 147 home development at Queens Quay which will be supplied by affordable, environmentally sustainable energy from the multi-award winning Energy Centre and District Heating network.



Management Commentary

4. Performance Reporting (cont'd)

Tackling the root causes of poverty is at the forefront of the Council's Working4U service, providing advice to sustain or increase income through employment and benefit maximisation. We assisted 288 people to secure a Foundation Apprenticeship/Modern Apprenticeship and make progress in the workplace. We also supported 420 people to secure employment and assisted residents to secure an additional £7.2million of benefits, and manage £2.5m of debt. In addition, Working4U supported 993 people to enter education and training and 457 people have subsequently secured a full qualification that will allow them to pursue their life and career ambitions.

Priority 3 - Meaningful engagement with active, empowered and informed citizens who feel safe and engaged



Our commitment to empowering citizens is demonstrated in the implementation of our Community Empowerment strategy and action plan, which helps citizens to help themselves and provides opportunities for the Council to work in partnership with citizens in local decision-making.

A review of the scheme for establishment of community councils was undertaken, consulting with existing community councils, the Community Council Forum,

active community groups in areas with no community councils at present and citizens to update and improve how they operate. To reduce the impact of antisocial behaviour we installed additional CCTV cameras, increased the presence of our antisocial behaviour team and extended the hours in which citizens can contact them for support.

Priority 4 - Open, accountable and accessible local government

The Council believes in equity and accessibility for all residents. During the pandemic, we continued to hold Council meetings online, giving citizens the opportunity to ask questions, raise concerns and listen to proceedings. Many services were updated to online to ensure citizens could continue to access services and receive support. On average, the Council answered 8,000 calls every month from citizens.



We are committed to ensuring everyone has the opportunity to have their say and in particular to increase participation from under-represented groups. Working4U worked with partners to provide citizens with access to devices, free Wi-Fi and support to use them. The programme focused its efforts on those most likely to face digital exclusion with priority given to older people who were in the COVID shielded group, families who are facing disadvantage and disabled people. As part of a four-year equality plan approved in May 2021, the Council has established the Stronger Voices community group, which is helping the Council increase participation of under-represented groups.

Management Commentary

4. Performance Reporting (cont'd)

Priority 5 - Efficient and effective frontline services that improve the everyday lives of residents

The Council is committed to providing sustainable and attractive local communities which make residents proud of the area they live in. We invested £3.6million in Lomond Bridge, Balloch. Works included modified steelwork which was refurbished and painted; a replaced bridge deck, as well as new lighting and parapet renewal.

We recognise the importance a healthy diet plays in a child's development and the health and wellbeing of our young people is a priority. Free school meals are available for all pupils in Primary 1 to Primary 5 in West Dunbartonshire, giving our children a freshly prepared, nutritionally balanced meal every day.



We were one of the first councils in Scotland to introduce 1140 hours of free early learning and childcare ahead of schedule. We provide 1140 hours of childcare to all three and four-year-olds as well as eligible two-year-olds. The Council recruited more than 400 employees to support the introduction, refurbished 15 existing centres, introduced 10 new centres and built four new Early Learning Centres.

5. Council's 2021/22 Budgets

Revenue

The Council approved the 2021/22 revenue budget on 22 March 2021 based on band D council tax at £1,293.55. The budget was set at £231.919m (as detailed in the table below) to be funded by Scottish Government Grant (£193.854m); council tax (£37.053m), with a net contribution from reserves for the remainder (£1.012m).

Service Area	Budget (£m)	% of Budget
Corporate Services	32.280	13.92%
Educational Services	103.682	44.71%
Infrastructure, Regeneration and Economic Development	12.034	5.19%
Housing and Communities	3.224	1.39%
Health & Social Care Partnership, including Criminal Justice	74.122	31.96%
Loan charges	6.523	2.81%
Other	0.054	0.02%
Total	231.919	100.00%

The budget was updated during the year for a number of variables, resulting in a final planned net expenditure of £252.986m. The year-end revenue budgetary position is detailed on page 9 of this commentary.

Management Commentary

5. Council's 2021/22 Budgets (cont'd)

Capital

On 22 March 2021 the Council also approved the revised capital plan with a planned General Services spend in 2021/22 of £18.835m and re-phased capital from the previous year of £29.223m making a total of £48.058m. In-year additional projects increasing the planned spend by £8.668m to £56.726m. This investment is funded from a range of sources including: government grants and council ongoing revenue. Major areas of investment are economic regeneration, schools modernisation, roads and infrastructure and a range of other Council assets. The year-end capital budget position is further detailed on page 17.

Housing Revenue Account

On 3 March 2021 the Council approved the Housing Revenue Account budget and agreed an increase in council house rents of 1.5% with planned capital investment for 2021/22 of £34.591m, and re-phased capital from the previous year of £15.153m making a total of £49.744m. Further in-year changes updated the planned spend for 2021/22 to £48.328m. The year-end revenue budgetary position is detailed on page 10 of this commentary, with the capital year end budgetary position shown on page 17.

6. Overview of Core Financial Statements

The Statement of Accounts contains the Financial Statements of the Council and its group for the year ended 31 March 2022. The Council operates two main Funds:

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

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

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

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

- **Comprehensive Income and Expenditure Statement** (page 44) - shows the income and expenditure for all council services.
- **Movement in Reserves Statement** (page 46) - 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). Further information on each of the reserves held and how they may be used is also detailed within notes 30 and 31 on pages 111 to 115.
- **Housing Revenue Account** (pages 117 -119) - shows the income and expenditure for council housing services for the year and also includes the Statement of Movement on the Housing Revenue Account Balance.
- **Capital expenditure** (page 98, note 21) - details the capital expenditure and the sources of finance used to fund the capital plan investment in 2021/22.

Management Commentary

6. Overview of Core Financial Statements (cont'd)

- **Balance Sheet** (page 48) - 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.
- **Cash Flow Statement** (page 49) - 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** (pages 50-116) provide further information and analysis of each statement, including the main accounting policies detailed on pages 50 to 63.

7. 2021/22 Financial Performance

Revenue: Outturn against Budget

General Fund

This account covers the day to day operational income and expenditure for each service of the Council and is reported in line with the Council's committee structure. Income from council tax, non-domestic rates, capital and revenue support grants was £260.765m with a net expenditure on services for the year of £312.515m (shown on page 44 - Net Cost of Services).

Due to tight financial control over service spending, the Council was able to return an in-year surplus from services of £0.166m against budget (2020/21 £0.585m surplus). The main favourable variances (particularly within Corporate Services and Education service areas) are due to specific management action in areas such as control of vacancies and staff cover; general process and efficiency reviews; and spending control, with a one-off adjustment for Council Tax income. Although, there is an element of demand led favourable variances, these have been partially offset by cost pressures, particularly within vacant building costs (such as former HSCP properties) and within the Infrastructure, Regeneration and Economic Development service areas due mainly to commercial rental income and the Housing Maintenance Trading Account outturn. During the Council's annual budget process, efficiencies are identified and agreed for action. These savings are monitored monthly as part of the budgetary control process. For 2021/22 the savings monitored were valued at £3.212m, with the target reduction to the budget being achieved in year.

The Council's in-year collection of council tax increased from 94.18% in 2020/21 to 94.53% in 2021/22. It is positive that collection has improved given the continued impact that COVID had in 2021/22 on the ability of people to pay council tax. The Council continued to allow eased payment terms and follow up processes to assist residents impacted, provided key financial support and assistance during the year and would expect payments to be caught-up in future years.

After taking account of the decrease in general earmarked balances since 31 March 2021 (£0.174m), the net commitment to future budgets (£1.219m, included within the overall earmarked balance) and the in-year budgetary position (£0.166m), the overall deficit for the year was £0.008m.

This results in an accumulated surplus at 31 March 2022 of £15.020m (as shown on page 46), compared to the previous year value of £15.028m). This includes an earmarked amount of £11.517m leaving an unearmarked balance of £3.503m available for future use. Of the earmarked reserves £6.791m is for COVID purposes leaving £4.726m of general earmarked reserves, of which £1.257m is set aside for the Council's Change Fund, £1.018m of Scottish Government funding for the Young Person's Guarantee and £1.219m is committed to the delivery of a balanced 2022/23 budget.

This unearmarked balance compares with that of £3.337m as at 31 March 2021 and shows that the unearmarked reserve position has increased by £0.166m during the year. The Council's Prudential Reserves Policy is to retain a prudential reserve of 2% of net expenditure (excluding requisitions to HSCP, Valuation Joint Board, SPT, etc.) in order to safeguard assets and services against financial

Management Commentary

7. 2021/22 Financial Performance

risk. The current target prudential reserves level for the General Fund is £3.123m and the position at financial year end is higher than this by £0.380m (the main reason for this position is due to financial performance in 2021/22). The General Fund's budgetary performance for the year is summarised in the following table. The table also highlights how the in-year surplus affects the overall reserves balance held for future use.

	Original Budget £000	Revised Budget £000	Spend Against Budget £000	Variance £000	£000
Total General Services Reserves Held as at 31/3/21					(15,028)
Corporate Services	32,280	32,326	31,637	(689)	
Educational Services	103,682	108,906	107,693	(1,213)	
Infrastructure, Regeneration and Economic Development	12,034	11,837	14,671	2,834	
Housing and Communities	3,224	5,111	5,005	(106)	
Health & Social Care Partnership, including Criminal Justice	74,122	76,622	76,622	0	
Loan charges	6,523	6,159	6,012	(147)	
Other (including one-off covid spend)	54	12,025	12,084	59	
Total Expenditure (1)	231,919	252,986	253,724	738	
Council Tax	(37,053)	(37,053)	(37,957)	(904)	
Revenue Support Grant/ NDR	(193,854)	(214,905)	(214,905)	0	
Use of Reserves	(1,012)	(1,028)	(1,028)	0	
Total Income (2)	(231,919)	(252,986)	(253,890)	(904)	
Net Budgetary Control Position (3) = (1) + (2)				(166)	
Net movement in Earmarked balances				174	
Movement in Reserves from 1/04/21 to 31/03/22					8
Total General Services Reserves Held as at 31/3/22					(15,020)
Net decrease in the Movement in Reserves before transfer to Statutory Reserves					2,396
Transfer from statutory reserves					(2,388)
					8

The movement of £0.008m noted above reflects the in-year movement in the General Fund balance (i.e. opening balance 1 April 2021 of £15.028m and the closing balance as at 31 March 2022 of £15.020m) and is further detailed within the Movement in Reserves Statement on page 46. The following table sets out a reconciliation of the surplus on the provision of services within the Comprehensive Income and Expenditure Statement (page 44) of £75.190m to the revenue budgetary outturn of £0.166m.

Management Commentary

7. 2021/22 Financial Performance (cont'd)

	£000	£000
Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement		75,190
<u>Removal of statutory adjustments not included in budget outturn (note 7):</u>		
Reversal of entries included in the surplus/ deficit on the provision of services in relation to capital expenditure (including depreciation and impairment)	(58,207)	
CFCR	13,247	
Pension adjustment	(32,116)	
Statutory repayment of debt	9,303	
Transfer to other statutory reserves	302	
Net gain / (loss) on sale of non current assets	(998)	(68,469)
Deficit on Provision of Services in Note 16 - Expenditure and Funding Analysis		6,721
<u>Adjust for movements to/from other statutory reserves</u>		
HRA reserve	(4,325)	
Other reserves	(2,388)	(6,713)
Movement in General Fund Balance		8
Movement in earmarked sums	(174)	(174)
Net General Fund budgetary control position 2021/22		(166)

Housing Revenue Account (HRA)

By law the Council maintains a separate account for the running and management of its housing stock and had 10,378 housing units at 31 March 2022 (10,153 31 March 2021). The movement in year is follows:

Opening house numbers	10,153
Disposals	0
Demolitions	0
Buy back	14
New builds	211
Closing house numbers	10,378

After the impact of earmarked balances, the account shows a deficit for the year of £4.630m. In line with the prudential reserves policy (2% of expenditure), the target reserves level for the HRA for 2021/22 is £0.940m. Taking account of the in-year deficit (£4.630m), which is in line with the HRA financial plan to fund some capital from revenue to reduce the cost of borrowing, the brought forward balance from the previous year £7.364m, the balance available to the HRA for future use is £2.734m, (earmarked reserves of £1.794m and free reserves of £0.940m). The HRA's budget performance for the year is summarised in the following table. The table also highlights how the in-year deficit affects the overall reserves balance held for future use. Further information is noted on pages 117 to 119.

Management Commentary

7. 2021/22 Financial Performance (cont'd)

	Budget £000	Spend Against Budget £000	Variance £000	£000
Total HRA Reserves Held as at 31/3/21				(7,364)
Total Expenditure	46,168	50,588	4,420	
Total Income	(46,168)	(50,664)	(4,496)	
Net Budgetary Control Position			(76)	
Net transfer from earmarked balances			4,706	
Movement in Reserves from 1/04/21 to 31/03/22				4,630
Total HRA Reserves Held as at 31/3/22				(2,734)

The net deficit budgetary position on the HRA Statement noted above of £4.630m compares to the surplus noted within the HRA Income and Expenditure Statement (page 118) as detailed below:

	£000	£000
(Surplus)/Deficit for the year on HRA Services		19,269
<u>HRA Movement in Reserves</u>		
Adjustments to the revenue resource	(33,614)	
Adjustments between Revenue and Capital Resources	18,670	
Transfers (to)/from Other Statutory Reserves	305	(14,639)
Movement in the HRA Reserve		4,630
<u>Adjustments for earmarked funds:</u>		
Use of earmarked sums		(4,706)
Net HRA budgetary control position 2021/22		(76)
HRA reserve as at 1 April 2021		(7,364)
Use of earmarked sums		4,706
Transfer of surplus to reserves		(76)
HRA reserve as at 31 March 2022		(2,734)

Spend relating to the net budget position of £0.076m surplus is included within note 16 (Expenditure and Funding Analysis) on pages 87 to 91.

Reserves

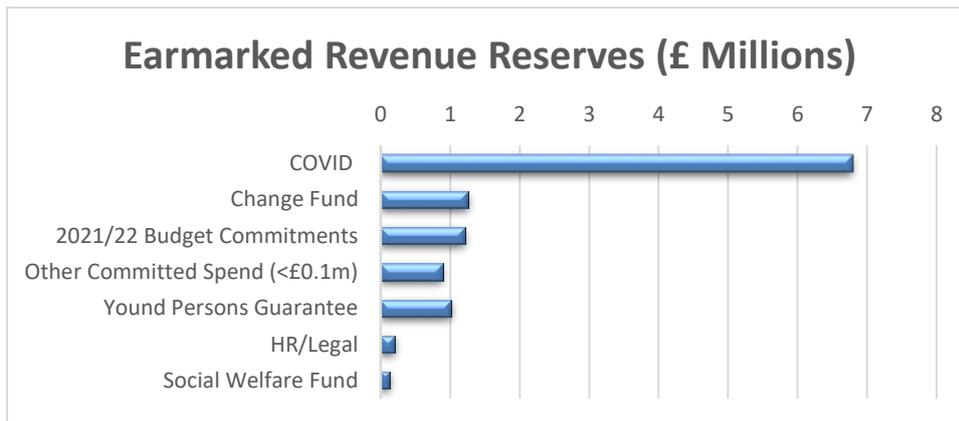
As at 31 March 2022, the usable reserves currently held by the Council are noted below, with further information on the future use of such reserves detailed within notes 30 and 31 on pages 111 to 115.

Management Commentary

7. 2021/22 Financial Performance (cont'd)

	General Services £000	HRA £000	Total £000
Unearmarked Reserve	3,503	940	4,443
Earmarked Reserve	11,517	1,794	13,311
Total Revenue Reserve	15,020	2,734	17,754
Capital Receipts Reserve	30	0	30
Capital Grants Unapplied	42	0	42
Capital Reserve	758	0	758
Other Reserves	468	0	468
Total Usable Reserves	16,318	2,734	19,052
 Prudential Target	 3,123	 940	

An analysis of the earmarked revenue balances is shown in the chart below



Provisions

The Council currently has no provisions held on its Balance Sheet as at 31 March 2022.

Cash Flow Statement

The Council's cash flow statement shows a decrease of cash and cash equivalents of £10.101m during 2021/22 (see page 49) mainly as a result of borrowing for capital spend on non-current assets.

Management Commentary

8. COVID (Financial)

The financial analysis provided above takes into account the impact of COVID. During 2021/22 officers continued to monitor the financial impact of COVID on the Council's revenue position and reported on this through budget control reports taken to Committees and full Council. £4.488m of general COVID funding was made available in 2021/22 which was added to the £1.973m which had been carried forward from 2020/21.

During 2021/22 the Council exercised the Loans Fund Principal Repayment Holiday and Use of Capital Receipts financial flexibilities approved by the UK Government and Scottish Government to help councils respond to the financial pressures faced by local authorities as a result of the COVID pandemic.

The Loans Fund Principal Repayment Holiday allows the Council to take a loans fund payment holiday in 2021/22 or 2022/23 on the condition the amount not repaid in year would be fully paid over a 20 year period. The in-year principal payment would have been £1.673m which the Council would have paid using in-year capital receipts and this holiday released a balance of £1.311m of capital receipts. Exercising the Use of Capital Receipts financial flexibility means this £1.311m can be used to fund COVID cost pressures.

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

	£000	£000
2020/21 COVID Funding Carried Forward	1,972	
2021/22 COVID Funding	4,488	
Capital Receipts Financial Flexibility	1,454	
Total Available COVID Funding in 2021/22		7,914
2021/22 COVID Spend	(4,469)	
Total COVID Funding to Carry Forward into 2022/23		3,445
Estimated 2022/23 COVID Expenditure	(2,058)	
Estimated Available COVID Funding at 31/03/23		1,387

In February 2022 the Scottish Government announced an £80m Local Authority COVID Economic Recovery (LACER) Fund. The Council's share of this is £1.458m. The fund is to be provided via General Revenue Grant and Scottish Government expectations are that it will be fully utilised during 2022/23. The Scottish Government proposed the following principles of spend to guide how the fund should be used by local authorities:

- Interventions that support local economic recovery and contribute to businesses being able to move from surviving the period of trading restrictions towards recovery, growth, adaptation and building resilience.
- Projects that can rebuild consumer confidence and stimulate demand and economic activity in their specific contexts.
- To support the low-income households that are disproportionately impacted by the pandemic and the current cost of living crisis, to become more economically active.

This funding has not been included in the general COVID funding table above as the proposed principles means there are restrictions on use. The following expenditure was agreed at the Council budget meeting on 9 March 2022.

Management Commentary

8. COVID (Financial) (cont'd)

	2022/23 Expenditure £000
Four year modern apprenticeship scheme (£250k per annum)	250
Cost of Living Crisis Fund	400
Double School Clothing Grant	774
COVID Compliance Officers	101
Total	1,525

£1.458m of this will be funded by the LACER fund with the balance of £0.067m funded from general COVID funding.

9. COVID (Service Delivery)

Throughout 2021/22 COVID continued to provide unprecedented challenges for delivery of Council services which included managing the impact of changes to national restrictions, especially as a result of rising infection rates due to the emergence of the Omicron variant. The Council's Strategic Resilience Group (SRG) and the Operational Resilience Group (ORG) continue to meet to discuss the challenges the pandemic presented to the Council with regular updates reported to Council to ensure elected members were fully updated on the impact across all services. This included:

Service	Impact and Action Taken
Education	<ul style="list-style-type: none"> • Continued to respond and adapt to the regularly updated Scottish Government 'Reducing Risks in Schools Guidance' issuing Education Leaders with the relevant advice and support to maintain the necessary protective measures for operational delivery of the service. • Continued to work with colleagues in Environmental Health and Corporate Health and Safety to ensure enhanced and rigorous COVID Safe Protocols and COVID Risk Assessments in place. • Delivered the schools and ELC's Asymptomatic Testing Programme to support twice weekly lateral flow testing for staff and secondary school pupils to minimise the spread of COVID. • Significant operational challenges faced by the service through the numbers of positive COVID cases among staff and children and young people. Staff showed great commitment and effort to ensuring there has been minimal disruption to the learning for children and young people. • Created agile and flexible working plans to offset the impact of staff or child/young person absence which provided continuous service across all schools and ELC's. This was supported by remote/blended learning. • Continued to enhance the digital technologies inclusion provision to support remote/blended learning. • Re-established programme of transition experiences for children and young people entering P1 or S1. • Provided financial and food support to families requiring most support. • Closely monitored CO2 levels across the learning estate. • Provided free Summer 2021 Activity Programme.
Citizen, Culture and Facilities	<ul style="list-style-type: none"> • Providing enhanced cleaning in Council premises including schools and nurseries. • Processing £1m of Self-Isolation Support Grants. • Recruited additional staff to ensure capacity to engage with citizens on issues being experienced with housing repairs due to the impact of COVID.

Management Commentary

9. COVID (Service Delivery) (cont'd)

Supply, Distribution & Property	<ul style="list-style-type: none"> • With restrictions in place during the pandemic, internal works such as housing repairs could not be undertaken, except for emergencies. This resulted in a significant backlog of work. Restrictions were lifted 26 April 2021 and an action plan was put in place to address outstanding repairs and improve performance where possible. However, continuous high levels of COVID related absence, together with the national skills shortage in trades, impacted on the ability of building services to deal with the backlog as well as newly reported repairs. • Monitored and reported progress regularly to the Chief Executive and elected members. • Maintained communication with tenants through appropriate forums including tenant groups, housing news, social media, and text messaging.
People & Technology	<ul style="list-style-type: none"> • All teams continued to deliver full service to support the organisation and maintain essential service delivery during pandemic. • Delivered a managed 'Return to Office' programme designed to deliver a safe, gradual return with appropriate restrictions maintained to protect our employees. • Implemented enhanced ICT security measures to better support employees and Members working in hybrid environment and to protect the organisation. • Actively supported the recruitment and associated contracts and payment of over 80 COVID recovery posts and over 50 Vaccination support team posts
Housing & Employability	<ul style="list-style-type: none"> • Established a number of community based facilities to allow the Communities Team to engage with the community. • Increased focus on homelessness prevention working with landlords and introducing a Tenant Support Fund. • Maintained communication with tenants through appropriate forums including tenant groups, housing news, social media, and text messaging. • Over the course of the pandemic delivered 316 new homes. • Working 4U established remote community hubs from which they delivered one-to-one and group support services and established and managed a crisis support service which has also informed future priorities • Implemented revised working practices to deliver services across Housing Operations during the pandemic in line with restrictions. • Allocated over 900 houses despite pandemic restrictions. • Neighbourhood team and caretaking service continued to operate in communities during the pandemic
Regulatory & Regeneration	<ul style="list-style-type: none"> • Visited and provided advice to businesses to ensure they are aware of applicable health protection guidance and that they continue to operate in a safe manner. • Changed to deliver services remotely including registration of deaths. • Delivered a range of sector specific Scottish Government COVID grants across our business community.
Resources	<ul style="list-style-type: none"> • Continued to update their estimates of the cost of COVID to ensure Scottish Government funding was allocated appropriately. • Supported local communities by processing COVID hardship payments and free school meal payments. • Adapted interventions to meet emerging needs including allocation of funds to foodbank support, Scottish Welfare fund top ups and additional support for people facing housing rent and council tax pressures.

Management Commentary

10. Balance Sheet

The Balance Sheet on page 48 summarises the Council's assets and liabilities as at 31 March 2022 and explanatory notes are provided. The net worth of the Council has increased by £71.190m from £255.932m as at 31 March 2021 to £327.122m as at 31 March 2022. The major changes are set out in the table below.

Main Balance Sheet Changes

	Revised 31/03/2021 £000	31/03/2022 £000	Change £000	Main Reason
Long Term Assets	1,050,718	1,054,610	3,892	Increase in Property Plant and Equipment, in line with capital expenditure
Current Assets	87,954	76,404	(11,550)	Cash and Cash Equivalents held has decreased, partially offset by an increase in Debtors
Current Liabilities	(340,449)	(349,509)	(9,060)	Short-term Borrowing has increased (in line with the Treasury Strategy and capital spend), as has Creditors
Long Term Liabilities	(542,291)	(454,383)	87,908	Net Pension Liability has significantly decreased, partially offset by an increase in Long Term Borrowing (in line with the Treasury Strategy and capital spend)
Total	255,932	327,122	71,190	

Pension Assets and Liabilities

The Balance Sheet on page 48 shows an assessed pension fund liability of £55.690m, using a snapshot valuation at 31 March 2022. Further information on this is provided in note 14 on pages 81 to 87. The valuation states that assets held at the valuation date were sufficient to cover 95% of accrued liabilities (85.6% in 2020/21). The pension scheme liability has decreased by £107.925m as advised by the appointed actuaries, and this is mainly as a result of the downwards movement in the assumptions of the discount rate, partially offset by future pension, and salary increase assumptions. The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers together with planned recent increases in employers' contributions provide sufficient security and future income to meet future pension liabilities.

Non-Current Assets

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

The Council requires to assess the value of assets held based on current market conditions. In the current year particular assets have increased in value by £5.683m. At the same time, impairment and downward revaluations have reduced the value of other assets held by the Council by £35.012m, resulting in a net decrease in value of £29.329m. These movements adjust either the revaluation reserve in the Balance Sheet or are included within the Net Cost of Service within the Income and Expenditure Statement, depending on the history of the asset.

Management Commentary

Borrowing

The Council's Treasury Strategy for 2021/22 was agreed by the Council on 22 March 2021. The Council raised new long term loans of £35.000m (2020/21 £10.000m) and short term loans of £315.500m (2020/21 £260.250m) and repaid naturally maturing debt of £320.748m (2020/21 £235.115m).

The total outstanding long term debt (excluding PPP debt) as at 31 March 2022 was £307.485m (2020/21 £284.798m) including £132.588m (2020/21 £114.006m) for the Council's housing stock. The total outstanding short term debt was £270.923m (2020/21 £263.861m), including £116.822m (2020/21 £90.362m) for the housing stock.

The interest and expenses rate charged by the Council's loans fund was 1.94% (2.29% in 2020/21). Due to the current interest rates, the Council has followed a strategy to maximise the benefit in short term borrowing to fund capital expenditure.

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 2021/22 and beyond. The Council's Treasury Management Strategy and Capital Strategy are approved at Council as part of the budget setting package. Details of the capital expenditure and financing are shown in note 21 on page 98. Total gross capital expenditure amounted to £64.219m with the split between General Services and HRA noted in the table below.

During 2021/22, the Council had budgeted capital expenditure of £105.054m with an actual in year spend of £64.219m. The unspent amount (£40.835m) includes overspends, underspends and slippage. The total slippage on planned spend was £44.883m – 42.72% (2020/21 33.72%) of the overall capital programme which is summarised in the following table:

	Actual					
	Budget	Spend	Variance	Overspend	Underspend	Slippage
	£000	£000	£000	£000	£000	£000
Service						
Corporate Services	5,672	2,309	(3,363)	26	(40)	(3,349)
Education	9,567	6,127	(3,440)	156	0	(3,596)
Infrastructure, Regeneration and Development	36,243	19,835	(16,408)	1,013	(43)	(17,378)
Housing and Communities	89	66	(23)	0	0	(23)
Miscellaneous Services	3,502	4,241	739	739	0	0
Health and Social Care Partnership	1,653	1,041	(612)	0	0	(612)
General Services	56,726	33,619	(23,107)	1,934	(83)	(24,958)
HRA	48,328	30,600	(17,728)	3,700	(1,503)	(19,925)
Total	105,054	64,219	(40,835)	5,634	(1,586)	(44,883)

The main capital projects progressed during 2021/22 were:

General Services	HRA
New Renton Campus	Void Housing Strategy Programme
Posties Park Hub	Building external component renewals
Clydebank Charrette	Statutory compliance works
Artizan Redevelopment	Targeted EESSH compliance works
Exxon City Deal	Heating Improvement works
Local Economic Development and Regeneration	Affordable Housing Supply Programme

Management Commentary

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 the delayed spend on these projects moved into capital budgets for 2022/23 onwards. The most significant slippage was experienced against the following projects:

General Services	
District Heating Expansion	Network expansion to Golden Jubilee National Hospital will commence pending positive commercial discussions.
Heritage Capital Fund	COVID impacted on the timescale for delivery of a number of projects including Clydebank Town Hall, the Clydebank Museum, and the Dalmuir Library and Gallery. Work is now underway to get these projects progressed.
Vehicle Replacement	Delay due to the vehicle build time associated with the specialist vehicles and the delivery lead time from the date of supply order placement.
Schools Estate Improvement Plan	As a result of COVID Skills School was rephased during 2021/22 and further costs are still expected for Renton Campus.
HRA	
New house build	Due to a number of different complexities there were delays to getting on site across each of the new build sites.
Projects to deliver housing strategies (Buy Backs)	These are subject to stringent criteria to ensure accountability and value for money for tenants and involves several key stakeholders which resulted in time delays
Doors/Windows	Installations are behind original planned targets due to internal and external contractor resource issues
Building external components	Resource issues has delayed the roof renewal programme which continues into 2022/23. Additional installations by support contractors is underway to assist completions

Public Private Partnership (PPP) and other Long Term Liabilities

The Council entered into a PPP for the provision of three community learning centres and a primary school providing the Council with replacement buildings for three secondary schools which were handed over in 2009/10 with the primary school handed over during 2011/12. In accordance with statutory accounting guidance, full detail is provided within note 23 on pages 99 to 100.

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

11. 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 123 to 135 consolidate the Council's Financial Statements, the Common Good and Trust Funds and six other entities (including three further subsidiaries – West Dunbartonshire Leisure Trust, Clydebank Property Company and West Dunbartonshire Energy LLP). The effect of combining these entities on the Group Balances Sheet is to create an overall net asset of £375.401m. This includes the combined pension liability of these organisations similar to that of the

Management Commentary

11. Group Accounts (cont'd)

Council. As there is no reason to suggest the future funding to these organisations will not continue, the accounts have been prepared on a going concern basis.

12. The Financial Outlook, Key Risks and the Future

In setting the 2022/23 budget on 9 March 2022, the Council faced a number of significant financial pressures resulting from real term reductions in government funding, inflationary pressures, in particular utilities, service demand increases and the ongoing impact of the national economic position.

The 9 March 2022 Council meeting also approved the updated General Fund capital plan, the 2022/23 HRA revenue budget and the updated five year HRA capital plan. The capital plans include 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.

On the 31 May 2022 the Scottish Government published its Resource Spending Review in providing insight into strategic priorities and highlighting the scale of ongoing challenges for councils and the wider public sector. The Resource Spending Review is high level at this time and based on 'Level 2' funding positions over the next four years. 'Level 2' does not provide councils with their specific allocations which would provide for more detailed financial planning however it is sufficient to provide an overview of Scottish Government intentions.

Early analysis of these priorities continues to reflect the prominence previously given to Health & Social Care and Social Security spending relative to councils. Taken together these two priority areas account for 90% of the increase in the day-to-day spending budget from 2022/23 to 2026/27. Whilst the Resource Spending Review states that Council funding will remain as 'flat cash' (at current 2022/23 levels) until 2025/26 with a further £100m added in 2026/27, the real term impact (taking into account inflation) of this for the next four years is a continuing erosion of core funding for councils with a 7% reduction between 2022/23 and 2026/27.

Following the setting of the budget in March 2022, budget projections identified expected budget gaps of £13.761m in 2023/24 rising cumulatively to £18.622m in 2024/25. At a Council meeting on 22 June 2022 a further Financial Update was presented which adjusted these gaps to reflect the Resource Spending Review and other changes to budget assumptions. This resulted in amended estimated budget gaps of £14.309m in 2023/24 rising cumulatively to £19.849m in 2024/25.

Management of Risk

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

- the unknown position on future funding levels particularly given the ongoing decline in council population, whilst the Resource Spending Review suggests there will be a flat cash settlement for the foreseeable this is not guaranteed and still represents real term reductions in local government funding
- any future financial implications of COVID and funding support from Scottish Government
- the impact of the ongoing implementation of Universal Credit and the potential impact of previously implemented austerity measures on the economic strength of the West Dunbartonshire population and business base
- changing demands and needs for council services (particularly in relation to older people)
- continued rises in inflation and interest rates which impact on the cost of service delivery and capital programmes
- increasing costs of capital construction due to global constraints in the supply chain.

Management Commentary

12. The Financial Outlook, Key Risks and the Future (cont'd)

The Annual Governance Statement, shown on pages 26 to 32, details the arrangements the Council has put in place for the proper governance of the Council's affairs and for the management of risk. This Statement explains the system of internal control in place and sets out improvement actions to the governance framework identified from the Council's ongoing review of these arrangements. Risks are identified with actions to minimise and/or mitigate those risks (where possible) through the Council's performance monitoring system (pentana), which is reported to Members on a regular basis.

The Future

In recognition of the scale of the current financial challenge the Council will continue to identify service redesign and business transformation options and these will be reported to appropriate committees during 2022/23. Significant cost reductions have been generated through planned actions in prior years however more work is required to deliver a balanced budget in 2023/24 and future years.

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

- **Glasgow City Region City Deal** – the Council, together with a number of other Scottish local authorities, is participating in the Glasgow Region City Deal which will see over £1.1 billion invested in the area. The City Deal consists of a number of significant capital projects across the area together with employability projects – in order to generate economic regeneration and additional jobs. The project within the City Deal specific to the Council is an infrastructure project at the Exxon site at Bowling to regenerate that site and to create a relief road along the A82 at Milton. The project is progressing with the full business case scheduled to be produced by June 2023.
- **Green Freeport** - A Green Freeport is a large zoned area within a defined boundary which includes a rail, sea or airport. Operators and businesses in the zone can benefit from a package of tax and other incentives through a combination of devolved and reserved levers. Green Freeports are designed to boost innovation and inclusive growth within communities, while supporting Fair Work First practices, creating new green jobs, upholding the highest environmental protections and supporting economic transformation. A Green Freeport bid has been submitted by the Glasgow City Region Cabinet for a multi-site bid centred around Mossend, Glasgow Airport for four sites in the Clyde region under single ownership within Inverclyde, West Dunbartonshire and Glasgow City. From a West Dunbartonshire perspective this means that land at Scotts Yard in Bowling and Rothesay Dock in Clydebank will be included in the bid.
- **Development of Queens Quay**– The Council's investment of £15.62m in Queens Quay over the past five years has helped fund the infrastructure needed to prepare the site for redevelopment. In collaboration with the development partners, good progress has been made on key developments, including the completion of the District Heating Energy Centre, new Care home, social housing development, a partnership between Council, Wheatley Group and Clydebank Housing Association, and the new NHS Clydebank health centre. Housing development plots are being marketed to fulfil the ambition of delivering 1,000 new homes on Queens Quay. The ongoing redevelopment of this site will be transformational for all our communities in Clydebank and create stronger links with the town centre and public transport. The District Heating Energy Centre Energy won a European Heat Pump award during 2021 and was showcased globally during COP26.
- **Levelling Up Fund** – The Levelling Up Fund is a capital fund to address systemic weaknesses in the economies of the UK's towns and cities. The first round of the Levelling Up Fund was announced at the 2020 Spending Review with an aim to support communities in realising this vision. The Council were successful, as part of round 1, in securing funds for a project requiring up to £20m with the Dumbarton Town Regeneration project. The second round of the Levelling

Management Commentary

12. The Financial Outlook, Key Risks and the Future (cont'd)

Up Fund has now been announced and the Council will be submitting a bid for a large scale transportation project.

- **Shared Prosperity Fund** – The UK Shared Prosperity Fund (SPF) is a part of the UK government's 'Levelling Up' agenda and was established, in part, to replace funds available through the European Structural Funds. Lead authorities are encouraged to collaborate with their neighbouring authorities to develop regional investment plans. West Dunbartonshire is working in partnership with Glasgow City Region Partners. The UK Government has allocated funds to the City Region with West Dunbartonshire share allocated by the UK Government in proportion to the population and level of need. West Dunbartonshire has been allocated up to £3.9 million. Local Authorities in the Glasgow City Region area have agreed to develop a regional approach to managing the relationship with the UKSPF Team. The Regional Investment Plan has to be finalised in August 2022 and is a pre-requisite for the release of UKSPF. While the commitment to a regional approach and single Investment Plan has been agreed, the identification of UKSPF priorities and therefore the targets for funding remains the preserve of each member local authority.

13. Other Information

Asset Management

The Council has a significant investment embedded in assets, comprising offices, schools, vehicles, houses, ICT infrastructure and equipment, etc. and it is important that these are managed in an efficient and effective manner. The Council has an overarching Asset Management Strategy which was refreshed in December 2016 along with the Property Asset Management Plan. Service specific Asset Plans covering Open Spaces, Roads Structures, Housing and Vehicle, Fleet and Plant were all approved at the relevant service committees during 2017. Whilst the next update was due at the end of 2021 it was agreed this would be delayed by one year and brought back to Committee at the end of 2022 to ensure this was incorporated into the new Council Administration's updated key strategic priorities. In addition an updated Property and Land Disposal Strategy 2021-2026 has been approved which seeks to maximize the benefit from Council assets which are surplus to requirement.

Carbon Emissions and Energy Consumption

The Council has met and exceeded its annual target set out in the Carbon Management Plan, emitting a total of 23,635 tons of carbon dioxide from our operations in 2020/21. This equates to a 3.1% reduction against the previous financial year, or a 28.3% total reduction overall against the 2012-13 baseline year. The Council approved a new Climate change Strategy in November 2020 which has set a target to reduce WDC carbon emissions to 'net zero' by 2045 which will align with Scottish Government targets.

Equality and Diversity

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

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

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

Consultation and Communication with Workforce

The Council has employee governance arrangements to ensure its employees are well informed, involved in decisions, appropriately trained, treated fairly and consistently and provided with a safe

Management Commentary

13. Other Information (cont'd)

environment. The Council carries out regular employee engagement, and seeks the views of the workforce through regular consultations with staff and trade unions.

14. Remuneration Report

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

15. Financial Performance Indicators

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

2020/21 Outturn			2021/22 Target	2021/22 Outturn
	Housing Performance			
18.11%	Percentage of current tenants owing more than 13 weeks rent, excluding those owing less than £250	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	18.94%
1,718	number of current tenants owing more than 13 weeks rent, excluding those owing less than £250	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	1,805
8.53%	Current / former / total tenant arrears as a percentage of net rent due in year	Demonstrates the Council's effectiveness in collecting local housing rents	10.35%	9.11%
£3.621m	Amount of current/ former/ total tenant rent arrears	Demonstrates the Council's effectiveness in collecting local housing rents	n/a	£4.027m
100%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the HRA has, in comparison to the agreed minimum	100%	100%
2.00%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by free reserves (2% minimum target)	2.00%	2.00%
(£0.040m)	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	n/a	(£0.017m)
92.21%	Revenue budget compared to actual outturn at year end	Demonstrates actual spend as a percentage of the planned budget (less than 100% indicates an underspend)	n/a	99.99%

Management Commentary

15. Financial Performance Indicators (cont'd)

2020/21 Outturn			2021/22 Target	2021/22 Outturn
	General Services Performance			
£6.84	Cost of collecting council tax (per dwelling)	Demonstrates the Council's effectiveness in collecting local taxation	£5.00	£5.85
15.98%	Council tax as a percentage of overall funding	Demonstrates the amount of budget raised through council tax	n/a	15.10%
94.18%	In-year council tax collection rate	Demonstrates the Council's effectiveness in collecting local taxation	93.50%	94.53%
£35.624m	Amount of income from council tax for the year that was received	Demonstrates the Council's effectiveness in collecting local taxation	n/a	£36.485m
111%	Value of free reserves expressed as a percentage of the prudential reserve target	Demonstrates how much free reserves the GS has, in comparison to the agreed minimum	100%	112%
2.19%	Value of free reserves expressed as a percentage of the net annual budget	Demonstrates the percentage of budget covered by free reserves (2% minimum target)	2.00%	2.06%
£0.585m	Movement in the free reserve balance	Demonstrates variances contributing to the overall free reserve position	n/a	£0.166m
99.74%	Revenue budget compared to actual outturn at year end - including top up of provisions	Demonstrates actual spend as a percentage of the planned budget (less than 100% indicates an underspend)	n/a	99.93%
	Prudence And Affordability – Capital			
4.07%	Ratio of financing costs to net revenue stream (excluding PPP) – General Services	Demonstrates how much of the General Fund revenue budget is used to support previous capital investment	3.63%	3.28%
23.59%	Ratio of financing costs to net revenue stream – HRA	Demonstrates how much of the HRA revenue budget is used to support previous capital investment	25.07%	23.55%
£646.190m	Capital Financing Requirement	The amount of planned capital expenditure not yet funded	£698.886m	£680.113m
£644.951m	External Debt Levels (including PPP)	The amount of external debt held by the Council. Increases due to funding of the capital programme	£697.556m	£670.893m

Management Commentary

16. Where to find more information

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

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

17. Conclusion

The financial results show the Council's finances in a fairly healthy position and, considering the ongoing significant 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. However the Council faces a significant financial challenge in 2023/24 and beyond due to reductions in funding, the impact of high levels of inflation and uncertainty over the rate and funding of future local government pay awards. The Council's Financial Statements continue to be reported on a going concern basis.

Acknowledgement

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

Councillor Martin Rooney
Leader of the Council
Date: 9 November 2022

Peter Hessett
Chief Executive
Date: 9 November 2022

Laurence Slavin
Chief Officer - Resources
Date: 9 November 2022

Statement of Responsibilities

The Authority's Responsibilities:

The Authority is required:

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

I confirm that these Annual Accounts were authorised for issue on 9 November 2022.

Signed on behalf of West Dunbartonshire Council

Councillor Martin Rooney
Leader of the Council
Date: 9 November 2022

The Chief Officer - Resources Responsibilities:

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

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

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

The Chief Officer - Resources has also:

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

I certify that the Financial Statements give a true and fair view of the financial position of the local authority (and its group) at the reporting date and the transactions of the local authority (and its group) for the year ended 31 March 2022.

Laurence Slavin
Chief Officer - Resources
Date: 9 November 2022

Annual Governance Statement

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

Scope of Responsibility

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

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

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

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

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

The Purpose of the Governance Framework

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

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

The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of the approval of the Statement of Accounts.

Annual Governance Statement

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 2017/22, which sets out the key priorities of the Council and key outcomes the Council is committed to delivering with its partners, as set out in the Local Outcome Improvement Plan;
- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their Delivery Plans. Performance management and monitoring of service delivery is reported through service committees regularly. The CMT monitors performance information regularly. The Council regularly publishes information about its performance;
- The West Dunbartonshire Community Alliance, which supports Community Planning West Dunbartonshire, represents the views of community organisations, communities of interest and geographical communities. In addition the Council has an Engaging Communities Framework in place which sets out our approach to engaging with citizens, community organisations and stakeholders. Consultation on the future vision and activities of the partnership is undertaken in a range of ways, including seeking the views of the Alliance and through specific service consultations and the Council actively engages with its partners through community planning arrangements;
- The Council has adopted a Code of Conduct and associated employment policies for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members in a localised format. In addition, the Council has in place a protocol on member/ officer relations and an inter-party protocol;
- The Council operates within an established procedural framework which incorporates a Scheme of Delegation, Standing Orders and Financial Regulations. These describe the roles and responsibilities of Elected Members and officers and are subject to regular review. The Council facilitates policy and decision making through the agreed committee structure;
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Council's Chief Officer Resources as Section 95 Officer. The system of internal financial control is based on a framework of regular management information, the Financial Regulations, administrative procedures (including separation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council;
- The functions of the Audit Committee are undertaken as identified in CIPFA Guidance - Audit Committees: Practical Guidance for Local Authorities;
- The Council's approach to risk management is set out in the Risk Management Framework. A strategic risk register is in place and an update report on this is regularly submitted to the Corporate Services Committee and Audit Committee. The approach is embedded within the Council's strategic planning and performance management framework with regular reporting of risk management reported to service committees;
- Comprehensive arrangements are in place to ensure Elected Members and officers are supported by appropriate training and development.
- The Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption.
- The Council continues to assess and monitor ongoing compliance with the CIPFA Finance Management Code.

Review of Effectiveness

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

Annual Governance Statement

The Council's current Code of Good Governance was approved at the Audit & Performance Review Committee on 8 March 2017. An assessment of the Council's compliance with the Code of Good Governance is supported by a process of self-assessment and assurance certification by Chief Officers and the outcome of this assessment was reported to the Audit Committee on 15 June 2022.

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

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

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

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

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

It is our view that the Council has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify areas of weakness. This is corroborated by an annual assurance statement prepared by the Shared Service Manager – Audit & Fraud stating that the overall control environment opinion was "Generally Satisfactory with some improvements needed" such that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control systems. Due to the COVID-19 pandemic, some audits from 2021/22 could not be carried out and have been rescheduled to take place in early 2022/23. However the overall audit plan is set within the context of a multi-year approach to audit planning such that key risk areas are reviewed over a 5 year cycle.

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

COVID-19

The significant incident which began in late March 2020 and the Council's responses as a Category 1 responder during the COVID-19 pandemic continued to test how well the Council's risk management, governance and internal controls framework operated during 2021/22. This was achieved using amended governance arrangements, embracing new ways of decision-making, leadership and implementation including virtual meetings and secure remote access to systems to allow homeworking for Council employees as the Council moved forward through the recovery phase.

All members of the Council's Senior Leadership Team and key stakeholders participated in a variety of Local Authority specific Covid-19/Business Continuity response groups supported by the Civil Contingencies Service. A comprehensive Covid-19 Impact Risk Register was developed covering all aspects of service delivery affected by the pandemic which was maintained throughout 2021/22.

Annual Governance Statement

Governance Issues and Planned Actions

The following main issues and areas for improvement during 2021/22 have been identified through the self-assessment exercise carried out by Chief Officers against key aspects of the Code of Good Governance. These will be monitored as part of the next annual review in 2022/23.

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

Annual Governance Statement

Improvement Area identified by 2021/22 Exercise	Responsible Officer
At the appropriate time a post-incident review will be carried out in relation to the COVID-19 Pandemic highlighting any lessons learned which will inform future emergency response and recovery arrangements.	Chief Executive

The 2020/21 Annual Governance Statement highlighted a range of areas for improvement during 2021/22. The following table provides an update on progress with these with a number having been completed or are areas which continue to have ongoing focus:

Improvement Area identified by 2020/21 Exercise	Status
Embedding Be the Best Conversations within all service teams.	Ongoing. There is improvement to be made to ensure all employees have regular 121s
Following COVID-19 work is required in some services to review and update business continuity planning documentation.	Ongoing
Business Classification Scheme will be rolled out to relevant service areas.	Ongoing. This will be resumed in line with easing of restrictions.
Due to COVID-19 restrictions during 2020-21, some services have been unable to access offices and therefore physical access to hard copy files for destruction has not been possible. This will be resumed in line with easing of restrictions.	Ongoing. This will be resumed in line with easing of restrictions
Improvement activity is ongoing within teams in order to develop and maintain strong supervision practices.	Complete
Although the Health and Safety team undertake the co-ordination role of Health and Safety Executive inspection reports to ensure that action plans are put in place, there is a need to ensure that there is regular review of action plan progress which will be included on agendas for 121 meetings between Chief Executive and Chief Officers going forward.	Complete
Work is ongoing to implement the Council's information classification policy and procedure as part of the Microsoft Office 365 project.	Ongoing as part of the Microsoft Office 365 rollout
Within HSCP, work is ongoing with Healthcare Improvement Scotland in respect of self-evaluation activity.	Complete
Within HSCP, continue to undertake targeted interventions for areas with higher absence levels to support line managers and ensure individual absences are being managed in an appropriate manner to support return to work.	Complete
Within HSCP, governance processes developed for tracking of audit action plans and ensuring action deadlines are met will continue to be embedded.	Complete
Continue to develop plans in response to the ageing population. We continue to develop and review services in response to the changing demographic.	Complete
Review of Learning Disability Service to improve on ways of working to ensure the service is fit for the future demands. Service Improvement lead aligned to service. Full review to be picked up as part of renewal and recovery work.	Ongoing
Improved case recording and assessment for children and families who receive statutory social work services.	Complete

Annual Governance Statement

Improvement Area identified by 2020/21 Exercise	Status
A Project Overview document has been developed and approved by the Integrated Housing Project Board in relation to the IHMS. This document is being utilised to manage all remaining Phase 2 implementation items.	Ongoing
At the appropriate time a post-incident review will be carried out in relation to the COVID-19 Pandemic highlighting any lessons learned which will inform future emergency response and recovery arrangements.	Ongoing

Best Value Assurance Report

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

Health and Social Care Integration

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

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

The financial arrangements for the Council's funding to the HSCP are aligned and budget processes run parallel to ensure that appropriate budgets for the HSCP are aligned with Council policy and budgeting approaches, particularly in relation to ensuring any efficiency targets for the HSCP funding from the Council are planned for and appropriate efficiencies are approved by the HSCP. On an ongoing basis Council continues to receive budgetary control information in relation to HSCP services funded by the Council.

Compliance with Best Practice

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

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

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

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

Annual Governance Statement

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2021/22 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principle objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment with plans in place to address improvement areas.

Martin Rooney
Leader of the Council
Date: 9 November 2022

Peter Hessett
Chief Executive
Date: 9 November 2022

Laurence Slavin
Chief Officer – Resources
Date: 9 November 2022

Remuneration Report

Introduction

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

a) Remuneration - Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2021 (SSI No. 2021/18). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Civic Head (Provost), Senior Councillors and Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure. The regulations stipulate that in addition to the Leader of the Council and the Provost, West Dunbartonshire can appoint a maximum of ten Senior Councillors. The level of remuneration paid to the Leader of the Council, Provost and Senior Councillors is detailed in Table 1.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2021/22 the salary for the Leader of West Dunbartonshire Council was £37,213. The Regulations also state that the maximum yearly amount that may be paid to the Provost (£27,910) 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 (£27,910) is 75% of the total yearly amount payable to the Leader of the Council. For 2021/22 the total yearly amount payable by the Council for remuneration of all of its Senior Councillors shall not exceed £232,570. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. Council policy is to pay Senior Councillors a salary of £23,257, per the decision at Council on 17 May 2017 for 2017/18 onwards.

During 2021/22, the Council agreed the appointment of a Council Leader, Provost, Bailie and 8 Senior Councillors and the remuneration due paid to the 8 Senior Councillors totalled £177,568 (£178,587 in 2020/21 for those Senior Councillors). The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme. The pension entitlements for the year to 31 March 2022 are shown in Table 5 on pages 40 and 41.

The Scheme of Members Allowances which encompasses the salaries of all elected members including the Leader, Provost, Bailie and Senior Councillors was agreed at a meeting of the full Council on 17 May 2017. The [report to Council](https://wdccmis.west-dunbarton.gov.uk/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8006/Committee/543/Default.aspx) (https://wdccmis.west-dunbarton.gov.uk/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8006/Committee/543/Default.aspx) and the [Register of Members' Expenses](https://www.west-dunbarton.gov.uk/council/councillors-and-committees/councillors-allowances/) (https://www.west-dunbarton.gov.uk/council/councillors-and-committees/councillors-allowances/) is available online.

Remuneration Report

Table 1: Remuneration of Senior Councillors

Name	Position	Year ended 31 March 2022				2020/21
		Salary, Fees & Allowances	Taxable Expenses	Non-cash Expenses, Benefits-in kind	Total Remuneration	Total Remuneration
		£	£	£	£	£
Jonathan McColl	Leader of Council Convener of Recruitment & Individual Performance Management Committee Convener of Sub Committee on Scheme of Delegation	37,213	0	0	37,213	35,713
William Hendrie	Provost	27,910	0	0	27,910	26,785
Karen Conaghan	Depute Provost Depute Leader Convener of Appeals Committee Convener of Educational Services Committee	23,254	0	0	23,254	22,338
Caroline McAllister	Depute Leader (to 29/3/2021)	18,644	0	0	18,644	22,275
Denis Agnew	Bailie Convener of West Dunbartonshire Health & Social Care Partnership (IJB) Convener of Cultural Committee	23,257	0	0	23,257	22,320
Ian Dickson	Convener of Corporate Services Committee Convener of Tendering Committee Convener of Licensing Board	23,254	0	0	23,254	22,338
Diane Docherty	Convener of Housing & Communities Committee	23,254	0	0	23,254	22,338
Jim Finn	Convener of Licensing Committee Convener of Planning Committee	23,257	0	0	23,257	22,320

Remuneration Report

Table 1: Remuneration of Senior Councillors (cont'd)

Name	Position	Year ended 31 March 2022				2020/21
		Salary, Fees & Allowances	Taxable Expenses	Non-cash Expenses, Benefits-in kind	Total Remuneration	Total Remuneration
		£	£	£	£	£
Iain McLaren	Convener of Infrastructure Regeneration & Economic Development Committee	23,254	0	0	23,254	22,338
Marie McNair	Convener of West Dunbartonshire Health & Social Care Partnership (IJB) (to 1 June 2021)	19,394	0	0	19,394	22,320
John Mooney	Convener of Audit Committee	23,257	0	0	23,257	22,320

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

Salaries, allowances and expenses in 2021/22 have only been included for Senior Councillors.

Remuneration paid to all Councillors

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

Restated 2020/21		2021/22	
£		£	
459,853	Salaries	470,582	
2,042	Expenses	4,020	
461,895	Total	474,602	

b) Remuneration - Senior Employees and Senior Employees of Subsidiaries

Note: The annual return of Councillors' salaries and expenses for 2021/22 is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council website at <https://www.west-dunbarton.gov.uk/council/councillors-and-committees/councillors-allowances/>

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/151 sets the amount of salary for the Chief Officials of the Council for the period 1 April 2021 to 31 March 2022. The post of Chief Officer Health and Social Care Partnership is a joint post between the Council and NHS Greater Glasgow and Clyde. The post of Chief Officer Roads & Neighbourhood is a joint post between the Council and Inverclyde Council.

Remuneration Report

b) Remuneration - Senior Employees and Senior Employees of Subsidiaries (cont'd)

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

Name	Position at 31/03/22	Salary, Fees & Allowances 2021/22 £	Election Duties 2021/22 £	Total Remuneration 2021/22 £	Total Remuneration 2020/21 £
Remuneration of Senior Employees					
Joyce White	Chief Executive	133,472	8,815	142,287	133,398
Richard Cairns	Strategic Director of Regeneration, Environment & Growth (seconded role from 1/10/2020)	115,070	0	115,070	115,158
Jonathan Hinds	Head of Children's Healthcare & Criminal Justice - Chief Social Work Officer (to 29 August 2021)	37,598 (FYE 88,165)	0	37,598 (FYE 88,165)	88,190
Lesley James	Head of Children's Healthcare & Criminal Justice - Chief Social Work Officer (from 6 Dec 2021)	27,411 (FYE 88,322)	0	27,411 (FYE 88,322)	0
Laura Mason	Chief Officer - Education, Learning & Attainment	96,399	0	96,399	89,645
Stephen West	Chief Officer - Resources - S95 Officer (to 3 Jan 2022)	73,912 (FYE 95,872)	0	73,912 (FYE 95,872)	93,588
Laurence Slavin	Chief Officer - Resources - S95 Officer (from 3 Jan 2022)	22,357 (FYE 92,817)	0	22,357 (FYE 92,817)	0
Peter Hessett	Chief Officer - Regulatory & Regeneration	96,804	5,498	102,302	91,062
Victoria Rogers	Chief Officer - People & Technology	96,804	350	97,154	91,062
Angela Wilson	Chief Officer - Supply, Distribution & Property	115,070	0	115,070	115,158
Peter Barry	Chief Officer - Housing & Employability	96,804	0	96,804	91,062
Malcolm Bennie	Chief Officer - Citizen, Culture & Facilities (to 2 Jan 2022)	71,292 (FYE 95,872)	140	71,432 (FYE 96,012)	89,534
Amanda Graham	Chief Officer - Citizen, Culture & Facilities (from 5 Jan 2022)	74,340 (FYE 92,817)	380	74,720 (FYE 93,197)	0
Remuneration of Senior Employees of Subsidiaries					
John Anderson	General Manager of West Dunbartonshire Leisure	77,780	0	77,780	76,912

Remuneration Report

b) Remuneration - Senior Employees and Senior Employees of Subsidiaries (cont'd)

Election payments for 2021/22 are for the Scottish Parliamentary Election held on the 6 May 2021. There were no elections during 2020/21.

Details of the post of Chief Officer-Health & Social Care Partnership are included in the remuneration report of the Integration Joint Board. The Council funds 50% of this post and NHS Greater Glasgow fund the remaining 50%.

Details of the post of Chief Officer - Roads & Neighbourhood (shared post with Inverclyde Council) are included in the remuneration report of Inverclyde Council. The Council funds 50% of this post which was £60,897 (including employer on costs).

The amounts for post of Strategic Director of Regeneration, Environment & Growth relate to the salary, fees and allowances and employer pension contributions paid by the Council. Glasgow City Council fund 75% of the salary and pension contributions for the seconded role.

Notes

1. The term *senior employee* means any local authority employee:
 - who has responsibility for the management of the local authority to the extent that the person has the power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
 - who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
 - whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.
2. The figure for gross salary, fees and allowances shown for senior employees for the year ended 31 March 2022 includes any amounts received for the roles performed for West Dunbartonshire in the elections. There was one election during 2021/22 (Scottish Parliamentary Election). There were no elections during 2020/21.
3. The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement. There were no discretionary payments made to senior employees during the year.

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

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

Remuneration Report

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

Table 3: Remuneration of Employees

	Number of Employees	
	2021/22	2020/21
£50,000 - £54,999	128	140
£55,000 - £59,999	46	43
£60,000 - £64,999	28	22
£65,000 - £69,999	48	52
£70,000 - £74,999	10	3
£80,000 - £84,999	1	2
£85,000 - £89,999	4	6
£90,000 - £94,999	0	7
£95,000 - £99,999	5	0
£100,000 - £104,999	1	0
£115,000 - £119,999	3	3
£130,000 - £134,999	0	1
£140,000 - £144,999	1	0
Total	275	279

d) Pension Benefits

Pension benefits for Councillors and most local government employees are provided through the Local Government Pension Scheme (LGPS). Councillors' pension benefits are based on career average pay. The Councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits. The pension entitlements for the year to 31 March 2022 are shown in Table 5 on pages 40 and 41. The table details the pension entitlement and contributions made by the Council in respect of all senior Councillors and senior officers of the Council who have opted to join the LGPS.

For local government employees, the LGPS 2015 is a career average pension scheme. This means that pension benefits from 01/04/2015 are based on pensionable pay with inflation added. Pension is accrued at a rate of 1/49 of pensionable pay for each scheme year. Pension benefits can be accessed from age 55 but are reduced prior to 60th birthday. Pension benefits accrued before 1 April 2015 are protected and are based on final pay on retiring.

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

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

Remuneration Report

d) Pension Benefits (Cont'd)

Table 4: Contribution Rate

	Contribution rate 2021/22	Contribution rate 2020/21
The tiers and members contribution rates for 2021/22 whole time pay:		
<u>Local Government employees</u>		
On earnings up to and including £22,300 (£22,200)	5.50%	5.50%
On earnings above £22,300 (£22,200) and up to £27,300 (£27,100)	7.25%	7.25%
On earnings above £27,300 (£27,100) and up to £37,400 (£37,200)	8.50%	8.50%
On earnings above £37,400 (£37,200) and up to £49,900 (£49,600)	9.50%	9.50%
On earnings above £49,900 (£49,600)	12.00%	12.00%
The tiers and members contribution rates for 2021/22 actual pay:		
<u>Teachers</u>		
On earnings up to and including £ 28,309 (£28,168)	7.20%	7.20%
On earnings above £28,309 (£28,168) and up to £38,108 (£37,918)	8.70%	8.70%
On earnings above £ 38,108 (£37,918) and up to £45,186 (£44,961)	9.70%	9.70%
On earnings above £45,186 (£44,961) and up to £ 59,884 (£59,586)	10.40%	10.40%
On earnings above £ 59,844 (£59,586) and up to £81,659 (£81,253)	11.50%	11.50%
On earnings above £81,659 (£81,253)	11.90%	11.90%

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

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. You can retire and receive your benefits in full from your normal pension age. The normal pension age is 65 for any benefits built up before 1 April 2015. For pension build up from 1 April 2015, the Normal Pension Age is not fixed at age 65 but, instead, is the same as the State Pension Age (but with a minimum of age 65).

Remuneration Report

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

Name		Position at 31/03/22	In-year pension contributions		Accrued pension benefits	
			For year to 31 March 2022	For year to 31 March 2021	As at 31 March 2022	As at 31 March 2021
			£	£	£	£
Senior Councillors						
Jonathan McColl	Leader of Council Convener of Sub Committee on Scheme of Delegation Convener of Recruitment & Individual Performance Management Committee	7,182	6,893	9,927	8,643	
Denis Agnew	Baillie Convener of West Dunbartonshire Health & Social Care Partnership (IJB) Convener of Cultural Committee	4,489	4,308	8,303	7,324	
John Mooney	Convener of Audit Committee	4,489	4,308	4,445	3,867	
Karen Conaghan	Depute Provost Depute leader Convener of Appeals Committee Convener of Educational Services Committee	4,480	4,298	2,268	1,785	
Ian Dickson	Convener of Corporate Services Committee Convener of Tendering Committee Convener of Licensing Board	4,480	4,298	2,268	1,785	
Diane Docherty	Convener of Housing & Communities Committee	4,480	4,298	2,268	1,785	
Jim Finn	Convener of Licensing Committee Convener of Planning Committee	4,489	4,308	5,002	4,357	
Caroline McAllister	Depute Leader (to 29/3/2021)	3,570	4,298	2,173	1,785	
Iain McLaren	Convener of Infrastructure Regeneration & Economic Development Committee	4,480	4,298	2,268	1,785	

Remuneration Report

Table 5: Pension Benefits of Senior Councillors; Senior Employees and Senior Employees of Subsidiaries (cont'd)

Name		In-year pension contributions		Accrued pension benefits	
		For year to 31 March 2022	For year to 31 March 2021	As at 31 March 2022	As at 31 March 2021
Senior Employees		£	£	£	£
Joyce White	Chief Executive	27,404	25,667	40,989	38,005
Richard Cairns	Strategic Director of Regeneration, Environment & Growth (seconded role from 1/10/2020)	24,037	22,157	72,805	70,397
Jonathan Hinds	Head of Children's Healthcare & Criminal Justice - Chief Social Work Officer (to 29 Aug 2021)	6,853	16,970	60,925	60,163
Lesley James	Head of Children's Healthcare & Criminal Justice - Chief Social Work Officer (from 6 Dec 2021)	5,431	0	592	0
Laura Mason	Chief Officer - Education, Learning & Attainment	18,605	17,302	137,027	135,105
Stephen West	Chief Officer - Resources - S95 Officer (to 3 Jan 2022)	14,065	18,009	131,249	127,902
Laurence Slavin	Chief Officer - Resources - S95 Officer (from 3 Jan 2022)	4,466	0	473	0
Peter Hessett	Chief Officer - Regulatory & Regeneration	18,646	17,535	98,687	94,312
Victoria Rogers	Chief Officer - People & Technology	18,646	17,535	72,996	69,349
Angela Wilson	Chief Officer-Supply, Distribution & Property	22,157	22,157	161,987	159,556
Peter Barry	Chief Officer - Housing & Employability	18,646	17,535	60,535	57,241
Malcolm Bennie	Chief Officer - Citizen, Culture & Facilities (to 2 Jan 2022)	13,751	17,263	18,992	17,502
Amanda Graham	Chief Officer - Citizen, Culture & Facilities (from 5 Jan 2022)	14,357	0	10,103	0
Senior Employees of Subsidiaries					
John Anderson	General Manager of West Dunbartonshire Leisure	14,979	14,799	59,796	57,718

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total public sector service, and not just their current appointment. The pension entitlements for the year to 31 March 2022 for Senior Councillors are shown in Table 5, together with the contribution made by the Council to each Senior Councillor's pension during the year. Senior councillors omitted from the table above are not members of the Local Government Pension Scheme.

Remuneration Report

e) Exit Packages

There were no exit packages agreed during 2021/22.

Banding	Number of departures		Total cost	
	2021/22	2020/21	2021/22	2020/21
			£	£
£0 - £20,000	0	4	0	8,033
£20,001 - £40,000	0	2	0	57,403
Total	0	6	0	65,436

f) Trade Union Facility Time

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

Details of the facility time within West Dunbartonshire Council during the year to 31 March 2022 is shown in Table 7 below. Further detail can be found at:

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

Table 7

Education Function Employee Representatives		All Other Function Employee Representatives	
Number of Employees	FTE employee Number	Number of Employees	FTE employee Number
37	31	56	52
Percentage of Time Spent on Facility		Percentage of Time Spent on Facility	
Percentage	Number of Employees	Percentage	Number of Employees
Less < 1%	27	Less < 1%	37
1-50%	9	1-50%	17
51%-99%	1	51%-99%	0
100%	0	100%	2
Total cost of facility time		Total cost of facility time	
£97,862		£97,973	
Total pay bill		Total pay bill	
£58,699,980		£158,326,164	
Percentage of Pay Bill Spent on Facility Time		Percentage of Pay Bill Spent on facility Time	
0.17%		0.06%	
Paid TU Activities		Paid TU Activities	
1.17%		22.00%	

Remuneration Report

Martin Rooney
Leader of the Council
Date: 9 November 2022

Peter Hessett
Chief Executive
Date: 9 November 2022

Comprehensive Income and Expenditure Statement

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

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

Restated 2020/21 Gross Expenditure £000	Restated 2020/21 Gross Income £000	Restated 2020/21 Net Expenditure £000	Note	Service	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
67,300	(41,419)	25,881		Corporate Services	70,188	(37,337)	32,851
116,612	(17,593)	99,019		Educational Services	134,332	(15,317)	119,015
64,835	(14,839)	49,996		Infrastructure, Regeneration and Economic Development	66,182	(13,334)	52,848
37,083	(32,922)	4,161		Housing and Communities	39,631	(31,853)	7,778
30,515	(43,031)	(12,516)		Housing Revenue Account	58,847	(44,363)	14,484
8,597	(6,117)	2,480		Miscellaneous Services	7,021	(8,501)	(1,480)
177,261	(101,678)	75,583		Health and Social Care Partnership	191,951	(107,449)	84,502
2,339	0	2,339		Requisitions	2,517	0	2,517
504,542	(257,599)	246,943		Net Cost of Service (1)	570,669	(258,154)	312,515
		883		(Gain) / loss on Disposal of Fixed Assets			998
		883		Other Operating Expenditure (2)			998
		(36,765)		Council Tax			(38,207)
		(55,963)	11	Non-Domestic Rates			(81,408)
		(153,086)	11	Revenue Support Grant			(133,404)
		(26,210)	11	Recognised Capital Income (Grants, Contributions & Donations)			(7,746)
		(272,024)		Taxation and Non-specific Grant Income (3)			(260,765)

Comprehensive Income and Expenditure Statement

Restated 2020/21 Gross Expenditure £000	Restated 2020/21 Gross Income £000	Restated 2020/21 Net Expenditure £000	Note		2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
		(165)	28	Interest Earned			(81)
		19,180	28	External Interest Payable / Similar Charges			17,865
		1,382		Impairment Loss - Debtors			1,101
		3,379	14	Pension Interest Cost/Expected Return on Pension Assets			3,557
		<u>23,776</u>		Finance/Investment Income and Expenditure (4)			<u>22,442</u>
		(422)		(Surplus)/Deficit on Provision of Services (5) = (1)+(2)+(3)+(4)			75,190
		22,767		(Surplus)/Deficit arising from revaluation of property, plant and equipment			(6,039)
		0		(Surplus)/Deficit on revaluation of available for sale assets			(300)
		12,934	14	Actuarial (gains)/losses on pension fund assets and liabilities			(140,041)
		<u>35,701</u>		Other Comprehensive (Income) and Expenditure (6)			<u>(146,380)</u>
		<u>35,279</u>		Total Comprehensive (Income) and Expenditure (5) + (6)			<u>(71,190)</u>

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line in the Comprehensive Income and Expenditure Statement (pages 44 and 45) shows the true economic cost of providing the Council's services. These are different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes. The net increase/decrease before transfer to other statutory reserves line shows the statutory general fund balance and housing revenue account balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Note	Usable Reserves									
	General Fund balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
2021/22										
Opening Balance at 1 April 2021	(15,028)	(7,364)	0	(42)	(1,469)	0	(308)	(24,211)	(231,721)	(255,932)
Movement in reserve 2021/22										
Total Comprehensive Expenditure and Income	55,921	19,269	0	0	0	0	0	75,190	(146,380)	(71,190)
Adjustments between accounting basis and funding basis under regulations	(53,525)	(14,944)	(30)	(1,837)	0	(403)	0	(70,739)	70,739	0
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	2,396	4,325	(30)	(1,837)	0	(403)	0	4,451	(75,641)	(71,190)
<u>Transfers to/from other statutory reserves</u>										
Loan Premiums	403	305	0	0	0	0	0	708	(708)	0
CIRF	160	0	0	0	0	0	(160)	0	0	0
Sinking Fund	(711)	0	0	0	711	0	0	0	0	0
Capital receipts - Premiums	(403)	0	0	0	0	403	0	0	0	0
Capital receipts - Transformation	(383)	0	0	383	0	0	0	0	0	0
Capital receipts - COVID	(1,454)	0	0	1,454	0	0	0	0	0	0
Closing Balance at 31 March 2022	(15,020)	(2,734)	(30)	(42)	(758)	0	(468)	(19,052)	(308,070)	(327,122)

Movement in Reserves Statement

Note	Usable Reserves										
	General Fund balance £000	HRA Balance £000	Capital Receipts Reserve £000	Usable Reserves Capital Grants and Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000	
<u>2020/21 (restated)</u>											
	Opening Balance at 1 April 2020	(9,395)	(3,924)	0	(132)	(2,169)	0	(214)	(15,834)	(275,377)	(291,211)
<u>Movement in reserve 2020/21</u>											
	Total Comprehensive Expenditure and Income	11,040	(11,462)	0	0	0	0	0	(422)	35,701	35,279
7	Adjustments between accounting basis and funding basis under regulations	(15,281)	7,669	0	(279)	0	(916)	0	(8,807)	8,807	0
	Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(4,241)	(3,793)	0	(279)	0	(916)	0	(9,229)	44,508	35,279
	Transfers to/from other statutory reserves	(1,392)	353	0	369	700	916	(94)	852	(852)	0
	Closing Balance at 31 March 2021	(15,028)	(7,364)	0	(42)	(1,469)	0	(308)	(24,211)	(231,721)	(255,932)

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 Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt); and
2. Unusable 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'.

Restated 2020/21			2021/22
£000	Note		£000
1,048,530	17	Property, Plant and Equipment	1,051,605
271	18	Intangible Assets	617
22		Long Term Debtors	21
1,406	20	Heritage Assets	1,485
489		Long Term Investments	882
1,050,718		Long Term Assets	1,054,610
7,755	19	Assets Held for Sale	5,417
1,338		Inventories	1,279
66,620	24	Short Term Debtors	67,568
12,241	27	Cash and Cash Equivalents (net)	2,140
87,954		Current Assets	76,404
(53)		Donated Inventories	(76)
(72,858)	29	Short Term Creditors	(75,140)
(263,861)	28	Short Term Borrowing	(270,923)
(3,677)	23	PPP	(3,370)
(340,449)		Current Liabilities	(349,509)
798,223			781,505
(284,798)	28	Long Term Borrowing	(307,485)
(92,615)	23	PPP and Finance Lease Liabilities	(89,115)
(163,615)	14	Net Pensions Liability	(55,690)
(1,263)	11	Capital Grants Receipts in Advance	(2,093)
(542,291)		Long Term Liabilities	(454,383)
255,932		Net Assets	327,122
		Represented by:	
24,211	MIR/31	Usable Reserves	19,052
231,721	MIR/31	Unusable Reserves	308,070
255,932		Total Reserves	327,122

The unaudited Financial Statements were authorised for issue on 30 June 2022 and the audited Financial Statements were authorised for issue on 9 November 2022.

Laurence Slavin
Chief Officer - Resources
West Dunbartonshire Council

Date: 9 November 2022

Cash Flow Statement

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

2020/21		2021/22	2021/22
£000		£000	£000
	Operating Activities		
2,742	Net deficit on the provision of services		75,190
(39,121)	Depreciation, amortisation and impairment	(65,954)	
(884)	Net gain/loss on fixed assets	(1,006)	
(16,604)	Movement in pension liabilities	(32,116)	
54	Movement in inventories	(82)	
21,536	Movement in debtors	376	
(25,795)	Movement in creditors and provisions	(6,345)	
351	Other non-cash movements	272	
(60,463)	Adjustments to net deficit on the provision of services for non-cash movements		(104,855)
6	Financing movements	15	
26,210	Investing movements	7,746	
26,216	Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities		7,761
(31,505)	Net cash inflow from Operating Activities		(21,904)
88,866	Purchase of property, plant and equipment and intangible assets	66,167	
(1,284)	Proceeds from sale of property, plant and equipment and intangible assets	(2,262)	
(6)	Movement on long term investments	393	
(17,810)	Other receipts from investing activities	(6,943)	
69,766	Net cash outflows from investing activities		57,355
(270,250)	Cash receipts of short-term and long-term borrowing	(350,501)	
3,652	Repayment of PPP liabilities	3,808	
235,115	Repayment of short-term and long-term borrowing	320,751	
42	Debtors held for agency payments	(888)	
(2,023)	Creditors held for agency payments	1,480	
(33,464)	Financing Activities		(25,350)
4,797			10,101
17,038	Cash and cash equivalents at the beginning of the reporting period		12,241
(12,241)	Cash and cash equivalents at the end of the reporting period		(2,140)
4,797	Movement – (Increase)/ Decrease in Cash		10,101

Notes to the Financial Statements

Note 1 - Accounting Policies

1. General Principles

The Financial Statements summarises the Council's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. The Council is required to prepare an Annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the code") and the Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS).

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

2. Accruals of Income and Expenditure

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

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

3. Changes in Accounting Policies, Estimates and Errors

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

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

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

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

4. Charges to Revenue for Property, Plant and Equipment

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

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

5. Intangible assets

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

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

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

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

6. Property, Plant and Equipment

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

Recognition

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

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

Measurement

Initially measured at cost, comprising of:

- purchase price (the Council has no de minimis level set);
- any costs associated with bringing the asset to the location or condition necessary for it to be capable of operating in the manner intended by management; 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:

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

Revaluation

Assets included in the Balance Sheet at fair value are re-valued regularly to ensure their carrying amount is not materially different from the fair value at the year end, as a minimum every five years. The programme of revaluation for 2021/22 and planned each of the following four years is as follows:

2021/22	Offices / depots/ cemeteries/ crematorium lodges;
2022/23	All Council non-operational properties/ HRA housing stock;
2023/24	Schools/school houses/ social work homes/adult training centres/ community education centres/early education centres;
2024/25	Halls/ Public conveniences/ libraries/ outdoor centres/ golf course/ pavilions/ sports centres/ swimming pools/ travellers site/ car parks/ HRA housing stock; and
2025/26	Any properties not previously re-valued / general re-appraisal / HRA housing stock.

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

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

- When the historic cost of the building is less than £2m but the combined value of the building historic cost and any enhancement expenditure incurred since the last revaluation date exceeds £2m then the asset will be revalued and (if new valuations exceeds £2m) componentised if necessary;
- Where the historic cost of the building exceeds £2m (and is therefore already componentised) and where any enhancement expenditure incurred since the last revaluation date exceeds 25% of the historic cost of the building then the asset will be revalued; and
- Where the combined value of building historic cost and any enhancement expenditure incurred since the last revaluation date spend is less than £2m but the value of the enhancement expenditure exceeds 50% of building historic cost and in value is more than £0.500m then the asset will be revalued.

Valuations in 2021/22 have been carried out by an external valuer. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

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

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

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

Impairment

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

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

Disposals

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

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

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

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

Disposal and Derecognition of Infrastructure Assets

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

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

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

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

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

Depreciation

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

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

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

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

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

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

Tangible fixed assets and depreciation – Common Good Assets

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

7. Assets Held for Sale

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

8. Heritage Assets

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

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

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

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

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

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

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

10. Employee Benefits

Benefits payable during employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

Discretionary Benefits

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

11. Events after the Reporting Period

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

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

12. Exceptional Items

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

13. Financial Liabilities

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

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

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

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

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

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.

14. Financial Assets

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

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

Amortised Cost

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

Fair Value Through Other Comprehensive Income

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

Fair Value Through Profit or Loss

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

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; 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.

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

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

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

Instruments Entered Into Since 1 April 2006

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

15. Fair Value Measurement

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

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

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

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

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

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

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

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

16. Government Grants and Contributions

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

- the Council will comply with the conditions attached to the payments, 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 ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

17. Inventories

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

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

18. Leases

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

Notes to the Financial Statements

Note 1 - Accounting Policies (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 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).

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).

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.

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

Operating Leases

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

19. Overhead and Support Services

The costs of overheads and support services are charged to non General Fund services that benefit from the supply in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2021/22. The total absorption costing principle is used – the full cost of overheads and support services are shared between those users in proportion to the benefits received. General Fund Services have not been charged for these support service costs, in line with the Council's budgetary reporting structure.

20. Public Private Partnership (PPP) and Similar Contracts

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

21. Provisions

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

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

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

22. Impairment of Debt

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

23. Interest in Companies and Other Entities

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

Notes to the Financial Statements

Note 1 - Accounting Policies (cont'd)

24. VAT

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

25. Loans Advances Repayment

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

Note 2 – Prior Year Restatement

In order to ensure 2020/21 figures are on a comparable basis to 2021/22 figures, there has been prior year adjustments to incorporate the impact of misclassification of assets and to correct errors in depreciation calculations and the removal of additional internal recharges.

The detail held within the Comprehensive Income and Expenditure Statement, Movement in Reserves and Balance Sheet require adjusted for the corrections. The effects of the restatement on the Financial Statements are as follows (only those lines that have changed are shown):

	Prior Year Adjustments					Restated £000
	As previously stated £000	depreciation adjustment £000	revaluation adjustment 2017/18 - 2019/20 £000	revaluation adjustment £000	removal of internal recharges £000	
Comprehensive Income and Expenditure Statement						
Expenditure Gross						
Corporate Services	67,986	0		0	(686)	67,300
IRED	67,809	1		0	(2,975)	64,835
Housing Revenue Account	34,003	(3,165)		0	(323)	30,515
Net Cost of Service	511,690	(3,164)		0	(3,984)	504,542
Income Gross						
Corporate Services	(42,105)				686	(41,419)
IRED	(17,814)				2,975	(14,839)
Housing Revenue Account	(43,354)				323	(43,031)
Net Cost of Service	(261,583)	0		0	3,984	(257,599)
Net Expenditure						
Corporate Services	25,881	0		0	0	25,881
IRED	49,995	1		0	0	49,996
Housing Revenue Account	(9,351)	(3,165)		0	0	(12,516)
Net Cost of Service	250,107	(3,164)		0	0	246,943
(Surplus)/Deficit on Provision of Services	2,742	(3,164)				(422)
(Surplus)/Deficit arising from revaluation of PPE	(49,393)			72,160		22,767
Other Comprehensive Income and Expenditure	(36,459)			72,160		35,701
Total Comprehensive Income and Expenditure	(33,717)	(3,164)		72,160		35,279

Notes to the Financial Statements

Note 2 – Prior Year Restatement (cont'd)

	As previously stated	Prior Year Adjustments				Restated
		depreciation adjustment	revaluation adjustment 2017/18 - 2019/20	revaluation adjustment	removal of internal recharges	
	£000	£000	£000	£000	£000	£000
Balance Sheet						
Property, Plant and Equipment	1,111,227	3,164	6,299	(72,160)		1,048,530
Net Assets	860,920	3,164	6,299	(72,160)		798,223
Total Assets less Liabilities	318,629	3,164	6,299	(72,160)		255,932
Unusable Reserves	294,418	3,164	6,299	(72,160)		231,721
Total Reserves	318,629	3,164	6,299	(72,160)		255,932
Movement in Reserves						
Opening Balance – Unusable	(269,078)		(6,299)			(275,377)
Total Comprehensive Expenditure and Income - General Services	11,039	1				11,040
Total Comprehensive Expenditure and Income - HRA	(8,297)	(3,165)				(11,462)
Adjustments between accounting basis and funding basis under regulations - General Services	(15,280)	(1)				(15,281)
Adjustments between accounting basis and funding basis under regulations - HRA	4,504	3,165				7,669
Total Comprehensive Expenditure and Income - Total Usable Reserves	2,742	(3,164)				(422)
Adjustments between accounting basis and funding basis under regulations - Total Usable Reserves	(11,971)	3,164				(8,807)
Total Comprehensive Expenditure and Income - Unusable Reserves	(36,459)			72,160		35,701
Adjustments between accounting basis and funding basis under regulations - Unusable Reserves	11,971	(3,164)				8,807
Total Comprehensive Expenditure and Income - Total Reserves	(33,717)	(3,164)		72,160		35,279

Notes to the Financial Statements

Note 3 – Critical Judgement in Applying Accounting Policies

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

Public Private Partnership (PPP) and Design-Build-Finance-Maintain (DBFM) - The Council has entered into a PPP contract for the provision of three secondary schools and one primary school. The Council has also entered into a DBFM contract for one secondary school. The contracts include the build of the schools as well as their maintenance and provision of related facilities over the period of each contract. After consideration of International Financial Reporting Interpretations Committee IFRIC12 (Service Concession Arrangements), it has been concluded that these are service concession arrangements and the Council controls the services provided under the scheme and ownership of the schools will pass to the Council at the end of the contracts for no additional charge. The assets used to provide services at the schools are recognised on the Council's Balance Sheet as operational assets and as a finance lease liability. The value of these assets (£104m) is included within the Property, Plant and Equipment (note 17) and the liability within note 23 - Private Finance Initiatives and similar Contracts (£92m).

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

Council Acting as Principal or Agent - When the Council receives funding it requires to consider the degree of control it has over how this funding is to be utilised. If the Council has no discretion over the utilisation of the funds it deems that it is acting as an agent and this funding is reported in the Agency Services note and not reflected in the Council's income and expenditure, but with any amounts owed to/ from the Council held within its Balance Sheet. In 2021/22 funding was provided by the Scottish Government through the Council to businesses and individuals affected by the COVID pandemic. Any agency funding is noted within Note 10 (Agency Services), with further detail of COVID related grants shown and cross referred in Note 11 (Grant Income).

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

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

The Financial Statements contain estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet as at 31 March 2022, for which there is a significant risk of material adjustment in the forthcoming financial year are noted below. Examples are provided of each potential uncertainty and the effect it would have within the Financial Statement are also noted. These examples provide an understanding of the significance of a small change in the estimation assumption:

Notes to the Financial Statements

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

Estimation assumptions which impact within the next 12 months:

Item	Uncertainty	Potential effect
Property Plant and Equipment – valuation	<p>The Council's assets are valued on a rolling programme over a maximum of 5 years. The valuation assumptions are ascertained by the professional valuers used by the Council.</p> <p>The Council's valuers considered uncertainty regarding the valuation of assets following COVID and have concluded that the valuations are not subject to 'material valuation uncertainty' due to the current economic climate as at the valuation date.</p>	<p>If the actual results differ from the assumptions, the value of the assets could be affected.</p> <p>The value of the assets subject to revaluation over the rolling programme is £890.763m.</p> <p>During 2021/22 the assets that were revalued are now held in the Balance Sheet to a total value of £40.454m for General Services and £12.100m for HRA (new dwellings)</p> <p>The impact for each 1% change in these valuations would be £0.404m General Services and £0.121m HRA within the Balance Sheet, resulting in an increase or a decrease to the Revaluation Reserve, or an impairment charge, but with no effect on the General Fund or the HRA reserves.</p> <p>Any change would also impact on annual depreciation charges.</p>
Property Plant and Equipment – depreciation / useful lives	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will incur in relation to those assets. The current economic climate makes it uncertain that the Council will be able to sustain its current level of spending on maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful lives of assets were too high, it is estimated that the annual depreciation charge for buildings would increase by £1.551m for every year that useful lives had to be reduced, resulting in a further charge to that value through the Comprehensive Income and Expenditure Statement and the value of the assets held in the Council's Balance Sheet would also be reduced by the same value. Any change would not affect the reserves position of the Council.</p>
Arrears and bad debts	<p>As at 31 March 2022, the Council had a balance of various debtors of £67.568m with a sliding scale of bad debt provision written against each type, depending on the age of the debt. For example of the council tax debt of £42.907m, the Council holds £25.334m as a provision for doubtful debts; of the debt held for HRA rents of £4.027m, £2.444m is held as a provision for doubtful debts.</p>	<p>If collection rates were to deteriorate, the provision for bad debts would require to be reviewed to consider the appropriate level of provision.</p> <p>If a 10% increase was considered appropriate, this would result in a further £2.533m being required to be provided for council tax provision and £0.244m for an HRA rent provision. Any change in the provision would affect the reserves position of the Council.</p> <p>However, based upon prior experience, in year movements and with each type of debt considered individually, the bad debt provision is considered adequate.</p>

Notes to the Financial Statements

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

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

Estimation assumptions which impact longer term:

Item	Uncertainty	Potential effect
Pension liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase by, changes to retirement ages, mortality rates and expected returns on pension assets held. This is further detailed within Note 14 to the Financial Statements. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions applied.</p>	<p>The effect on the net liability can be measured. For example, a decrease in the discount rate of 0.1% would increase the pension liability held on the Balance sheet by 2% or £21.239m; and increase in the pension rate by 0.1% would increase the pension liability held on the Balance sheet by 2% or £18.250m</p> <p>However, the assumptions interact in complex ways. During 2021/22 the appointed actuaries advised that the net liability had decreased year on year by £107.925m as a result of estimates being updated and an update to the assumptions. The current liability held in the Council's balance sheet is £55.690m.</p>

Notes to the Financial Statements

Note 5 – Accounting Standards that have been issued but have not yet been adopted

For 2021/22, the Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards:

- Amendments to IAS16: Property, Plant, Equipment – proceeds before intended use;
- Annual improvements to IFRS Standards 2018 – 2020 (the annual IFRS improvement programme) includes:
 - Amendments:
 - IFRS1: First time adoption, in relation to foreign operations of acquired subsidiaries transitioning to IFRS;
 - IAS41: Agriculture
 - Clarifications:
 - IAS37: Onerous contracts, in relation to clarifying the intention of the standard;
 - IFRS16: Leases, removing a misleading example.

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

IFRS16 Leases will require local authorities that are lessees to recognise these leases on their Balance sheet as right-of-use assets along with the corresponding liabilities, except for low value and short term leases. CIPFA/LASACC have deferred implementation of this until 1 April 2023.

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
Housing Benefit received	Benefit received to support customers on low incomes with housing rent costs	35,248
Housing Benefit paid	Benefit paid to support customers on low incomes with housing rent costs	(34,111)
Supplementation	Residential Accommodation for adults and children with disabilities	22,660
Unitary Charge Payment	Public Private Partnership agreement for the provision of 3 secondary schools and one primary school	12,154
Landfill Tax	A tax paid on the disposal of waste. It is payable to Her Majesty's Revenue and Customs (HMRC)	3,461
Insurances	Insurance premiums for all policies	2,773
Care Homes	Cost of providing care home services by external providers	3,857
Integration Joint Board - West Dunbartonshire Health and Social Care Partnership	Payments to other bodies	3,744
Integration Joint Board - West Dunbartonshire HSCP	Day Support	2,407
Integration Joint Board - West Dunbartonshire HSCP	Payments to Clients	2,729
Integration Joint Board - West Dunbartonshire HSCP	Payments to external fostering agencies	1,500
Integration Joint Board - West Dunbartonshire HSCP	Payments to Voluntary Organisations	2,506

Notes to the Financial Statements

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 46. It is identified under the headings Usable and Unusable Reserves. Further detail of the reserves identified under the classification of usable and unusable is given in notes 30 and 31 on pages 111 to 115.

2021/22	General Fund Balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants/ Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000
Usable Reserves								
Adjustments to the Revenue Resources								
Pension Costs (transferred to (or from) the Pensions Reserve)	(30,947)	(1,169)	0	0	0	0	0	(32,116)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	8	7	0	0	0	0	0	15
Holiday Pay (transferred to the Accumulated Absences Reserve)	252	35	0	0	0	0	0	287
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account (CAA))	(25,720)	(32,487)	0	0	0	0	0	(58,207)
	(56,407)	(33,614)	0	0	0	0	0	(90,021)
Adjustments between Capital and Revenue Resources								
Transfer of non-current asset sale gain/loss to the Capital Receipts Reserve	(998)	0	998	0	0	0	0	0
Statutory provision for the repayment of debt (transfer to the CAA)	3,808	5,495	0	0	0	0	0	9,303
Capital expenditure financed from revenue balances (transfer to the CAA)	72	13,175	0	0	0	0	0	13,247
	2,882	18,670	998	0	0	0	0	22,550
Adjustments to the Capital Resources								
Disposal of non-current asset sale proceeds	0	0	(3,268)	0	0	0	0	(3,268)
Transfer from the Capital Receipts Reserve to the Capital Fund/ Capital Grants and Receipts Unapplied Account	0	0	2,240	(1,837)	0	(403)	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0	0	0
	0	0	(1,028)	(1,837)	0	(403)	0	(3,268)
Total Adjustments	(53,525)	(14,944)	(30)	(1,837)	0	(403)	0	(70,739)

Notes to the Financial Statements

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

2021/22

	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
<u>Unusable Reserves</u>						
Adjustments to the Revenue Resources						
Pension Costs (transferred to (or from) the Pensions Reserve)	0	0	32,116	0	0	32,116
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	0	0	0	0	(15)	(15)
Holiday Pay (transferred to the Accumulated Absences Reserve)	0	0	0	(287)	0	(287)
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account (CAA))	58,207	0	0	0	0	58,207
	58,207	0	32,116	(287)	(15)	90,021
Adjustments between Capital and Revenue Resources						
Statutory provision for the repayment of debt (transfer to the CAA)	(9,303)	0	0	0	0	(9,303)
Capital expenditure financed from revenue balances (transfer to the CAA)	(13,247)	0	0	0	0	(13,247)
	(22,550)	0	0	0	0	(22,550)
Adjustments to the Capital Resources						
Disposal of non-current asset sale proceeds	3,268	0	0	0	0	3,268
Depreciation adjustment between Capital Adjustment Account and Revaluation Reserve	(7,865)	7,865	0	0	0	0
Write out Revaluation Reserve of Disposals	(617)	617	0	0	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
	(5,214)	8,363	0	0	0	3,268
Total Adjustments	30,443	8,482	32,116	(287)	(15)	70,739

Notes to the Financial Statements

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

2020/21 (Restated)	General Fund Balance £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000
Usable Reserves								
Adjustments to the Revenue Resources								
Pension Costs (transferred to (or from) the Pensions Reserve)	(15,967)	(637)	0	0	0	0	0	(16,604)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	3	3	0	0	0	0	0	6
Holiday Pay (transferred to the Accumulated Absences Reserve)	(117)	2	0	0	0	0	0	(115)
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	(4,391)	(5,355)	0	0	0	0	0	(9,746)
	(20,472)	(5,987)	0	0	0	0	0	(26,459)
Adjustments between Capital and Revenue Resources								
Transfer of non-current asset sale gain/loss from revenue to the Capital Receipts Reserve	(883)	0	883	0	0	0	0	0
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	5,800	5,019	0	0	0	0	0	10,819
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	274	8,637	0	0	0	0	0	8,911
	5,191	13,656	883	0	0	0	0	19,730
Adjustments to the Capital Resources								
Disposal of non-current asset sale proceeds	0	0	(2,167)	0	0	0	0	(2,167)
Transfer from the Capital Receipts Reserve to the Capital Fund/ Capital Grants and Receipts Unapplied Account	0	0	1,284	(368)	0	(916)	0	0
Application of capital grants to finance capital expenditure	0	0	0	89	0	0	0	89
	0	0	(883)	(279)	0	(916)	0	(2,078)
Total Adjustments	(15,281)	7,669	0	(279)	0	(916)	0	(8,807)

Notes to the Financial Statements

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

2020/21 (Restated)

	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Employee Statutory Adjustment Account £000	FIAA £000	Total Unusable Reserves £000
<u>Unusable Reserves</u>						
Adjustments to the Revenue Resources						
Pension Costs (transferred to (or from) the Pensions Reserve)	0	0	16,604	0	0	16,604
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	0	0	0	0	(6)	(6)
Holiday Pay (transferred to the Accumulated Absences Reserve)	0	0	0	115	0	115
Reversal of entries included in the Surplus or Deficit on the Provision or Services in relation to capital expenditure (these items are charges to the Capital Adjustment Account)	9,746	0	0	0	0	9,746
	9,746	0	16,604	115	(6)	26,459
Adjustments between Capital and Revenue Resources						
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(10,819)	0	0	0	0	(10,819)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(8,911)	0	0	0	0	(8,911)
	(19,730)	0	0	0	0	(19,730)
Adjustments to the Capital Resources						
Disposal of non-current asset sale proceeds	2,167	0	0	0	0	2,167
Depreciation adjustment between Capital Adjustment Account and Revaluation Reserve	(9,012)	9,012	0	0	0	0
Write out Revaluation Reserve of Disposals	(426)	426	0	0	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	0	0
Application of capital grants to finance capital expenditure	(89)	0	0	0	0	(89)
	(7,360)	9,438	0	0	0	2,078
Total Adjustments	(17,344)	9,438	16,604	115	(6)	8,807

Notes to the Financial Statements

Note 8 – Events After the Balance Sheet Date

The draft Financial Statements were authorised for issue by the Chief Officer - Resources on 30 June 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place after this date provide information about conditions existing as at 31 March 2022, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

Following a decision by the Board of Directors at its meeting on 5 September 2022, the Clydebank Municipal Bank (identified as a non material entity with the Council's group) is due to close operations on 31 March 2023.

Note 9- Related Parties

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

Central & Scottish Government

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

2020/21		2021/22
£000		£000
209,049	Revenue Grants Received	214,812
25,839	Capital Grants Received	5,272
54,895	Other Grants Received	54,833
2,489	Capital Grants Balance due at 31 March 2022	480
751	Other Grants Balance due at 31 March 2022	1,554

Elected Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in the remuneration statement on pages 33 to 43. The Council maintains a register of interests for Members and reviews this for transactions carried out in the year with entities which Members have an interest. In the year ended 31 March 2022, the Council has not had any material transactions for any body in which Members have an interest. The elected member's register of interest can be found on the Council's website page:

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

Subsidiaries

Subsidiaries are independent bodies over which the Council is considered to have control. The following subsidiaries have been identified and are included in the group accounts pages 123 to 135.

West Dunbartonshire Leisure Trust

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

Notes to the Financial Statements

Note 9- Related Parties (cont'd)

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

2020/21		2021/22
£000		£000
5,128	Contribution to Leisure Trust	5,706
(81)	Income from Leisure Trust	(71)

Clydebank Property Company

The company is owned by the Council which holds 100% of the issued share capital. The Council holds an investment within its Balance Sheet and has full representation on the Board of Directors, with each of the three Directors of the company being senior officers within the Council. The company paid a dividend to the Council in 2021/22. Related transactions with comparison to previous year are as detailed below:

2020/21		2021/22
£000		£000
273	CPC Investment held	273
(50)	Dividend Received from CPC	(50)

Clydebank Municipal Bank

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

2020/21		2021/22
£000		£000
51	Costs charged to the Bank	62
1,306	Balance due from the Council	1,306
65	Balance due to the Council	84

West Dunbartonshire Energy LLP

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

2020/21		2021/22
£000		£000
0	Balance due to the Council	397

Associates

Associates are bodies which the Council has significant influence over, but do not meet criteria of subsidiaries. The following associates have been identified in the financial year 2021/22 and are included in the wider group accounts pages 123 to 135.

Notes to the Financial Statements

Note 9- Related Parties (cont'd)

Strathclyde Passenger Transport (SPT)

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

2020/21		2021/22
£000		£000
2,186	Contribution from Council	1,421

Strathclyde Concessionary Travel Scheme

Strathclyde Concessionary Travel Scheme Joint Board oversees the operation of the concessionary fares scheme for public transport on behalf of the 12 local authorities in the West of Scotland. The Council made a contribution with comparison to previous year figures as detailed below:

2020/21		2021/22
£000		£000
162	Contribution from Council	164

West Dunbartonshire Health & Social Care Partnership

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

2020/21		2021/22
£000		£000
70,873	Contribution from Council	74,925

Dunbartonshire and Argyll and Bute Valuation Joint Board (DABVJB)

DABVJB was formed in 1996 at local government re-organisation by an Act of Parliament. The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of West Dunbartonshire, East Dunbartonshire and Argyll and Bute. The Board's running costs are met by the three authorities, with surpluses and deficits on the Board's operations also shared between the councils. The Council made a contribution to DABVJB with comparison to previous year figure as detailed below:

2020/21		2021/22
£000		£000
714	Contribution from Council	736

Joint Ventures

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

Notes to the Financial Statements

Note 9- Related Parties (cont'd)

Joint Boards

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

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

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

Key Management

Within the Council's Management Team, the Chief Officer of the HSCP is employed by the Council. Details of remuneration are included within the Council's Remuneration Statement pages 33 to 43.

Other Related Parties

Voluntary Sector

The following voluntary organisations received over £50,000 in grant funding from the Council during 2021/22:

2020/21		2021/22
£000		£000
380	West Dunbartonshire Citizens Advice Bureau	349
135	Independent Resource Centre	216
181	Y-Sort It Youth Information Project	156
177	The Environment Trust	177
157	Dumbarton Women's Aid	177
167	Clydebank Women's Aid	187

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

Strathclyde Pension Fund

The Council is an admitted body to the local government pension scheme and has made payments as shown in Note 14 Defined Benefit Pension Schemes. The related transaction with comparison to previous year is shown below:

2020/21		2021/22
£000		£000
1,966	Balance owed by the Council at 31st March 2022	2,006

Notes to the Financial Statements

Note 9- Related Parties (cont'd)

Senior Officers

Senior Officers have control over the Councils financial and operating policies. The remuneration paid to these individuals is as listed in the remuneration statement pages 33 to 43. Officers are required to follow a Code of Conduct and are required to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Should this situation arise, the senior officer does not take part in any discussion or decision in relation to that interest. There are no significant related party transactions with senior officers of the Council.

Note 10 – Agency Services

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

Organisation	Description	2021/22 Receipts £000	2021/22 Payment £000	(Debtor)/ Creditor at 31.03.22 £000
Scottish Water	Water and sewerage charges collected by Council and paid over	0	14,604	225
Scottish Government	Non Domestic Rates	(76,850)	0	(2,599)

The Council also received a number of grants from the Scottish Government in 2021/22 related to COVID, whereby the Council acted as an agent on behalf of the Government. These grants are listed below and the effect of these have been removed from the Comprehensive Income and Expenditure Statement. Where expenditure was less than income a creditor has been raised within the Council's Balance Sheet.

Notes to the Financial Statements

Note 11 – Grant Income

The Council credited the following grants and other contributions to Taxation and Non-specific Grant Income within the Comprehensive Income and Expenditure Statement in 2021/22, including general grant funding in relation to COVID received through redeterminations:

31 March 2021 £000		31 March 2022 £000
209,049	Revenue Support Grant/ Non-Domestic Rates	214,812
0	Levelling Up Fund	1,824
1,190	Sustrans - Connecting Clydebank	972
4,439	New House Build	488
169	Cycling, Walking, Safer Streets	682
16,384	General Services Capital Grant	581
0	Housing Buy Backs	480
552	Town Centre Fund	451
629	Exxon City Deal	444
137	Strathclyde Passenger Transport	344
0	Digital Inclusion	291
0	Spaces for People	258
123	Levengrove	259
0	Place Based Investments	139
0	CO2 Monitors in Schools	122
2,083	Early Year Funding	159
170	Transport Scotland - Electrical Charging Points	0
334	Grants under £0.100m	252
235,259		222,558

Notes to the Financial Statements

Note 11 – Grant Income (cont'd)

The Council credited the following grants to Services within the Comprehensive Income and Expenditure Statement in 2021/22, including service specific general grant funding in relation to COVID:

Restated*		31 March 2022
31 March 2021		£000
£000		£000
34,262	Housing Benefit Subsidy	34,111
9,932	NHS Resource Transfer	10,083
8,597	Early Learning	9,247
2,550	Pupil Equity Fund	2,917
2,057	Criminal Justice	2,229
848	Scottish Attainment Challenge Scotland Fund	979
1,196	Scottish Attainment	901
580	Business Gateway	580
111	Young Person's Guarantee	569
0	Vaccination Centres (COVID)	534
364	Private Sector Housing	446
370	Care Experienced Children and young People	413
324	Asylum Seekers	349
0	Mental Wellbeing	308
770	Education additional staff support (COVID)	287
382	Education Maintenance Allowance	280
0	Parental Employability Support Fund	229
6,671	Social Care Funding	0
5,880	Social Care Funding (COVID)	0
632	Free School Meals and Community Food (COVID)	0
594	Winter Plan for Social Protection	0
400	Interim Care Funding	0
237	Funding to Administer Temp Restrictions	0
168	Discretionary Housing payment additional (COVID)	0
132	Worthy Causes - Free School Meals (COVID)	0
128	Scottish Government - ERO	0
100	No-one Left Behind	0
493	Grants under £0.100m	454
77,778		64,916

* The individual grants amounts have been restated from the audited Financial Statements 2020/21 due to an alignment error in the final version. However the overall total remains the same.

Notes to the Financial Statements

Note 11 – Grant Income (cont'd)

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

31 March 2021		31 March 2022
£000		£000
0	Place Based Investment	641
0	Exxon City Deal	192
593	Town Centre Fund	142
0	Bonhill Gaps sites	128
0	Queen Quay District Heating	120
0	Pappert New Builds	119
0	Knowes Nature Reserve	102
331	Digital Inclusion	41
159	Early Years Funding	0
180	Grants under £0.100m	608
1,263		2,093

In addition, some COVID grants received from the Scottish Government during 2021/22 which were identified as agency transactions are detailed within Note 10.

Note 12 – Operating Leases

Council as Lessee

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

31 March 2021		31 March 2022
£000		£000
765	Not later than one year	731
2,363	Later than one year and not later than five years	2,019
2,036	Later than five years	1,706
5,164		4,456

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.769m (2020/21 £0.775m).

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

31 March 2021		31 March 2022
£000		£000
273	Not later than one year	236
410	Later than one year and not later than five years	336
0	Later than five years	0
683		572

Notes to the Financial Statements

Note 12 – Operating Leases (cont'd)

The expenditure charged to the appropriate service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.290m (2020/21 £0.380m).

Council as Lessor

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

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

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

31 March 2021 £000		31 March 2022 £000
3,627	Not later than one year	3,546
11,442	Later than one year and not later than five years	11,133
134,633	Later than five years	127,882
149,702		142,561

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 year, £1.431m contingent rents were receivable by the Council (2020/21 £2.812m).

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

Note 13 – Termination Benefits

The Council did not terminate the contracts of a number of employees in year (2020/21 liabilities incurred £0.065m).

Note 14 – Defined Benefit Pension Schemes

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

The Council participates in the following pension schemes:

The Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The employer's contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2021/22 was 19.3%, and 2022/23 is set at 19.3%. In 2021/22, the Council paid an employer's contribution of £19.851m (2020/21 £19.558m).

Notes to the Financial Statements

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

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

The employer pays a set contribution rate of 23% which is effective from 1 September 2019, prior to this it was 17.2%. This is charged directly to the revenue account for the Education service. The amount paid over in respect of employer's contribution was £10.291m (2020/21 £10.216m) in respect of expenditure for teachers added years, £0.039m payments were made (2020/21 £0.040m).

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 2021/22, the Council's own contribution equates to 1.57%.

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

1) Local Government Pension Scheme

Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Council. In 2021/22 the capitalised costs that would have arisen from the early retirement of the Council employees and from predecessor authorities were as follows:

	£000
2021/2022	(4,888)
In earlier years	<u>58,282</u>
Total	<u>53,394</u>

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

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

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

Notes to the Financial Statements

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

2020/21		2021/22
£000		£000
	Net cost of services	
35,717	Current service cost	51,324
74	Past service cost	0
35,791		51,324
	Financing and investment Income and Expenditure	
3,379	Net interest expense	3,557
39,170	Total post employment benefit charged to the Surplus or Deficit on the provision of Services	54,881
(181,163)	Expected return on assets	(55,488)
(30,778)	Actuarial gains and losses arising from changes in demographic assumptions	(7,291)
232,640	Actuarial gains and losses arising from changes in financial assumptions	(78,984)
(7,765)	Actuarial gains and losses arising from experience assumptions	1,722
52,104	Total post employment benefit charged to the comprehensive income and expenditure statement	(85,160)
	Movement in Reserves Statement	
(39,170)	Reversal of gross charges made to surplus or deficit for post employment benefits	(54,881)
22,566	Actual amount charged against the General Fund balance in the year - employer contributions payable to Scheme	22,765
(16,604)	Reversal of gross charges made to surplus or deficit for post employment benefits	(32,116)

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

2020/21		2021/22
£000		£000
974,343	Fair value of plan assets	1,052,202
(1,079,676)	Present value of defined benefit obligations	(1,054,498)
(105,333)	Net assets in the Strathclyde Pension Fund	(2,296)
	<u>Present Value of Unfunded Liabilities</u>	
(27,955)	LGPS Unfunded	(25,835)
(24,265)	Teachers' pensions	(22,386)
(6,062)	Pre Local Government Reorganisation	(5,173)
(163,615)	Net pension asset/(liability)	(55,690)

1) Local Government Pension Scheme

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £55.690m has a substantial negative impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of £421.596m. However, the statutory arrangements for funding the deficit, means the financial position of the Council remains healthy.

Notes to the Financial Statements

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

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 fair value of plan assets have increased by £77.859m. This is due to asset returns being more favourable than anticipated.

The estimated liabilities have decreased by £30.066m, due to financial assumptions as at 31 March 2022 being more favourable than they were at 31 March 2021.

2) Pension Assets and Liabilities

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

	%
Active Members	58.4
Deferred Members	9.4
Pensioner Members	28.3
Pre-Local Government Re-organisation Members	3.9
	100.0

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

2020/21		2021/22
£000		£000
928,731	Opening balance	1,137,958
35,717	Current service cost	51,324
21,675	Interest cost	23,072
6,075	Contributions by Members	6,137
(30,778)	Actuarial gains/losses – change in demographic assumptions	(7,291)
232,640	Actuarial gains/losses – change in financial assumptions	(78,984)
(29,214)	Actuarial gains/losses – other experience	1,722
74	Past service costs/(gains)	0
(3,008)	Estimated unfunded benefits paid	(2,914)
(23,954)	Estimated benefits paid	(23,132)
1,137,958	Closing Balance as at 31 March	1,107,892

Notes to the Financial Statements

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

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

2020/21		2021/22
£000		£000
794,654	Opening balance	974,343
181,163	Expected return on assets	55,488
(21,449)	Actuarial gains/ losses - other experience	0
18,296	Interest Income	19,515
6,075	Contributions by Members	6,137
19,558	Contributions by employer	19,851
3,008	Contributions in respect of unfunded benefits	2,914
(3,008)	Estimated unfunded benefits paid	(2,914)
(23,954)	Estimated benefit paid	(23,132)
974,343	Closing Balance as at 31 March	1,052,202

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

2020/21			Asset Category	2021/22		
Quoted prices in Active Markets	Prices not quoted in Active Market	Total		Quoted prices in Active Markets	Prices not quoted in Active Market	Total
£000	£000	£000		£000	£000	£000
227,564	1,048	228,612	Equity Securities	231,344	501	231,845
0	0	0	Debt Securities	0	0	0
0	174,272	174,272	Private Equity	0	205,983	205,983
0	78,943	78,943	Real Estate	0	88,736	88,736
9,170	466,813	475,983	Investment funds and unit trusts	5,837	493,028	498,865
176	0	176	Derivatives	0	0	0
15,697	660	16,357	Cash and Cash Equivalent	26,418	355	26,773
252,607	721,736	974,343	Totals	263,599	788,603	1,052,202

Assets are now held at bid value.

Asset and Liability Matching Strategy (ALM)

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

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

The actuarial valuation states that assets held on the valuation date were sufficient to cover 95% (2020/21 85.6%) of accrued liabilities at that date.

Notes to the Financial Statements

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

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

31/03/2021		31/03/2022
Long term expected return on assets		
2.85%	Pension increase rate	3.20%
3.55%	Salary Increase rate	3.90%
2.00%	Discount rate	2.70%
<u>Mortality</u>		
Based on these assumptions, the average future life expectancies at the age of 65 are:		
19.8	Current pensioners – Men	19.6
22.6	Current pensioners - Women	22.4
21.2	Future pensioners – Men	21.0
24.7	Future pensioners - Women	24.5

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

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

Sensitivity Analysis

In order to quantify the impact of a change in the financial assumptions used, the actuaries have calculated and compared the value of the scheme liabilities as at 31 March 2022 on varying bases. The approach taken is consistent with that adopted to derive at the IAS19 figures provided. To quantify the uncertainty around life expectancy, the actuaries have calculated the difference in cost to the employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of around 3% to 5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

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

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

Notes to the Financial Statements

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

	Approximate % increase to Employer Liability	Approximate monetary Amount £000
Real Discount Rate (0.1% decrease)	2%	21,239
1 year increase in the member life expectancy	4%	44,316
Salary Increase Rate (0.1% increase)	0%	2,807
Pension Increase Rate (0.1% increase)	2%	18,250

The total contribution expected to be made to the Local Government pension scheme for 2022/23 is £19.851m.

Note 15 – External Audit Costs

In 2021/22 the Council incurred £0.281m (2020/21 £0.277m) in respect of its external audit services on behalf of the Council and £0.002m (2020/21 £0.002m) on behalf of the Trust Funds, undertaken in accordance with the Code of Audit Practice.

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

Note 16 – Expenditure and Funding Analysis

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

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

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

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

Notes to the Financial Statements

Note 16 – Expenditure and Funding Analysis (cont'd)

Restated 2020/21 £000		2021/22 £000
	Expenditure	
210,265	Employee benefits expenses	232,907
253,323	Other service expenses	266,430
3,894	Support service recharges	3,962
36,104	Depreciation, amortisation, impairment	65,954
22,558	Interest payments	21,422
2,339	Precepts and levies	2,517
883	Loss on the disposal of assets	998
<u>529,366</u>	Total Expenditure	<u>594,190</u>
	Income	
(257,599)	Fees, charges and other service income	(258,154)
(165)	Interest and investment income	(81)
(92,728)	Income from council tax and non-domestic rates	(119,615)
(179,296)	Government grants and contributions	(141,150)
<u>(529,788)</u>	Total Income	<u>(519,000)</u>
<u>(422)</u>	(Surplus) / Deficit on the Provision of Services	<u>75,190</u>

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

Restated 2020/21 £000		2021/22 £000
(41,419)	Corporate Services	(37,337)
(17,593)	Education	(15,317)
(14,839)	Infrastructure, Regeneration and Economic Development	(13,334)
(32,922)	Housing and Communities	(31,853)
(43,031)	Housing Revenue Account	(44,363)
(6,117)	Miscellaneous Services	(8,501)
(101,678)	Health and Social Care Partnership	(107,449)
<u>(257,599)</u>	Total Fees, Charges and other service income	<u>(258,154)</u>

Notes to the Financial Statements

Note 16 – Expenditure and Funding Analysis (cont'd)

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

<u>2020/21 (restated)</u>				<u>2021/22</u>		
Net Chargeable to the General Fund and HRA Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Chargeable to the General Fund and HRA Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
20,549	5,332	25,881	Corporate Services	25,095	7,756	32,851
90,513	8,506	99,019	Education	98,757	20,258	119,015
29,934	20,062	49,996	Infrastructure, Regeneration and Economic Development	33,659	19,189	52,848
2,062	2,099	4,161	Housing and Communities	3,660	4,118	7,778
(22,944)	10,428	(12,516)	Housing Revenue Account	(20,106)	34,590	14,484
5,179	(2,699)	2,480	Miscellaneous Services	690	(2,170)	(1,480)
69,865	5,718	75,583	Health and Social Care Partnership	74,017	10,485	84,502
2,339	0	2,339	Requisitions	2,517	0	2,517
197,497	49,446	246,943	Net Cost of Services	218,289	94,226	312,515
0	883	883	(Gain)/Loss on disposal of Fixed Assets	0	998	998
(245,814)	(26,210)	(272,024)	Taxation and Non-specific Grant Income	(253,019)	(7,746)	(260,765)
40,283	(16,507)	23,776	Finance / Investment Income and Expenditure	41,451	(19,009)	22,442
(8,034)	7,612	(422)	(Surplus) or Deficit on Provision of Service	6,721	68,469	75,190
(13,319)			MIR Opening General Fund and HRA Balance as at 1 April 2021	(22,392)		
(4,241)			MIR (Surplus) or Deficit on Provision of Service (General Fund)	2,396		
(3,793)			MIR (Surplus) or Deficit on Provision of Service (HRA)	4,325		
(1,039)			MIR Transfer to/from other statutory reserves	(2,083)		
(22,392)			Closing General Fund and HRA Balance as at 31 March 2022	(17,754)		

Notes to the Financial Statements

Note 16 – Expenditure and Funding Analysis (cont'd)

<u>2020/21</u>				<u>2021/22</u>				
Adjustments for Capital Purposes £000	Net Change for the Pension Adjustment £000	Other differences £000	Total £000		Adjustments for Capital Purposes £000	Net Change for the Pension Adjustment £000	Other differences £000	Total £000
2,853	2,479	0	5,332	Corporate Services	3,204	4,552	0	7,756
5,553	2,807	146	8,506	Education	14,477	5,738	43	20,258
17,089	2,973	0	20,062	Infrastructure, Regeneration and Economic Development	13,414	5,775	0	19,189
14	2,085	0	2,099	Housing and Communities	13	4,105	0	4,118
9,794	637	(3)	10,428	Housing Revenue Account	33,456	1,169	(35)	34,590
2	(2,673)	(28)	(2,699)	Miscellaneous Services	312	(2,187)	(295)	(2,170)
800	4,918	0	5,718	Health and Social Care Partnership	1,078	9,407	0	10,485
0	0	0	0	Requisitions	0	0	0	0
36,105	13,226	115	49,446	Net Cost of Services	65,954	28,559	(287)	94,226
883	0	0	883	Other Operating Expenditure	998	0	0	998
(26,210)	0	0	(26,210)	Taxation and Non-specific Grant Income	(7,746)	0	0	(7,746)
(19,879)	3,378	(6)	(16,507)	Finance / Investment Income and Expenditure	(22,551)	3,557	(15)	(19,009)
(9,101)	16,604	109	7,612		36,655	32,116	(302)	68,469

Both the Movement in Reserves (page 46) and note 7 (page 69) total the adjustments between funding accounting basis and funding basis under regulations relating to the General Fund balance (£53.525m net deductions) and HRA balance (£14.944m net deductions) and this matches the total adjustments above of £68.469m.

Notes to the Financial Statements

Note 16 – Expenditure and Funding Analysis (cont'd)

Adjustment for Capital Purposes

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

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

Net Change for the Pension Adjustments

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

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

Other Differences

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

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

Notes to the Financial Statements

Note 17 – Property, Plant and Equipment

1) Movements in 2021/22

	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 2021	502,600	403,348	45,367	30,903		8,463	6,329	70,910	
Additions	28,080	9,024	0	3,056	10,024	575	4	12,736	63,499
Revaluations:									
- To Revaluation Reserve	0	(7,493)	0	0	0	0	0	0	(7,493)
- To Net cost of Service	(23,206)	(1,785)	0	0	0	0	(183)	0	(25,174)
Disposals	0	(229)	0	0	0	0	0	0	(229)
Assets reclassified to/from Held for Sale	0	0	0	0	0	0	0	0	0
Adjustments - assets at nil NBV	0	(80)	(7)	(2,448)	(772)	0	(139)	0	(3,446)
Adjustments - change in asset type	35,306	18,025	0	0	906	1,130	0	(55,467)	(100)
As at 31 March 2022	542,780	420,810	45,360	31,511		10,168	6,011	28,179	
Depreciation/Impairment at 1 April 2021	(71,578)	(40,599)	(1,649)	(11,463)		(2,032)	(132)	0	(171,461)
Depreciation charge	(9,773)	(8,550)	(410)	(3,510)	(7,484)	(550)	0	0	(30,277)
Depreciation:									
- To Revaluation Reserve	0	9,796	0	0	0	0	0	0	9,796
- To Net Cost of Service	0	0	0	0	0	0	0	0	0
Impairments:									
- To Revaluation Reserve	0		0	0	0	0	0	0	0
- To Net Cost of Service	0	(6,942)	0	0	0	0	(4)	0	(6,946)
Adjustments - assets at nil NBV	0	80	7	2,448	772	0	139	0	3,446
Adjustments - change in asset type	0	0	0	0	0	0	0	0	0
As At 31 March 2022	(81,351)	(46,215)	(2,052)	(12,525)		(2,582)	3	0	
Net Book Value at 31 March 2021	431,022	362,749	43,718	19,440	108,062	6,431	6,197	70,910	1,048,529
Net Book Value at 31 March 2022	461,429	374,595	43,308	18,986	111,508	7,586	6,014	28,179	1,051,605

Notes to the Financial Statements

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

2) Movements in 2020/21 (Restated)

	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 2020	417,278	378,608	45,399	26,712		5,475	9,587	104,814	
Additions	18,741	7,218	15	4,658	11,964	1,646	135	46,886	91,263
Revaluations:									
- To Revaluation Reserve	48,706	126	0	0	0	0	0	0	48,832
- To Net cost of Service	0	(5,243)	0	0	0	0	(1,510)	0	(6,753)
Disposals	0	0	(90)	0	0	0	(1,476)	0	(1,566)
Assets reclassified to/from Held for Sale	0	0	0	0	0	0	(357)	0	(357)
Adjustments - assets at nil NBV	0	(884)	(7)	(9,337)	(16,374)	0	0	0	(26,602)
Adjustments - change in asset type	17,875	23,523	50	8,870	29,180	1,342	(50)	(80,790)	0
As at 31 March 2021	502,600	403,348	45,367	30,903		8,463	6,329	70,910	
Depreciation/Impairment at 1 April 2020	(70,726)	(31,842)	(1,245)	(17,626)		(1,566)	(133)	0	
Depreciation charge	(9,510)	(9,613)	(411)	(3,174)	(5,536)	(466)	0	0	(28,710)
Depreciation:									
- To Revaluation Reserve	8,658	(28)	0	0	0	0	1	0	8,631
- To Net Cost of Service	0	0	0	0	0	0	0	0	0
Impairments:									
- To Revaluation Reserve	0	0	0	0	0	0	0	0	0
- To Net Cost of Service	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Adjustments - assets at nil NBV	0	884	7	9,337	16,374	0	0	0	26,602
Adjustments - change in asset type	0	0	0	0	0	0	0	0	0
As At 31 March 2021	(71,578)	(40,599)	(1,649)	(11,463)		(2,032)	(132)	0	
Net Book Value at 31 March 2020	346,552	346,766	44,154	9,086	72,454	3,909	9,454	104,814	937,189
Net Book Value at 31 March 2021	431,022	362,749	43,718	19,440	108,062	6,431	6,197	70,910	1,048,529

Notes to the Financial Statements

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

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

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

The approach is set out in Note 1 Accounting Policies.

3) Capital Commitments

As at 31 March 2022, the Council has commitments on capital contracts for the construction or enhancement of property, plant and equipment for non housing and housing projects in 2021/22 budgeted to cost £10.335m (2020/21 £17.910m) and £1.477m (2020/21 £22.109m) respectively. The main commitments are:

General Services	£000
Regeneration SMPT Carless	6,300
Posties Park	1,032
Local Economic Development & Regeneration - various projects	748
OLSP Changing Facility	341
Renton Campus (part of Schools Estate Improvement Plan)	254
Construction of Pitches St Mary's Primary School & Our Lady of Loretto	224
HRA	£000
New Build Housing	767
External Wall Insulation	340
Structural Repairs Drumry	250

Notes to the Financial Statements

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

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

Restated 2020/21 £000	Cost or Valuation	2021/22 £000
114,219	At 1 April 2021	114,219
	<u>Revaluations</u>	
0	To Revaluation Reserve	0
0	Additions	0
114,219	At 31 March 2022	114,219
	Accumulated Depreciation and Impairment	
(5,052)	At 1 April 2021	(7,578)
(2,526)	Depreciation Charge	(2,526)
	<u>Depreciation written out</u>	
0	To revaluation reserve	0
0	To NCS	0
(7,578)	At 31 March 2022	(10,104)
109,167	Opening Net Book value	106,641
106,641	Closing Net Book value	104,115

In previous years, the information above provided detail of the Council's PPP project only. The information has been amended to also include the information on the DBFM project (Design, Build, Finance and Maintain) as these are both consolidated within the Council's Balance Sheet.

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

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

Note 18 – Intangible Assets

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

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

Notes to the Financial Statements

Note 18 – Intangible Assets (cont'd)

Where appropriate, the carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.040m charged to revenue in 2021/22 was charged to Information Services. The charge to Information Services is then absorbed as an overhead across all the service headings in the Net Cost of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

2020/21 £000		2021/22 £000
	Balance at 1 April 2021	
546	Gross carrying amount	667
(371)	Accumulated amortisation	(396)
175	Net carrying amount at start of year	271
121	Acquisitions in year	357
0	Transfer from Assets Under Construction	29
(25)	Amortisation for period	(40)
271	Net carrying amount at 31 March 2022	617
	Comprising:	
667	Gross Carrying amounts	1,053
(396)	Accumulated amortisation	(436)
271		617

Note 19 – Assets Held for Sale

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

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

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

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

Notes to the Financial Statements

Note 19 – Assets Held for Sale (cont'd)

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

2020/21		2021/22
£000		£000
8,053	Balance at 1 April 2021	7,755
11	Acquisitions	114
312	Assets previously omitted	639
	Assets newly classified as held for sale:-	
357	Property, Plant and Equipment	71
(1,078)	Impairment	(173)
702	Revaluation Gains	50
(602)	Disposals	(3,039)
0	Assets declassified as held for sale*	0
7,755	As at 31 March 2022	5,417

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

Note 20 - Heritage Assets

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

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

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

2020/21		2021/22
£000		£000
1,406	Balance at 1 April 2021	1,406
0	Additions/ Disposals / Newly Classified	79
1,406	Balance at 31 March 2022	1,485

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

- Collections Store, Poplar Road
- Collections Store, Stanford Street; and
- Clydebank Town Hall.

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

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

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

Notes to the Financial Statements

Note 20 - Heritage Assets (cont'd)

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

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

Note 21 – Capital Expenditure and Capital Financing

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

31-Mar-21		31-Mar-22
£000		£000
600,739	Opening Capital Financing Requirement	646,190
	Capital Investment	
91,260	Property, Plant and Equipment	63,495
121	Intangibles	357
11	Asset held for sale	114
0	Heritage Assets	79
91,392		64,045
	Less Sources of Finance	
1,284	Receipts from Sale of Assets	(2,270)
26,210	Government Grants and other Contributions	7,572
(1,284)	Transfer to Capital Fund/ Capital Receipts Fund	2,270
8,911	Revenue Contributions	13,247
10,820	Loan Fund Principal Repayments	9,303
45,941		30,122
646,190	Closing Capital Financing Requirement	680,113
0	Increase in Underlying Need to Borrow (Supported)	0
45,451	Increase in Underlying Need to Borrow (Unsupported)	33,923
45,451	Movement in Capital Financing Requirement	33,923

Note 22 – Impairment Losses

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

During 2021/22, the Council has recognised impairment losses of £7.060m (2020/21 £1.232m) relating to non-value adding enhancement and/or consumption of economic benefit of various assets. These impairment losses have been charged as appropriate within the Comprehensive Income and Expenditure Statement and the Revaluation Reserve.

Notes to the Financial Statements

Note 23 – Private Finance Initiatives and Similar Contracts

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

2021/22 was the thirteenth year of a thirty year public private partnership for provision of three secondary schools and one primary school in Clydebank and Alexandria. 2021/22 was the fifth year of a twenty-five year DBFM partnership for the provision of one secondary school in Dumbarton.

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

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

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

Property, Plant and Equipment

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

Payments

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

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

Payments remaining to be made under the PPP and DBFM contracts at 31 March 2022 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Repayment of Liability	Interest Charges	Operating Costs	Lifecycle Replacement	Total Unitary Payment
	£000	£000	£000	£000	£000
Less than 1 year	3,370	6,657	3,207	1,332	14,566
2-5 years	15,754	24,083	14,291	5,708	59,836
6-10 years	21,548	23,143	21,410	12,443	78,544
11-15 years	29,911	14,088	25,950	13,001	82,950
16-20 years	20,751	3,194	14,444	7,851	46,240
21-25 years	1,151	36	241	0	1,428
PPP Contractual Liability as at 31.03.22	92,485	71,201	79,543	40,335	283,564

Notes to the Financial Statements

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

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:

2020/21 £000		2021/22 £000
99,942	Opening Balance	96,292
0	New Liabilities	0
(3,650)	Repayments	(3,807)
96,292	Closing Balance	92,485

Note 24 – Debtors

2020/21 £000	2020/21 £000		2021/22 £000	2021/22 £000
		Central government bodies		
2,222		Grant Income	1,662	
3,840		VAT Recoverable	4,717	
<u>4,588</u>	10,650	Other Debtors	<u>1,567</u>	7,946
	353	Other local authorities		448
	9,364	NHS Bodies		13,867
	0	Public Corporations and trading funds		8
		Other Entities and individuals		
16,430		Arrears of local taxation *	18,026	
<u>29,823</u>	<u>46,253</u>	Other Debtors	<u>27,273</u>	<u>45,299</u>
	66,620			67,568

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

2020/21				2021/22		
Gross debtor before impairment £000	Impairment £000	Net Debtor after impairment £000		Gross debtor before impairment £000	Impairment £000	Net Debtor after impairment £000
5,336	1,673	3,663	Under 1 year	4,709	1,499	3,210
39,180	26,413	12,767	Over 1 year	42,138	27,322	14,816
44,516	28,086	16,430	Total	46,847	28,821	18,026

Note 25 - 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 2022. The fund does not represent assets of the Council and has not been included within the Balance Sheet on page 48.

Notes to the Financial Statements

Note 25 - Common Good Fund (cont'd)

Income and Expenditure Account

2020/21		2021/22
£000	Expenditure	£000
82	Payments to Other Bodies	109
35	Bellsmyre Digital	36
50	Denny Tank	50
40	WD Citizen's Advice Bureau	40
25	General Expenditure	25
232		260
	Income	
(314)	Rent – Sites and Offices	(320)
(1)	Other Income	0
(315)		(320)
(83)	Net (surplus)/deficit for year	(60)
(83)	In Year Usable Gain/ (Loss)	(60)
0	In Year Un-usable Gain/ (Loss)	0
(83)		(60)
(438)	Balance brought forward	(521)
(83)	In Year Usable Gain	(60)
(521)	Balance carried forward	(581)

Balance Sheet as at 31 March 2022

2020/21		2021/22
£000	Fixed Assets	£000
3,487	Investment properties	3,485
	Current Assets	
534	Investments – West Dunbartonshire Council	586
3	Debtors	3
	Current Liabilities	
(16)	Creditors falling due within one year	(8)
4,008	Total assets	4,066
	Funds	
3,487	Capital Adjustment Account	3,485
521	General Fund	581
4,008		4,066

Accounting Policy Information

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

Notes to the Financial Statements

Note 26 – Trust Funds

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

Receipts and Payments Account

2020/21			2021/22		
Receipts £000	Payments £000	(Surplus)/ Deficit £000	Receipts £000	Payments £000	(Surplus)/ Deficit £000
0	0	0	0	0	0
0	0	0	0	0	0
(2)	0	(2)	(2)	0	(2)
0	0	0	0	19	19
0	0	0	0	0	0
(2)	0	(2)	(2)	19	17

Statement of Balances as at 31 March 2022

	Balance as at 1/4/21 £000	(Surplus)/deficit for year £000	Balance as at 31/3/22 £000
Bank and Cash			
Dunbartonshire Educational Trust Scheme 1962	(90)	0	(90)
McAuley Prize for Mathematics	(22)	0	(22)
Alexander Cameron Bequest	(118)	(2)	(120)
Dr A K Glen Fund	(24)	19	(5)
UIE Award	(25)	0	(25)
Total	(279)	17	(262)

The Trust Funds hold no liabilities.

Notes to the Financial Statements

Note 27 – Cash and Cash Equivalents

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

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

	31-Mar-21	Movement	31-Mar-22
	£000	£000	£000
Net Bank Current Account*	(5,234)	(4,068)	(9,302)
Short term deposits with UK banks	17,475	(6,033)	11,442
Net Cash and Cash equivalents	12,241	(10,101)	2,140

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

	31-Mar-21		31-Mar-22
	£000		£000
1,289 Bank Current Accounts in balance			805
(6,523) Bank Current Accounts in overdraft			(10,107)
(5,234) Net Bank Current Account*			(9,302)

Note 28 – Financial Instruments

1) Types of Financial Instrument

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

	Long-term		Current	
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
	£000	£000	£000	£000
Debtors				
Loans and receivables	22	21	68,955	61,782
Borrowing				
Financial liabilities at amortised cost	284,842	307,485	270,383	281,030
Other long term liabilities				
PPP and finance leases	92,615	89,115	3,677	3,370
Creditors				
Financial liabilities at contract amount	0	0	72,858	75,140

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

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

Notes to the Financial Statements

Note 28 – Financial Instruments (cont'd)

The Council has considered the Code requirements for accounting for financial instruments and the following events have not taken place in 2021/22:

- 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 2021/22;
- breaches of long term loan agreements resulting in the liability being classed as current; or
- offsetting of financial assets and liabilities where a legally enforceable right exists and intent to settle is on net basis.

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

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

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

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

Financial Liabilities

- PWLB Loans (Level 2) - For loans from the PWLB, premature repayment rates from the PWLB in force on 31 March 2022 have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value).
- Non-PWLB loans (Level 2) - For non-PWLB loans payable, the fair value of market loans are calculated using estimated interest rates of 1.50% which is the average discount rate applied to market loans for calculation of premature repayment. The fair value of local council loans are calculated using estimated interest rates of 0.70% which is the average discount rate applied to local council loans for calculation of premature repayment. Discount rates have been applied to provide the fair value under PWLB debt redemption procedures.
- PFI/Finance leases (Level 3) – These are not the liability of the Council as the debt is held by the PFI/lease provider. Fair value have been calculated at level 3 on a simple proxy basis. The same NPV methodology has been applied as for PWLB and non-PWLB debt.

Financial Assets

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

Policy Type Assets

- Long term debtors – Level 2.

Creditors

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

Transfers between Levels of the Fair Value Hierarchy

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

Notes to the Financial Statements

Note 28 – Financial Instruments (cont'd)

Changes in the Valuation Technique

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

31-Mar-21			31-Mar-22	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000	Debtors	£000	£000
68,977	68,977	Loans and Receivables	61,803	61,803

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

31-Mar-21			31-Mar-22	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
		Borrowing		
555,225	736,964	Financial liabilities	588,515	648,513
		Other Long Term Liabilities		
96,292	153,981	PPP and Finance Lease Liabilities	92,485	136,477
		Creditors		
72,858	72,858	Financial liabilities at contract amount	75,140	75,140

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

A further breakdown of types of borrowing held by the Council as at 31 March 2022 is noted below:

Notes to the Financial Statements

Note 28 – Financial Instruments (cont'd)

Principal outstanding 31-Mar-21 £000	Accrued interest / EIR adjustment £000	Carrying amount 31-Mar-21 £000		Principal outstanding 31-Mar-22 £000	Accrued interest / EIR adjustment £000	Carrying amount 31-Mar-22 £000
485	1,119	1,604	PWLB	11,091	1,289	12,380
0	754	754	Mortgage loans	0	761	761
260,000	322	260,322	Local Authority	257,000	135	257,135
1,181	0	1,181	Other	631	16	647
261,666	2,195	263,861	Short Term Loans	268,722	2,201	270,923
204,365	0	204,365	PWLB	226,268	0	226,268
77,600	1,652	79,252	Mortgage loans	77,600	1,637	79,237
0	0	0	Local Authority	0	0	0
1,181	0	1,181	Other	1,980	0	1,980
283,146	1,652	284,798	Long Term Loans	305,848	1,637	307,485

3) Gains and Losses on Financial Instruments

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

	31-Mar-21			31-Mar-22		
	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)	165	0	165	81	0	81
Interest payable and similar charges						
Interest/expense*	0	(19,180)	(19,180)	0	(17,865)	(17,865)
(Gain)/Loss on de-recognition	0	6	6		15	15
Net (Gain)/loss in year	0	(19,174)	(19,174)	0	(17,850)	(17,850)

* 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

Note 28 – Financial Instruments (cont'd)

4) Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government (Scotland) Act 2003 and the associated regulations. During 2021/22 these required the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services

Code of Practice and the Local Government Investments (Scotland) Regulations 2010. Overall these procedures require the Council to manage risk in the following ways:

- (i) by formally adopting the requirements of the Code of Practice;
- (ii) by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders;
- (iii) by approving annually in advance prudential and treasury indicators for the following three years in limiting:
 - The Council's overall borrowing;
 - 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 2021/22 annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 22 March 2021 and updated through the mid-year Strategy by Council on 22 December 2021 and is available on the Council website. The key issues within the strategy were:

- the authorised limit for 2021/22 was set by Council at that meeting at £855.288m and updated during the year to £829.832m. This is the maximum limit of external borrowing;
- the operational boundary was expected to be £774.848m when reported to Council at that meeting and updated during the year to £760.680m. 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.

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.

Notes to the Financial Statements

Note 28 – Financial Instruments (cont'd)

The Council's maximum exposure to credit risk in relation to investments in banks and building societies of £11.442m 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 2022 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 31.03.22 £000	Historical experience of non-payment adjusted for market conditions at 31.03.22 %	Estimated maximum exposure to default and uncollectibility £000
Customers and other income	51,367	11.98	1,804

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

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

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

	Total £000
Less than three months	2,032
Three to six months	277
Six months to one year	1,287
More than one year	8,056
	<u>11,652</u>

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

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

Liquidity risk

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

Notes to the Financial Statements

Note 28 – Financial Instruments (cont'd)

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

Refinancing and Maturity Risk

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

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

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

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. No more than 50% of borrowings are due to mature within 2-5 years (or under 12 months)

The maturity analysis of financial liabilities is as follows:

	Creditors	PPP	Borrowing	Total
	£000	£000	£000	£000
Less than one year	75,140	3,370	281,030	359,540
Between one and two years	0	3,138	56	3,194
Between two and five years	0	12,616	30,407	43,023
More than five years	0	73,361	277,022	350,383
	75,140	92,485	588,515	756,140

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:

Notes to the Financial Statements

Note 28 – Financial Instruments (cont'd)

- 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	578,408	98.3
Variable Interest Debt	<u>10,107</u>	1.7
	<u>588,515</u>	

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 2022, with all other variables held constant:

	£000
Impact on tax payers and rent payers	
Increase on interest payable on variable debt borrowings	1
Increase in interest receivable on variable rate investments	(81)
Increase in government grant receivable for 'loan charges'	<u>(41)</u>
Impact on Income and Expenditure Account	<u>(121)</u>
Share of overall impact due credited to the HRA	<u>(33)</u>
Other accounting presentational changes	
Decrease in fair value of fixed rate investments:	0
Decrease in fair value of fixed rate debt borrowings (disclosure confined to notes to the core financial statements)	(74,167)

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.

Postponement of Statutory Repayment of Debt

As noted within the Management Commentary, in line with the Local Government Finance circular 5/2022 (section 8) allows the Council to take a loans fund payment holiday in 2021/22 or 2022/23 on the condition the amount not repaid in year would be fully paid over a 20 year period. The in-year principal payment within General Services would have been £1.673m which the Council would have paid using in-year capital receipts.

Notes to the Financial Statements

Note 29 – Creditors

2020/21		2021/22
£000		£000
13,050	Central government bodies	8,620
25,492	Other local authorities	37,430
920	NHS Bodies	205
<u>33,396</u>	Other Entities and individuals	<u>28,885</u>
<u>72,858</u>		<u>75,140</u>

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

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

- (1) The General Fund balance stands at £15.020m on 31 March 2022, of which £11.517m is earmarked for ringfenced purposes, leaving an unearmarked balance of £3.503m (prudential target £3.123m).

The main earmarked income held for future specific purposes:

	£000
Covid related funding*	6,791
Change Fund	1,257
2022/23 budget commitment	1,034
2020/21 Budget growth items	185
Young person guarantee	1,018
HR/ Legal commitments	210
Social Welfare Fund	129
Other Committed Spend (< £0.100m)	893
	<u>11,517</u>

*the earmarked COVID related funding is detailed below:

<u>General COVID Funding</u>	
Unspent general COVID funding	3,445
<u>Service Specific COVID Funding</u>	
Financial Insecurity	25
Welfare / social support	48
Tenant Grant Fund	54
Winter Support Fund	55
Low Income Pandemic Payment	81
Free School Meal (Easter 2022)	90
Parental Employee Support Fund	114
Winter Hardship Fund	125
Local Self Isolation Assistance	182
Scottish Child Payment Bridging Payment	422
Education Recovery	2,150
	<u>6,791</u>

Notes to the Financial Statements

Note 30 – General Fund and HRA – Reserves and Earmarked Balances (cont'd)

(2) The HRA balance is currently £2.734m as at 31 March 2022, of which £1.794m is earmarked for ring fenced purposes, leaving an unearmarked balance of £0.940m.

The earmarked balance held for future specific purposes is:-

	£000
Service Improvements	994
Welfare Reform Resilience Reserve	800
	1,794

Note 31 – Other Reserves

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

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

Usable reserves

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

31-Mar-21		31-Mar-22
£000		£000
15,028	General Services	15,020
7,364	Housing Revenue Account	2,734
0	Capital Receipts Reserve	30
42	Capital Grants and Receipts Unapplied	42
1,469	Capital Reserve	758
308	Other Reserves	468
24,211	Total Usable Reserves	19,052

General Fund Revenue Reserve

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

Housing Revenue Account Revenue Reserve

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

Capital Receipts Reserves

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

Capital Grant and Reserves Unapplied Reserve

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

Notes to the Financial Statements

Note 31 – Other Reserves (cont'd)

Capital Items Replacement Fund (Other)

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

Capital Reserve

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

Unusable reserves

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

Restated		31-Mar-22
31-Mar-21		£000
£000		£000
284,963	Capital Adjustment Account	254,522
126,924	Revaluation Reserve	124,778
(163,615)	Pension Reserve	(55,690)
(4,388)	Employee Statutory Adjustment Account	(4,100)
(12,163)	Financial Instruments Adjustment Account	(11,440)
231,721	Total Unusable Reserves	308,070

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		2021/2022
2020/2021		£000
£000		£000
267,619	Opening Balance	284,963
(27,982)	Depreciation	(31,713)
(7,974)	Impairment	(34,112)
9,012	Increase in Depreciation Caused by Revaluation	7,739
	Write off Revaluation Reserve Balance re	
426	Disposals	617
(2,167)	Disposal of Fixed Assets	(3,268)
26,299	Government Grants Applied	7,746
8,911	Capital Financed by Current Revenue	13,247
10,819	Long Term Debt Payment	9,303
284,963	Closing Balance	254,522

Notes to the Financial Statements

Note 31 – Other 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.

Restated 2020/2021 £000		2021/2022 £000
159,128	Opening Balance	126,924
71,488	Unrealised Gains on Revaluation of Assets	5,681
(94,254)	Impairments and Losses on Revaluation of Assets	(869)
(426)	Write off Revaluation Reserve Balance re Disposals	(617)
(9,012)	Depreciation due to Revaluation of Assets	(6,341)
126,924	Closing Balance	124,778

Pension Reserve

The pension reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the comprehensive income and expenditure as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements requires benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible.

The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/2021 £000		2021/2022 £000
(134,077)	Opening Balance	(163,615)
(12,934)	Actuarial (Loss)/Gain	140,041
22,566	Employer Contributions	22,765
(39,170)	Reversal of IAS19 Entries	(54,881)
(163,615)	Closing Balance	(55,690)

Notes to the Financial Statements

Note 31 – Other 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.

2020/2021		2021/2022
£000		£000
(4,273)	Opening Balance	(4,388)
(115)	Staff Accrual Movement	288
<u>(4,388)</u>	Closing Balance	<u>(4,100)</u>

Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the comprehensive income and expenditure statement when they are incurred, but reversed out of the general fund balance to the account in the movement in reserves statement. Over time, the expense is posted back to the general fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account as at 31 March 2022 will be charged to the General Fund over the next thirty-seven years.

2020/2021		2021/2022
£000		£000
(13,020)	Opening Balance	(12,163)
851	Annual Write off of Premiums and Discounts	708
0	New Premiums and Discounts	0
6	Annual EIR Adjustment to Stepped Interest Instruments	15
<u>(12,163)</u>	Closing Balance	<u>(11,440)</u>

Note 32 – Contingent Assets and Contingent Liabilities

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

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

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

Notes to the Financial Statements

Note 32 – Contingent Assets and Contingent Liabilities (cont'd)

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

The Council provided West Dunbartonshire Leisure Trust with a letter of comfort to confirm the Council's commitment to the ongoing financial sustainability of the Trust, on a joint planning approach in relation to future service provision through the recovery and beyond. At this stage the extent or likelihood of any potential liability is unknown.

A legal ruling in relation to the Goodwin equal treatment case in the Teachers' Pension Scheme may have an impact across other public service pension schemes. Scheme rules are to be amended to ensure the pension entitlement of male survivors within opposite-sex marriages and civil partnerships are treated in the same way as survivors of same-sex marriages and civil partnerships. The consequences may impact on future pension contributions rates but initial indications suggest that any impact would be immaterial.

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

Note 33 – Financial Guarantee

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

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

Movement on the Housing Revenue Account Statement

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

Restated		2021/22	2021/22
2020/21		£000	£000
£000			
(3,924)	Balance on the Housing Revenue Account at the End of the Previous Year (1)		(7,364)
(11,462)	Total Comprehensive Income and Expenditure (2)		19,269
(637)	Pension Scheme Adjustments	(1,169)	
3	Financial Instruments Adjustment	7	
3	Holiday Pay Adjustment	35	
(5,356)	Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure	(32,487)	
(5,987)	Adjustments to the revenue resource (3)	(33,614)	
0	Net gain or loss on sale of non-current assets	0	
5,019	Statutory Repayment of Debt (Loans Fund Advances)	5,495	
8,637	CFCR	13,175	
13,656	Adjustments between Revenue and Capital Resources (4)	18,670	
7,669	Total Statutory Adjustments (5)=(3)+(4)		(14,944)
353	Transfers (to)/from Other Statutory Reserves (6)		305
(3,440)	(Increase)/Decrease in Year (7)=(2)+(5)+(6)		4,630
(7,364)	Balance on the Housing Revenue Account at the end of the Current Year (8)=(1)+(7)		(2,734)

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 2020/21 £000		2021/22 £000	2021/22 £000
	Income		
(41,544)	Dwelling Rents (net of voids)	(42,850)	
(253)	Other Rents	(251)	
<u>(1,234)</u>	Other Income	<u>(1,574)</u>	
<u>(43,031)</u>			<u>(44,675)</u>
	Expenditure		
8,860	Repairs and Maintenance	12,750	
11,428	Supervision and Management	12,680	
9,794	Depreciation and Impairment	33,456	
<u>433</u>	Other Expenditure	<u>273</u>	
<u>30,515</u>			<u>59,159</u>
	Net Cost of Service as Included in the Council Comprehensive Income and Expenditure Statement		<u>14,484</u>
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement		
(4,439)	Recognised Capital Income (Grants, Contributions and Donations)	(969)	
0	Gain or Loss on the Sale of HRA Non Current Assets	0	
4,953	Interest Payable and Similar Charges	4,717	
611	Impairment Loss - Debtors	1,048	
<u>(71)</u>	HRA Interest and Investment Income	<u>(11)</u>	
<u>1,054</u>			<u>4,785</u>
<u>(11,462)</u>	(Surplus)/Deficit for the year on HRA Services		<u>19,269</u>

Notes to the Housing Revenue Account Income and Expenditure Statement

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

The Council was responsible for managing 10,378 dwellings during 2021/22 (10,153 in 2020/21). The following shows an analysis of these dwellings by type.

Number at 31.03.21	2020/21 Average weekly rent £	Type of Dwelling	Number at 31.03.22	2021/22 Average weekly rent £
2,640	78.05	Two-apartment	2,728	79.47
4,585	80.39	Three-apartment	4,676	81.71
2,583	85.49	Four-apartment	2,616	86.89
330	92.53	Five-apartment	338	94.25
10	106.71	Six-apartment	14	109.23
1	85.69	Seven-apartment	2	86.98
2	94.08	Eight-apartment	2	95.49
2	94.08	Nine-apartment	2	95.49
10,153		Total	10,378	

Note 2 – Dwelling Rents

The £42.850m noted in the Income and Expenditure Statement is the total rental income less voids chargeable for the year of £1.373m (2020/21 £0.895m). It excludes irrecoverables and bad debts. Average rents were £82.88 per week in 2021/22 (£81.50 per week in 2020/21).

Note 3 –Other Rents

This is the total income received from travelling person site rentals, lock-ups and shops less voids chargeable for the year, but excludes irrecoverables and bad debts. Lost rents from lock-ups in 2021/22 were £0.072m (£0.068m in 2020/21).

Note 4 - Rent arrears

As at 31 March 2022, total rent arrears amounted to £4.027m (2020/21 £3.621m as at 31 March 2021). This is 9.11% of the total value of rents due at 31 March 2022. It should be noted that the total arrears do not all relate to 2021/22 and the year on year movement in value of arrears is an increase of £0.406m.

Note 5 - Provision for Bad Debts

In the financial year 2021/22, the rental bad debt provision has been increased by £0.216m (£0.453m decrease 2020/21). The provision to cover loss of rental income stands at £2.444m as at 31 March 2022 – equivalent of 62.36% (61.55% 2020/21) of the total value of rents due at that date.

Council Tax Account

Council Taxpayers: £38.207m (2020/21 £36.765m)

The Council Tax Income Account (Scotland) shows the gross income raised from council tax levied and deductions made under Statute. 2021/22 represents the ninth year of operation of the Council Tax Reduction Scheme in Scotland. The Council Tax Reduction Scheme represents a discount introduced across Scotland following the abolition of Council Tax Benefits as part of the UK government's welfare reform programme. The resultant total net income within the Council Tax Account is transferred to the Comprehensive Income and Expenditure Statement.

2020/21		2021/22
£000		£000
53,813	Gross council tax	54,277
	Less:	
(8,884)	Council Tax Reduction Scheme Discount*	(8,674)
(6,660)	Other discounts and reductions	(6,745)
(718)	Provision for bad and doubtful debts	(559)
(786)	Adjustments for prior years	(92)
36,765	Transfer to General Fund	38,207

The calculation of the council tax base

Band	No of Dwellings	No of Exempts	Disabled Relief	Discount 25%	Discount 50%	CTRS Discount	Total Dwellings	Ratio to Band D	Band D Equiv.
A(Disabled)	0	0	21	8	0	11	29	200/360	16
Band A	7,537	389	41	4,338	150	3,996	8,521	240/360	5,680
Band B	16,911	614	(12)	7,950	201	6,174	18,217	280/360	14,169
Band C	7,682	216	0	3,014	37	1,958	7,987	320/360	7,100
Band D	6,108	122	19	2,008	26	736	5,965	360/360	5,965
Band E	4,793	51	(46)	1,096	18	253	4,571	473/360	6,006
Band F	1,755	13	(14)	251	6	24	1,694	585/360	2,753
Band G	840	7	(7)	110	5	3	810	705/360	1,587
Band H	66	0	(2)	5	8		61	882/360	148
									43,424
									(432)
								Provision for bad debt	
								Council Tax Base	42,992

The nature and actual amount of each charge fixed

Gross Charges	2020/21 £ per year		2021/22 £ per year
Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor. The council tax charge is calculated using the council tax base i.e. band D equivalents. This charge is then decreased/increased dependent on the band. The band D charge for 2021/22 was £1,293.55.	862.37	Band A	862.37
	1,006.09	Band B	1,006.09
	1,149.82	Band C	1,149.82
	1,293.55	Band D	1,293.55
	1,699.58	Band E	1,699.58
	2,102.02	Band F	2,102.02
	2,533.20	Band G	2,533.20
	3,169.20	Band H	3,169.20

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 £81.408m (2020/21 £55.963m)

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

Non-Domestic Rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. The Council received £81.408m (2020/21 £55.963m) from the national pool. The Council's allocation from the pool now reflects the Council's duty to collect Scottish Gas utilities on behalf of all Scottish councils and this equates to £56.554m in year (£56.515m 2020/21). The Council's Revenue Support Grant has been adjusted to compensate for this change. In 2012/13 the Scottish Government introduced Business Rates Incentivisation Scheme (BRIS), to incentivise councils to grow their potential business rates tax base and as a result increase rates income, a proportion of which is to be retained by councils. Following a review of the original BRIS by a joint Scottish Government/COSLA Review Group the original scheme was suspended and a revised scheme was introduced in 2014/15. The amount of revised BRIS local targets will be linked only to the buoyancy element of the total estimated NDRI for any one year. This ensures that each council will have the ability to influence their own local tax base. Indications suggest the Council should not receive any additional income for the year 2021/22.

The amount deemed to be collected locally was £76.850m (2020/21 £72.684m). Due to COVID there were more reliefs awarded to businesses, thereby reducing the amount collectable. The sum actually collected locally and contributed to the pool was £77.258m (2020/21 £70.647m), made up as follows:

2020/21		2021/22
£000		£000
95,490	Gross rates levied	94,019
	<u>Less:</u>	
(20,223)	Reliefs and other deductions	(14,830)
(955)	Provision for bad and doubtful debts	(940)
<u>74,312</u>	Net non-domestic rate income	<u>78,249</u>
(3,706)	Adjustments for prior years	(1,801)
<u>96</u>	Adjustments for prior years - bad debt	<u>810</u>
70,702	Total Non Domestic Rate Income (before retention)	77,258
<u>(55)</u>	Non Domestic Rate Income Retained by the Council (BRIS)	<u>0</u>
70,647	Contribution to National Non Domestic Rate Pool	77,258
<u>55,963</u>	Distribution from National Non Domestic Rate Pool	<u>81,408</u>
14,684	Net contribution to/(from) National Non Domestic Rate Pool	(4,150)
55,963	Net Non Domestic Rate Income to Comprehensive Income & Expenditure Statement	81,408

Non Domestic Rates Account (cont'd)

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

Analysis of rateable Values:	£
Rateable value at 1/4/21	184,544,712
Running roll (full year RV)	<u>(736,797)</u>
Rateable value at 31/3/22	183,807,915
Less: partially exempt	743,050
Less: wholly exempt	<u>1,500,925</u>
Net rateable value at 31/3/22	<u>181,563,940</u>

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 2021/22 was:

Basic Property Rate for 21/22 - £0.49

Intermediate Property Rate - £0.503

Higher Property Rate - £0.516

Group Accounts

Introduction

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

Combining Entities

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

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

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

The accounting period for all entities is 31 March 2022.

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

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

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

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

HSCP has been included as a joint venture.

Basis of Combination and Going Concern

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

Group Accounts

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 £48.279m – representing the Council's share of net assets in these entities.

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

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

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

The Group's 2020/21 Financial Statements have been restated due to:

- The Council restated their 2020/21 Financial Statements and these adjustments are shown in the single entity Statements Note 2.
- VJB restated their 2020/21 Financial Statements due to an adjustment in Employee Statutory Mitigation Account.
- The opening balance on the SPT 2020/21 Movement in Reserves was restated due to an increase in the Council's percentage share.

Group Accounts

Group Comprehensive Income and Expenditure Statement

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

Restated 2020/21 Gross Expenditure £000	Restated 2020/21 Gross Income £000	Restated 2020/21 Net Expenditure £000		2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
			Service			
66,789	(41,328)	25,461	Corporate Services	70,085	(37,241)	32,844
116,419	(17,591)	98,828	Educational Services	133,958	(15,317)	118,641
60,469	(14,645)	45,824	Infrastructure, Regeneration and Economic Development	61,498	(13,044)	48,454
37,069	(32,922)	4,147	Housing and Communities	39,614	(31,853)	7,761
30,515	(43,031)	(12,516)	Housing Revenue Account	58,847	(44,363)	14,484
8,611	(6,117)	2,494	Miscellaneous Services	7,035	(8,501)	(1,466)
177,250	(101,678)	75,572	Health and Social Care Partnership	191,943	(107,449)	84,494
2,339	0	2,339	Requisitions	2,517	0	2,517
4,744	(1,271)	3,473	Subsidiaries	8,150	(3,050)	5,100
504,205	(258,583)	245,622	Net Cost of Service (1)	573,647	(260,818)	312,829
		883	(Gain) / loss on Disposal of Fixed Assets			998
		883	Other Operating Expenditure (2)			998
		(36,765)	Council Tax			(38,207)
		(55,963)	Non-Domestic Rates			(81,408)
		(153,086)	Revenue Support Grant			(133,404)
		(26,210)	Recognised Capital Income (Grants, Contributions & Donations)			(7,746)
		(272,024)	Taxation and Non-specific Grant Income (3)			(260,765)

Group Accounts

Group Comprehensive Income and Expenditure Statement (cont'd)

Restated 2020/21 Gross Expenditure £000	Restated 2020/21 Gross Income £000	Restated 2020/21 Net Expenditure £000		2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
		(115)	Interest Earned			(31)
		19,177	External Interest Payable / Similar Charges			17,868
		1,382	Impairment Loss - Debtors			1,101
		3,393	Pension Interest Cost/Expected Return on Pension Assets			3,635
		23,837	Finance/Investment Income and Expenditure (4)			22,573
		(1,682)	(Surplus)/Deficit on Provision of Services (5) = (1)+(2)+(3)+(4)			75,635
		(7,207)	Share of other Comprehensive Income and Expenditure of Associates and Joint Ventures			(6,614)
		22,367	(Surplus)/Deficit arising from revaluation of property, plant and equipment			(6,051)
		0	(Surplus)/Deficit on revaluation of available for sale assets			(300)
		15,220	Actuarial (gains)/losses on pension fund assets and liabilities			(145,797)
		30,380	Other Comprehensive (Income) and Expenditure (6)			(158,762)
		28,698	Total Comprehensive (Income) and Expenditure (5)+(6)			(83,127)

Group Accounts

Group Movement in Reserves Statement

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

	Usable Reserves			Unusable Reserves			
	WDC Usable Reserves £000	Group Usable Reserves £000	Total Usable Reserves £000	WDC Unusable Reserves £000	Group Unusable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
<u>2021/22</u>							
Opening Balance at 1 April 2021	(24,211)	(22,542)	(46,753)	(231,722)	(14,064)	(245,786)	(292,539)
Restatement due to % share in 2020/21	0	99	99	0	166	166	265
Restatement Opening Balance 1 April 2021	(24,211)	(22,443)	(46,654)	(231,722)	(13,898)	(245,620)	(292,274)
<u>Movement in reserve 2021/22</u>							
(Surplus) or deficit on provision of services	75,240	395	75,635	(146,379)	(5,444)	(151,823)	(76,189)
Other Comprehensive Expenditure and Income	(70,739)	(6,693)	(77,432)	70,739	(246)	70,493	(6,939)
Net Increase/(Decrease) before Transfers to Other Statutory Reserves	4,501	(6,298)	(1,797)	(75,640)	(5,690)	(81,330)	(83,127)
Transfers to/from other statutory reserves *	658	(191)	467	(708)	241	(467)	0
Closing Balance at 31 March 2022	(19,052)	(28,932)	(47,984)	(308,070)	(19,347)	(327,417)	(375,401)

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

Group Accounts

Group Movement in Reserves Statement (cont'd)

	Usable Reserves			Unusable Reserves			Total Reserves £000
	WDC Usable Reserves £000	Group Usable Reserves £000	Total Usable Reserves £000	WDC Unusable Reserves £000	Group Unusable Reserves £000	Total Unusable Reserves £000	
<u>2020/21 (Restated)</u>							
Opening Balance at 1 April 2020	(15,834)	(13,986)	(29,820)	(275,378)	(16,039)	(291,417)	(321,237)
<u>Movement in reserve 2020/21</u>							
(Surplus) or deficit on provision of services	(372)	(1,310)	(1,682)	35,701	9,709	45,410	43,728
Other Comprehensive Expenditure and Income	(8,807)	(7,221)	(16,028)	8,807	(7,809)	998	(15,030)
Net Increase/(Decrease) before Transfers to Other Statutory Reserves	(9,179)	(8,531)	(17,710)	44,508	1,900	46,408	28,698
Transfers to/from other statutory reserves *	802	(25)	777	(852)	75	(777)	0
Closing Balance at 31 March 2021	(24,211)	(22,542)	(46,753)	(231,722)	(14,064)	(245,786)	(292,539)

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

Group Accounts

Group Balance Sheet

The balance sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the group. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories (pages 46 and 47 provides a further explanation).

Restated 2020/21 £000		2021/22 £000
1,049,247	Property, Plant and Equipment	1,052,257
7,377	Investment Properties	7,390
282	Intangible Assets	623
28,860	Investment in associates	37,199
22	Long Term Debtors	21
216	Long term Investments	212
1,406	Heritage Assets	1,485
1,087,410	Total Long Term Assets	1,099,187
7,755	Asset Held for Sale	5,417
1,355	Inventories	1,311
66,490	Short Term Debtors	67,099
15,735	Cash and Cash Equivalents	5,987
91,335	Current Assets	79,814
(3,677)	PPP & Finance Lease Liabilities	(3,370)
(53)	Donated Inventories	(76)
(73,106)	Short Term Creditors	(75,319)
(263,105)	Short Term Borrowing	(269,923)
(339,941)	Current Liabilities	(348,688)
838,804	Total Assets less Current Liabilities	830,313
(288)	Liabilities in Associates	0
(284,798)	Long Term Borrowing	(307,485)
(92,615)	PPP & Finance Lease Liabilities	(89,115)
(459)	Provision for liability	(702)
(166,842)	Net Pensions Liability	(55,517)
(1,263)	Capital Grants Receipts in Advance (conditions)	(2,093)
(546,265)	Long Term Liabilities	(454,912)
292,539	Total Assets Less Liabilities	375,401
	Represented by:	
46,753	Usable Reserves	47,984
245,786	Unusable Reserves	327,417
292,539	Total Reserves	375,401

The unaudited Financial Statements were authorised for issue on 30 June 2022 and the audited Financial Statements were authorised for issue on 9 November 2022

Laurence Slavin
Chief Officer - Resources
West Dunbartonshire Council

9 November 2022

Group Accounts

Group Cashflow Statement

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

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

The Council's cashflow is noted on page 49.

Group Accounts

Notes to the Group Accounts

Note 1 - Details of combining entities

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

Associates and Joint Ventures

Strathclyde Partnership for Transport is the statutory body responsible for formulating the public transport policy on behalf of the 12 local authorities in the West of Scotland. In 2021/22, the Council contributed £2.188m (2020/21 £2.186m) or 3.97% of the Board's estimated running costs and its share of the year end net asset of £19.187m (2020/21 £17.817m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Strathclyde Concessionary Travel Scheme Joint Board oversees the operation of the concessionary fares scheme for public transport on behalf of the 12 local authorities in the West of Scotland. The costs of the scheme are funded through requisitions from the 12 councils and by the Scottish Executive via a 'section 70' grant. In 2021/22, the Council contributed £0.328m (2020/21 £0.162m), 4.03% of the Board's estimated running costs and its share of the year end net asset of £0.185m (2020/21 £0.139m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Dunbartonshire and Argyll and Bute Valuation Joint Board was formed in 1996 at local government re-organisation by an Act of Parliament. The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of West Dunbartonshire, East Dunbartonshire and Argyll and Bute. The Board's running costs are met by the three authorities, with surpluses and deficits on the Board's operations also shared between the councils. In 2021/22, the Council contributed £0.738m (2020/21 £0.714m) or 25.93% of the Board's estimated running costs and its share of the year end net asset of £0.547m (2020/21 £0.288m net liability) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Valuation Joint Board, 16 Church Street, Dumbarton G82 1QL.

The West Dunbartonshire Health & Social Care Partnership - the Public Bodies (Joint Working) Act (Scotland) 2014 sets out the arrangements for the integration of health and social care across the country. The Scottish Government approved the Integration Scheme for West Dunbartonshire which details the 'body corporate' arrangement by which NHS Greater Glasgow & Clyde Health Board and the Council agreed to formally delegate health and social care services for adults and children (including criminal justice, social work services) to a third body, which is described in the Act as an Integration Joint Board. The Integration Joint Board for West Dunbartonshire is known as the West Dunbartonshire Health & Social Care Partnership Board (HSCP Board) and started operations on 1 July 2015. The Board's running costs are met by the two bodies mentioned above, with surpluses and deficits on the Boards operations also shared between them. In 2021/22, the Council contributed £74.925m (2020/21 £70.873m) towards estimated running costs and its share of the year end net asset of £17.280m (2020/21 £10.904m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Chief Financial Officer to the Integration Joint Board, 16 Church Street, Dumbarton G82 1QL.

Group Accounts

Notes to the Group Accounts (cont'd)

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

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

	Strathclyde Partnership for Transport £000	Strathclyde Concessionary Travel Scheme Joint Board £000	Dunbartonshires and Argyll and Bute Valuation Joint Board £000	West Dunbartonshire Health & Social Care £000	Total £000
<u>2021/22</u>					
Surplus/ (Deficit) on Operating Activities	285	(46)	64	6,377	6,680
Non Current Assets	12,767	0	306	0	13,073
Current Assets	7,192	207	258	17,364	25,021
Non Current Liabilities	0	0	0	0	0
Current Liabilities	(772)	(22)	(17)	(84)	(895)
Restated					
<u>2020/21</u>					
Surplus/ (Deficit) on Operating Activities	350	(110)	(60)	6,872	7,052
Non Current Assets	11,438	0	166	0	11,604
Current Assets	7,283	147	233	10,904	18,567
Non Current Liabilities	0	0	(629)	0	(629)
Current Liabilities	(904)	(8)	(58)	0	(970)

Subsidiaries

West Dunbartonshire Leisure Trust was formed in December 2011 and started trading on 5 April 2012. The Trust is a charitable company registered in Scotland and provides leisure facilities within the West Dunbartonshire area to the general public and operates sports centres, leisure centres, swimming pools, halls and community education centres owned by the Council. The Trust is paid a management fee by the Council for the provision of these services. The Trust's net asset at 31 March 2022 was £3.468m (2020/21 £0.036m net asset) and its surplus for the year was £0.104m (2020/21 £1.034m). The accounts of the Trust are published separately and can be obtained from the Manager, Leisure Trust Headquarters, Alexandria CE Centre, Alexandria, G83 0NU which is also the company's principal place of business.

Clydebank Property Company was part of a group organisation previously known as Clydebank Rebuilt which was a pathfinder urban regeneration organisation, limited by guarantee and included a commercial letting company (industrial units) and a registered charity (the Titan Trust). On 11 August 2014, following the transfer of the Titan Crane to the Property Company, the Council bought the commercial letting company with a view to continuing its regeneration objective. The Company's net asset at 31 March 2022 was £3.635m (2020/21 £3.861m) and its surplus for the year before payment of a dividend was £0.077m (2020/21 £0.699m). 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.

Group Accounts

Notes to the Group Accounts (cont'd)

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

West Dunbartonshire Energy Limited Liability Partnership is a company established in April 2021 and was Scotland's first large-scale water source heat pump district heating scheme. The ESCo is a Limited Liability Partnership (LLP) structure and is 99.9% controlled by WDC, with 0.1% being owned by Clydebank Property Company. Following its first year of inception, the Company has a net liability at 31 March 2022 of £0.273m funded as working capital advance from the Council. Its deficit for the year was £0.273m. The accounts of the Company are published separately and can be obtained from the Company's Headquarters, 16 Church Street, Dumbarton G82 1QE.

Dumbarton Common Good is held in Trust by the Council. Although the council does not contribute to this fund financially, it has been included within the Council's Group through materiality by nature. Net usable income in 2021/22 was £0.060m (2020/21 £0.083m net usable spend).

Trust Funds are held in Trust by the Council. Although the Council does not contribute to these funds financially, they have been included within the Council's Group through materiality by nature. The net decrease in funds of £0.017m (2020/21 £0.002m) for the Trust Funds. For the purposes of the Group Accounts, two Trust Funds managed by the Council (Dunbartonshire Educational Trust and McAulay Prize for Mathematics Trust) have been included pro rata to the Council's share. Copies of the accounts may be obtained from West Dunbartonshire Council, 16 Church Street, Dumbarton G82 1QL.

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

	West Dunbartonshire Leisure Trust £000	Clydebank Property Company £000	WD Energy LLP £000	Common Good £000	Trust Funds £000	Total £000
<u>2021/22</u>						
Surplus/ (Deficit) on Operating Activities	104	(206)	(273)	60	(17)	(332)
Non Current Assets	360	4,376	0	3,485	0	8,221
Current Assets	4,963	355	196	589	184	6,287
Non Current Liabilities	0	(975)	(397)	0	0	(1,372)
Current Liabilities	(1,855)	(121)	(72)	(8)	0	(2,056)
<u>2020/21</u>						
Surplus/ (Deficit) on Operating Activities	1,034	194	0	83	2	1,313
Non Current Assets	245	4,373	0	3,487	0	8,105
Current Assets	4,908	415	0	537	201	6,061
Non Current Liabilities	(3,227)	(732)	0	0	0	(3,959)
Current Liabilities	(1,962)	(195)	0	(16)	0	(2,173)

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.

Group Accounts

Notes to the Group Accounts (cont'd)

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

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

Clydebank Municipal Bank is a company limited by shares set up based upon the Companies Act 1908 and 1913. It acts as banker for a number of private individuals/organisations. The Council provides services to the bank and funds any annual losses incurred. The bank's year end is 5 April. The principal business of the Municipal Bank is to accept deposits from private account holders and to invest funds with the Council. The chairman and directors of the bank are Elected Members of the Council. As per the bank's unaudited financial statements at 31 March 2022, 2,475 accounts were held with the bank (2020/21 2,472), with a total amount on deposit of £1.658m (2020/21 £1.733m), with £1.306m being invested with the Council (2020/21 £1.306m). Interest paid by the Council to the bank in the year was £0.034m (2020/21 £0.034m). On 5 September 2022 the Board of Directors agreed to close the Municipal Bank on 31 March 2023.

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

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

Note 3 – Financial Impact of Consolidation

The effect of inclusion of the entities on the Group Balance Sheet is to increase reserves and net assets by £48.279m (2020/21 £36.606m net asset - restated) respectively representing the Council's share of the realisable surpluses/deficits in these organisations. The group account has an overall net asset of £375.401m (2020/21 £292.539m - restated).

Group Accounts

Notes to the Group Accounts (cont'd)

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

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

Contribution to Group Income and Expenditure Reserve:

Restated 2020/21 £000		2021/22 £000
17,817	Partnership for Transport	19,187
139	Concessionary Travel Board	185
(288)	Valuation Joint Board	547
10,904	West Dunbartonshire Health & Social Care	17,280
(36)	West Dunbartonshire Leisure Trust	3,468
3,861	Clydebank Property Company	3,635
0	WD Energy LLP	(273)
4,008	Common Good	4,066
201	Trust Funds	184
36,606	Total	48,279

Note 5 - Group Accounting Policies: Disclosure of differences with main Statement of Accounting Policies

The financial statements in the Group Accounts are prepared in accordance with the accounting policies set out in Note 1 on pages 50 to 63 with additions and exceptions noted below:

Group Income and Expenditure Account

Proceeds from disposal of fixed assets – profits and losses from the disposal of fixed assets are credited or debited to the Group Income and Expenditure Account within the net cost of services. The proceeds are then appropriated out after net operating expenditure. For those proceeds associated with the disposal of the Council's assets, appropriation is to the Group Reserves. For those proceeds associated with the disposal of associates' assets, appropriation is to the Group Income and Expenditure Reserve.

Group Balance Sheet

Inventories – valuation methods vary slightly across the Group. The Council uses cost price basis. The difference in valuation methods does not have a material impact on the results of the group given the levels of stock held within the organisations; and

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

Glossary of Terms

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

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

Glossary of Terms

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

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of West Dunbartonshire Council and its group for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Movement on the Housing Revenue Account Statement, Housing Revenue Account Income and Expenditure Statement, the Council Tax Account, and the Non-Domestic Rate Account and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the council and its group as at 31 March 2022 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 18 July 2016. The period of total uninterrupted appointment is six years. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Officer – Resources and West Dunbartonshire Council for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Officer – Resources is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Officer – Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Officer – Resources is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Council is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the council and its group is complying with that framework;
- identifying which laws and regulations are significant in the context of the council and its group;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

I have audited the part of the Remuneration Report described as audited. In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

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

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

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

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

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight FCA

Audit Director

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place, Glasgow, G2 1BT

DR A K GLEN & WEST DUNBARTONSHIRE TRUST FUNDS

AUDITED ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2022

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**Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2022**

Trustees' Annual Report

Introduction

The Trustees present the annual report together with the Financial Statements for the year ended 31 March 2022.

Administration Information

West Dunbartonshire Council (the Council) is sole Trustee for all Trust Funds with the exception of Dunbartonshire Educational Trust Scheme 1962 and McAuley Prize for Mathematics. The table below identifies the Trustees for 2021/22.

Trust Funds	Charity Number	Trustees	Local Authority	Contact Address
Dr A K Glen	SC018701	Councillor Karen Conaghan Councillor David McBride Councillor Ian McLaren Councillor Brian Walker	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Church Street, Dumbarton, G82 1QL
Alexander Cameron Bequest	SC025070	Provost William Hendrie Councillor John Mooney Councillor Jim Brown Councillor Marie McNair Councillor Diane Docherty Councillor Jim Finn Councillor Daniel Lennie Councillor Douglas McAllister Councillor Lawrence O'Neill	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Church Street, Dumbarton, G82 1QL
UIE Award	SC025070	Councillor Jim Brown Councillor Ian Dickson Councillor Diane Docherty Councillor Jim Finn Councillor Daniel Lennie Councillor Caroline McAllister Councillor David McBride Councillor Jonathon McColl Councillor Iain McLaren Councillor John Mooney Councillor Martin Rooney	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Church Street, Dumbarton, G82 1QL
Dunbartonshire Education Trust	SC025070	Councillor Karen Conaghan	West Dunbartonshire Council	West Dunbartonshire Council, Council Offices, Church Street, Dumbarton, G82 1QL
McAuley Prize for Mathematics	SC025070	Councillor John Mooney Bailie Denis Agnew Councillor Graham Archibald Hardie Councillor John Jamieson Councillor Gillian Fannan Councillor Thomas Johnston	West Dunbartonshire Council West Dunbartonshire Council West Dunbartonshire Council Argyll & Bute Council East Dunbartonshire Council North Lanarkshire Council North Lanarkshire Council	

**Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2022**

Objectives and 2021/22 Activity

All trusts are advertised on the Council's website and details have been passed to West Dunbartonshire Community and Volunteering Service (WDCVS) to publicise them. However, due to the COVID pandemic, a number of voluntary groups who would normally consider applying for grants were not active. Consequently, other than the Dr A K Glen and the Alexander Cameron Bequest, no Trusts met during 2021/22.

The objectives and activities of each of the Trusts are detailed below:

Charity Number	Trust Fund	Objective	2021/22 Activity
SC018701	Dr A K Glen Fund	The benefit of the people of Dumbarton, to assist and relieve those in need by reason of age.	Only one grant application was received in year. Following consideration it was concluded the application met the Fund objectives and a £19,800 award was made.
SC025070	Alexander Cameron Bequest	The benefit of the people of Clydebank to assist those in need by reason of age, ill health, disability, financial hardship or other disadvantage.	No awards were made, with the Trust meeting only once to agree a Strategy on investments.
SC025070	UIE Award	For students studying apprenticeships or training in industry.	No awards but work to review and modernise the Trust's governance arrangements to encourage funding applications in the future has been progressed
SC025070	Dunbartonshire Educational Trust Scheme 1962	Awards educational prizes and bursaries.	No awards for either. Trustees continue to seek clarification as to amendments to the governance arrangements. As these Trusts are governed by statute, discussions are ongoing between the Council (as Administrator) and Scottish Ministers and Office of the Scottish Charity Regulator (OSCR) regarding these arrangements
SC025070	McAuley Prize for Mathematics	Provides prizes for those studying maths and computing	

Structure and Governance

Dr A K Glen and West Dunbartonshire Trust Funds are OSCR registered. The governance arrangements are under the control of the Council which appoints trustees as required. Currently, trustees are elected members of the Council with the exception of the Dunbartonshire Education Trust Scheme 1962 and McAuley Prize for Mathematics. The trustees of these two are elected

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2022

members from West Dunbartonshire Council, Argyll & Bute Council, East Dunbartonshire Council and North Lanarkshire Council.

Following a review of the governance documents, it was agreed at Council on 31 August 2016 that the Trust Funds noted below would be delegated to sub-committees as follows:

Trust	Delegation
Alexander Cameron Bequest	Alexander Cameron Committee
Dr A K Glen Fund	Dumbarton Trust Sub-Committee

The trustees have overall responsibility for ensuring there are appropriate systems of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the Trusts and enable them to ensure Financial Statements comply with Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and are therefore responsible for taking reasonable steps to prevent and detect fraud and other irregularities and also provide reasonable assurances that:

- The trusts are operating efficiently and effectively.
- Assets are safeguarded against unauthorised use and disposition.
- 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 those of the Council and, as such, much of this is delegated to the Council's Chief Officer - 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 Financial Statements and Trustees Report are prepared by the Council's Finance Service.

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

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

Management of Funds and Investment Policy

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

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

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2022

Performance (Investments)

Income for Dr A K Glen & West Dunbartonshire Trusts comes from investment returns. All Trusts (with the exception of those investments noted below) received income on their reserves held based upon the average interest rate used for internal investments within the Council's loans fund was 0.063%.

Following a Trustee decision in 2019/20, Alexander Cameron had an element of their funds in a fixed interest agreement (2.52%). Trustees met and agreed in February 2022 to continue this investment for a further fixed term of 2 years (the revised interest rate was 2.04%) and the overall impact of this was £2,429 of interest gained during 2021/22.

Dunbartonshire Educational Trust Scheme 1962 continues to receive income from external investments i.e. 3% Clydeport and 4% Clydeport Consolidated Stock. These investments are managed by the Council and achieved investment income of £5 in 2021/22 (£5 in 2020/21).

Financial Review

The total balance on the Trusts as at 31 March 2022 (including stocks) is £262,521.

On 8 July 2016 Clydeport Operations Ltd delisted 3% and 4% stocks from the London Stock Exchange. These are stocks held by Dumbarton Educational Trust. Until further information is available it has been assumed that the balance of this stock has remained the same as the previous year (£218).

The Trusts held cash and bank balances at 31 March 2022 of £262,303. Reserves are held by the Council on behalf of the Trusts and revenue income, generated from investment interest that has not been disbursed at 31 March every year, is invested in line with the investment policy outlined above.

Declaration

The audited financial statements above were authorised for issue on behalf of the Trustees on 9 November 2022 by:

Councillor Martin Rooney
West Dunbartonshire Council
9 November 2022

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2022

Statement of Receipts and Payments Account

Receipts	Payments	(Surplus)		Receipts	Payments	(Surplus)
2020/21	2020/21	/Deficit		2021/22	2021/22	2021/22
£	£	£		£	£	£
(232)	0	(232)	Dunbartonshire Educational Trust Scheme 1962	(62)	0	(62)
(55)	0	(55)	McAuley Prize for Mathematics	(14)	0	(14)
(2,138)	0	(2,138)	Alexander Cameron Bequest	(2,429)	0	(2,429)
(62)	0	(62)	Dr AK Glen	(16)	19,800	19,784
(62)	0	(62)	UIE Award	(16)	0	(16)
(2,549)	0	(2,549)	Total	(2,537)	19,800	17,263

**Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2022**

Statement of Balances as at 31 March 2022

Opening Balance 2020/21 £	(Surplus) /Deficit 2020/21 £	Closing Balance 2020/21 £	Note	Cash and Bank	Opening Balance 2021/22 £	(Surplus) /Deficit 2021/22 £	Closing Balance 2021/22 £
(90,201)	(232)	(90,433)		Dunbartonshire Educational Trust Scheme 1962	(90,433)	(62)	(90,495)
(21,829)	(55)	(21,884)		McAuley Prize for Mathematics	(21,884)	(14)	(21,898)
(115,638)	(2,138)	(117,776)		Alexander Cameron Bequest	(117,776)	(2,429)	(120,205)
(24,670)	(62)	(24,732)		Dr AK Glen	(24,732)	19,784	(4,948)
(24,679)	(62)	(24,741)		UIE Award	(24,741)	(16)	(24,757)
(277,017)	(2,549)	(279,566)		Total Cash and Bank	(279,566)	17,263	(262,303)
(218)	0	(218)	5	Investment Dunbartonshire Educational Trust Scheme 1962	(218)	0	(218)
(218)	0	(218)		Total Investment	(218)	0	(218)
(277,235)	(2,549)	(279,784)		Overall Total	(279,784)	17,263	(262,521)

All funds are unrestricted which means they may be used for any purpose relevant to the Trust Fund.

The audited Financial Statements were authorised for issue on 9 November 2022.

Signed on behalf of the Trustees by:-

Councillor Martin Rooney
West Dunbartonshire Council
9 November 2022

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Note 1 - Basis of Accounting

The Financial Statements have been prepared on a receipts and payments basis and 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 2021/22.
- The Trusts received interest of £2,537 from the Council at 31 March 2022, and all transactions incoming and outgoing are made via the Council's bank accounts.
- The Council has not charged the Trusts any fees for legal, financial or administrative services provided during the year.

Note 3 – Grants

Due to the COVID pandemic, only one grant was awarded in 2021/22.

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 Trusts 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

Dunbartonshire Educational Trust - The investment valuation of £218 (shown in the table below) is the market value as at 31 March 2016, as valued by the Council. Notification was received that the stocks were delisted in July 2016. There has been no further update on this and therefore the assumption is that the market price remains the same.

Purchase Price as at 31 March 2021	Market Price as at 31 March 2021		Purchase Price as at 31 March 2022	Market Price as at 31 March 2022
£	£	Investment	£	£
(289)	(199)	4% Clydeport authority	(289)	(199)
(35)	(19)	3% Clydeport Authority	(35)	(19)
(324)	(218)	Total	(324)	(218)

Dr A K Glen and West Dunbartonshire Trust Funds
Financial Statements for the year ended 31 March 2022

Note 5 – Investment (cont'd)

Alexander Cameron – Following a decision on 23 February 2022, £20,000 was invested on a short term variable basis, with the remainder invested on a longer term fixed interest rate basis with the Council for two years at 2.04%.

Note 6 – Audit Fee

The audit fee for the year of £2,100 (£2,100 2020/21) was absorbed by the Council.

Independent auditor's report to the trustees of Dr A K Glen and West Dunbartonshire Trust Funds and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Dr A K Glen & West Dunbartonshire Trust Funds for the year ended 31 March 2022 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 Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- Properly present the receipts and payments of the charities for the year ended 31 March 2022 and their statement of balances as 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Trustees for the financial statements

The trustees are responsible for the preparation of financial statements which properly present the receipts and payments of the charities, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

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

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

Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charities are complying with that framework;
- identifying which laws and regulations are significant in the context of the charities;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, 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 and that report has been prepared in accordance with The Charity Accounts (Scotland) Regulations 2006.

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.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Christopher Gardner

Senior Audit Manager

Audit Scotland, 4th Floor, South Suite,
The Athenaeum Building, 8 Nelson Mandela Place, Glasgow, G2 1BT

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