

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



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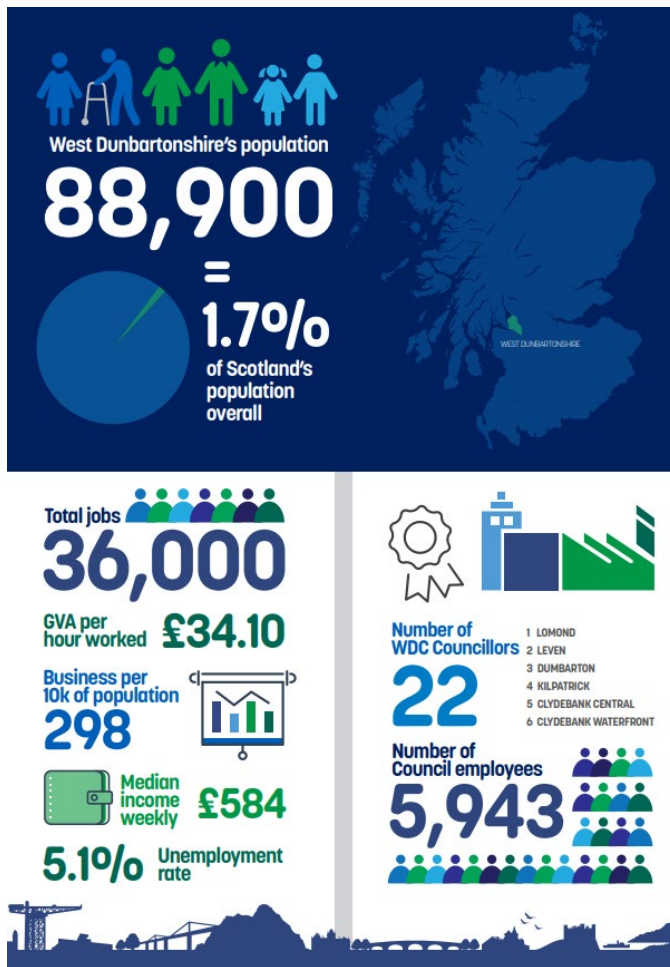
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## Management Commentary

### 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.

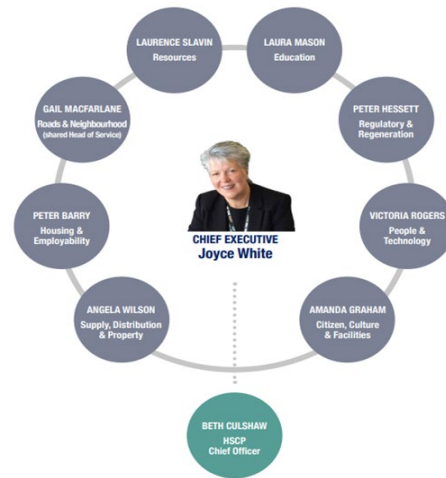
The Council is responsible for providing a wide range of local authority services (including education, housing, environmental health, environmental services, planning, economic development, employment, highways and transport) to residents within the West Dunbartonshire area.

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/](http://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.

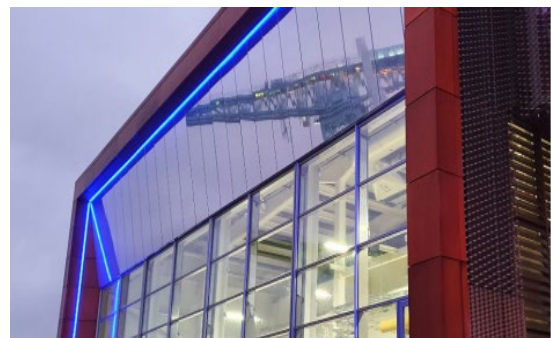


We progressed the £34.1million Glasgow City Region City Deal project which will provide up to 980 full-time jobs and a further 670 during construction.

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%
<b>Total</b>	<b>231.919</b>	<b>100.00%</b>

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
<b>Total General Services Reserves Held as at 31/3/21</b>					<b>(15,028)</b>
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	
<b>Total Expenditure (1)</b>	<b>231,919</b>	<b>252,986</b>	<b>253,724</b>	<b>738</b>	
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	
<b>Total Income (2)</b>	<b>(231,919)</b>	<b>(252,986)</b>	<b>(253,890)</b>	<b>(904)</b>	
Net Budgetary Control Position (3) = (1) + (2)				(166)	
Net movement in Earmarked balances				174	
<b>Movement in Reserves from 1/04/21 to 31/03/22</b>					<b>8</b>
<b>Total General Services Reserves Held as at 31/3/22</b>					<b>(15,020)</b>
Net decrease in the Movement in Reserves before transfer to Statutory Reserves					2,396
Transfer from statutory reserves					(2,388)
					<b>8</b>

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
<b>Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement</b>		<b>75,190</b>
<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)
<b>Deficit on Provision of Services in Note 16 - Expenditure and Funding Analysis</b>		<b>6,721</b>
<u>Adjust for movements to/from other statutory reserves</u>		
HRA reserve	(4,325)	
Other reserves	(2,388)	(6,713)
<b>Movement in General Fund Balance</b>		<b>8</b>
Movement in earmarked sums	(174)	(174)
<b>Net General Fund budgetary control position 2021/22</b>		<b>(166)</b>

### 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:

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

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	
<b>Movement in Reserves from 1/04/21 to 31/03/22</b>				<b>4,630</b>
<b>Total HRA Reserves Held as at 31/3/22</b>				<b>(2,734)</b>

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
<b>(Surplus)/Deficit for the year on HRA Services</b>		<b>19,269</b>
<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)
<b>Movement in the HRA Reserve</b>		<b>4,630</b>
<u>Adjustments for earmarked funds:</u>		
Use of earmarked sums		(4,706)
<b>Net HRA budgetary control position 2021/22</b>		<b>(76)</b>
<b>HRA reserve as at 1 April 2021</b>		<b>(7,364)</b>
Use of earmarked sums		4,706
Transfer of surplus to reserves		(76)
<b>HRA reserve as at 31 March 2022</b>		<b>(2,734)</b>

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.

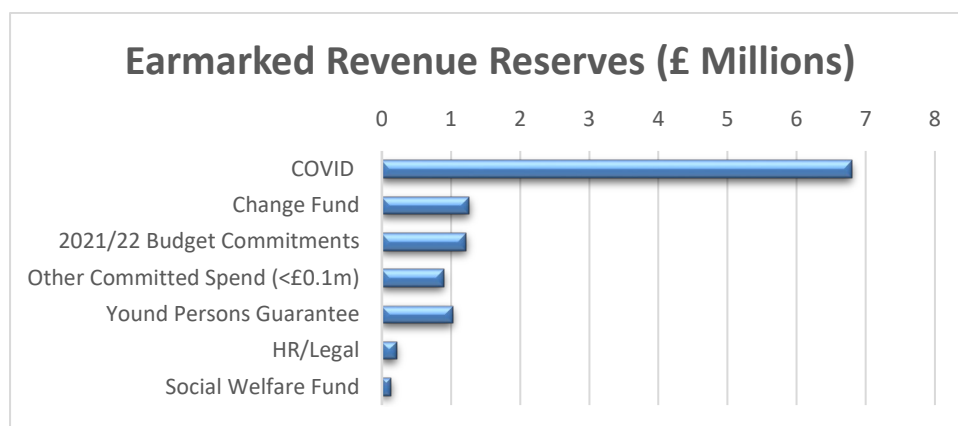


## Management Commentary

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

	<b>General Services £000</b>	<b>HRA £000</b>	<b>Total £000</b>
Unearmarked Reserve	3,503	940	<b>4,443</b>
Earmarked Reserve	11,517	1,794	<b>13,311</b>
<b>Total Revenue Reserve</b>	<b>15,020</b>	<b>2,734</b>	<b>17,754</b>
Capital Receipts Reserve	30	0	<b>30</b>
Capital Grants Unapplied	42	0	<b>42</b>
Capital Reserve	758	0	<b>758</b>
Other Reserves	468	0	<b>468</b>
<b>Total Usable Reserves</b>	<b>16,318</b>	<b>2,734</b>	<b>19,052</b>
 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	
<b>Total Available COVID Funding in 2021/22</b>		<b>7,914</b>
2021/22 COVID Spend	(4,469)	
<b>Total COVID Funding to Carry Forward into 2022/23</b>		<b>3,445</b>
Estimated 2022/23 COVID Expenditure	(2,058)	
<b>Estimated Available COVID Funding at 31/03/23</b>		<b>1,387</b>

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)

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

£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"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Continued to enhance the digital technologies inclusion provision to support remote/blended learning.</li> <li>• Re-established programme of transition experiences for children and young people entering P1 or S1.</li> <li>• Provided financial and food support to families requiring most support.</li> <li>• Closely monitored CO2 levels across the learning estate.</li> <li>• Provided free Summer 2021 Activity Programme.</li> </ul>
Citizen, Culture and Facilities	<ul style="list-style-type: none"> <li>• Providing enhanced cleaning in Council premises including schools and nurseries.</li> <li>• Processing £1m of Self-Isolation Support Grants.</li> <li>• Recruited additional staff to ensure capacity to engage with citizens on issues being experienced with housing repairs due to the impact of COVID.</li> </ul>

## Management Commentary

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

Supply, Distribution & Property	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Monitored and reported progress regularly to the Chief Executive and elected members.</li> <li>• Maintained communication with tenants through appropriate forums including tenant groups, housing news, social media, and text messaging.</li> </ul>
People & Technology	<ul style="list-style-type: none"> <li>• All teams continued to deliver full service to support the organisation and maintain essential service delivery during pandemic.</li> <li>• Delivered a managed 'Return to Office' programme designed to deliver a safe, gradual return with appropriate restrictions maintained to protect our employees.</li> <li>• Implemented enhanced ICT security measures to better support employees and Members working in hybrid environment and to protect the organisation.</li> <li>• Actively supported the recruitment and associated contracts and payment of over 80 COVID recovery posts and over 50 Vaccination support team posts</li> </ul>
Housing & Employability	<ul style="list-style-type: none"> <li>• Established a number of community based facilities to allow the Communities Team to engage with the community.</li> <li>• Increased focus on homelessness prevention working with landlords and introducing a Tenant Support Fund.</li> <li>• Maintained communication with tenants through appropriate forums including tenant groups, housing news, social media, and text messaging.</li> <li>• Over the course of the pandemic delivered 316 new homes.</li> <li>• 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</li> <li>• Implemented revised working practices to deliver services across Housing Operations during the pandemic in line with restrictions.</li> <li>• Allocated over 900 houses despite pandemic restrictions.</li> <li>• Neighbourhood team and caretaking service continued to operate in communities during the pandemic</li> </ul>
Regulatory & Regeneration	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Changed to deliver services remotely including registration of deaths.</li> <li>• Delivered a range of sector specific Scottish Government COVID grants across our business community.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>• Continued to update their estimates of the cost of COVID to ensure Scottish Government funding was allocated appropriately.</li> <li>• Supported local communities by processing COVID hardship payments and free school meal payments.</li> <li>• 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.</li> </ul>



## 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)
<b>Total</b>	<b>255,932</b>	<b>327,122</b>	<b>71,190</b>	

#### 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:

	<b>Actual</b>					
	<b>Budget</b>	<b>Spend</b>	<b>Variance</b>	<b>Overspend</b>	<b>Underspend</b>	<b>Slippage</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Service</b>						
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)
<b>General Services</b>	<b>56,726</b>	<b>33,619</b>	<b>(23,107)</b>	<b>1,934</b>	<b>(83)</b>	<b>(24,958)</b>
HRA	48,328	30,600	(17,728)	3,700	(1,503)	(19,925)
<b>Total</b>	<b>105,054</b>	<b>64,219</b>	<b>(40,835)</b>	<b>5,634</b>	<b>(1,586)</b>	<b>(44,883)</b>

The main capital projects progressed during 2021/22 were:

<b>General Services</b>	<b>HRA</b>
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:

<b>General Services</b>	
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.
<b>HRA</b>	
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
	<b>Housing Performance</b>			
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
	<b>General Services Performance</b>			
£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%
	<b>Prudence And Affordability – Capital</b>			
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*

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

*Peter Hessett*

**Peter Hessett**  
**Chief Executive**  
**Date: 9 November 2022**

*Laurence Slavin*

**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*

**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*

**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.

<b>Improvement Area identified by 2021/22 Exercise</b>	<b>Responsible Officer</b>
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

<b>Improvement Area identified by 2021/22 Exercise</b>	<b>Responsible Officer</b>
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:

<b>Improvement Area identified by 2020/21 Exercise</b>	<b>Status</b>
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.

*Councillor Martin Rooney*

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

*Peter Hessett*

**Peter Hessett**  
**Chief Executive**  
**Date: 9 November 2022**

*Laurence Slavin*

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

### 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
		£	£	£	£
<b>Remuneration of Senior Employees</b>					
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 Hessest	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
<b>Remuneration of Senior Employees of Subsidiaries</b>					
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
<b>Total</b>	<b>275</b>	<b>279</b>

### 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 60<sup>th</sup> 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
<b>The tiers and members contribution rates for 2021/22 whole time pay:</b>		
<b><u>Local Government employees</u></b>		
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%
<b>The tiers and members contribution rates for 2021/22 actual pay:</b>		
<b><u>Teachers</u></b>		
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 1/49<sup>th</sup> of pay from 1 April 2015. Prior to this the accrual rate guarantees a pension based on 1/60<sup>th</sup> of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> 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
			£	£	£	£
<b>Senior Councillors</b>						
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)**

		In-year pension contributions		Accrued pension benefits	
Name	Position at 31/03/22	For year to 31 March 2022	For year to 31 March 2021	As at 31 March 2022	As at 31 March 2021
<b>Senior Employees</b>		£	£	£	£
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
<b>Senior Employees of Subsidiaries</b>					
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
<b>Total</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>65,436</b>

### 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**

*Councillor Martin Rooney*

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

*Peter Hessett*

**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
<b>504,542</b>	<b>(257,599)</b>	<b>246,943</b>		<b>Net Cost of Service (1)</b>	<b>570,669</b>	<b>(258,154)</b>	<b>312,515</b>
		883		(Gain) / loss on Disposal of Fixed Assets			998
		<b>883</b>		<b>Other Operating Expenditure (2)</b>			<b>998</b>
		(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)
		<b>(272,024)</b>		<b>Taxation and Non-specific Grant Income (3)</b>			<b>(260,765)</b>

## 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>		<b>Finance/Investment Income and Expenditure (4)</b>			<u>22,442</u>
		<b>(422)</b>		<b>(Surplus)/Deficit on Provision of Services (5) = (1)+(2)+(3)+(4)</b>			<b>75,190</b>
		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>		<b>Other Comprehensive (Income) and Expenditure (6)</b>			<u>(146,380)</u>
		<u>35,279</u>		<b>Total Comprehensive (Income) and Expenditure (5) + (6)</b>			<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
<b>2021/22</b>										
Opening Balance at 1 April 2021	(15,028)	(7,364)	0	(42)	(1,469)	0	(308)	(24,211)	(231,721)	(255,932)
<b><u>Movement in reserve 2021/22</u></b>										
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
<b>Net (Increase)/Decrease before Transfers to Other Statutory Reserves</b>	<b>2,396</b>	<b>4,325</b>	<b>(30)</b>	<b>(1,837)</b>	<b>0</b>	<b>(403)</b>	<b>0</b>	<b>4,451</b>	<b>(75,641)</b>	<b>(71,190)</b>
<b><u>Transfers to/from other statutory reserves</u></b>										
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
<b>Closing Balance at 31 March 2022</b>	<b>(15,020)</b>	<b>(2,734)</b>	<b>(30)</b>	<b>(42)</b>	<b>(758)</b>	<b>0</b>	<b>(468)</b>	<b>(19,052)</b>	<b>(308,070)</b>	<b>(327,122)</b>

## Movement in Reserves Statement

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



## 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'.

<b>Restated 2020/21</b>			<b>2021/22</b>
<b>£000</b>	<b>Note</b>		<b>£000</b>
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
<b>1,050,718</b>		<b>Long Term Assets</b>	<b>1,054,610</b>
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
<b>87,954</b>		<b>Current Assets</b>	<b>76,404</b>
(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)
<b>(340,449)</b>		<b>Current Liabilities</b>	<b>(349,509)</b>
<b>798,223</b>			<b>781,505</b>
(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)
<b>(542,291)</b>		<b>Long Term Liabilities</b>	<b>(454,383)</b>
<b>255,932</b>		<b>Net Assets</b>	<b>327,122</b>
		<b>Represented by:</b>	
24,211	MIR/31	Usable Reserves	19,052
231,721	MIR/31	Unusable Reserves	308,070
<b>255,932</b>		<b>Total Reserves</b>	<b>327,122</b>

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*

**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
	<b>Operating Activities</b>		
<b>2,742</b>	<b>Net deficit on the provision of services</b>		<b>75,190</b>
(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	
<b>(60,463)</b>	<b>Adjustments to net deficit on the provision of services for non-cash movements</b>		<b>(104,855)</b>
6	Financing movements	15	
26,210	Investing movements	7,746	
<b>26,216</b>	<b>Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities</b>		<b>7,761</b>
<b>(31,505)</b>	<b>Net cash inflow from Operating Activities</b>		<b>(21,904)</b>
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)	
<b>69,766</b>	<b>Net cash outflows from investing activities</b>		<b>57,355</b>
(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	
<b>(33,464)</b>	<b>Financing Activities</b>		<b>(25,350)</b>
<b>4,797</b>			<b>10,101</b>
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)
<b>4,797</b>	<b>Movement – (Increase)/ Decrease in Cash</b>		<b>10,101</b>

## **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:

<b>Asset Type</b>	<b>Valuation Method</b>
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-classed as either a surplus asset or an Asset Held for Sale. The asset is re-valued immediately before re-classification and then carried at the lower of this amount and the fair value less sale costs.

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

## 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 of Deficit on the Provision of Services. Impairment losses (or revaluation losses) will be recognised for any subsequent decrease to fair value less costs to sell following reclassification in the Surplus or Deficit on the Provision of Service even where there is a balance on the assets Revaluation Reserve.

#### 8. Heritage Assets

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

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

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



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

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

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

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

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

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

## 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	
<b>Comprehensive Income and Expenditure Statement</b>						
<b>Expenditure Gross</b>						
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
<b>Income Gross</b>						
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)
<b>Net Expenditure</b>						
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
<b>Balance Sheet</b>						
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
<b>Total Reserves</b>	<b>318,629</b>	<b>3,164</b>	<b>6,299</b>	<b>(72,160)</b>		<b>255,932</b>
<b>Movement in Reserves</b>						
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
<b>Usable Reserves</b>								
<b>Adjustments to the Revenue Resources</b>								
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)
	<b>(56,407)</b>	<b>(33,614)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(90,021)</b>
<b>Adjustments between Capital and Revenue Resources</b>								
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
	<b>2,882</b>	<b>18,670</b>	<b>998</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,550</b>
<b>Adjustments to the Capital Resources</b>								
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
	<b>0</b>	<b>0</b>	<b>(1,028)</b>	<b>(1,837)</b>	<b>0</b>	<b>(403)</b>	<b>0</b>	<b>(3,268)</b>
<b>Total Adjustments</b>	<b>(53,525)</b>	<b>(14,944)</b>	<b>(30)</b>	<b>(1,837)</b>	<b>0</b>	<b>(403)</b>	<b>0</b>	<b>(70,739)</b>

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

## 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 Grants and Receipts Unapplied Account £000	Capital Reserve £000	Capital Fund £000	Other Reserves £000	Total Usable Reserves £000
<b>Usable Reserves</b>								
<b>Adjustments to the Revenue Resources</b>								
Pension Costs (transferred to (or from) the Pensions Reserve)	(15,967)	(637)	0	0	0	0	0	<b>(16,604)</b>
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	3	3	0	0	0	0	0	<b>6</b>
Holiday Pay (transferred to the Accumulated Absences Reserve)	(117)	2	0	0	0	0	0	<b>(115)</b>
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	<b>(9,746)</b>
	<b>(20,472)</b>	<b>(5,987)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(26,459)</b>
<b>Adjustments between Capital and Revenue Resources</b>								
Transfer of non-current asset sale gain/loss from revenue to the Capital Receipts Reserve	(883)	0	883	0	0	0	0	<b>0</b>
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	5,800	5,019	0	0	0	0	0	<b>10,819</b>
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	274	8,637	0	0	0	0	0	<b>8,911</b>
	<b>5,191</b>	<b>13,656</b>	<b>883</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,730</b>
<b>Adjustments to the Capital Resources</b>								
Disposal of non-current asset sale proceeds	0	0	(2,167)	0	0	0	0	<b>(2,167)</b>
Transfer from the Capital Receipts Reserve to the Capital Fund/ Capital Grants and Receipts Unapplied Account	0	0	1,284	(368)	0	(916)	0	<b>0</b>
Application of capital grants to finance capital expenditure	0	0	0	89	0	0	0	<b>89</b>
	<b>0</b>	<b>0</b>	<b>(883)</b>	<b>(279)</b>	<b>0</b>	<b>(916)</b>	<b>0</b>	<b>(2,078)</b>
<b>Total Adjustments</b>	<b>(15,281)</b>	<b>7,669</b>	<b>0</b>	<b>(279)</b>	<b>0</b>	<b>(916)</b>	<b>0</b>	<b>(8,807)</b>



## 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
<b><u>Unusable Reserves</u></b>						
<b>Adjustments to the Revenue Resources</b>						
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
	<b>9,746</b>	<b>0</b>	<b>16,604</b>	<b>115</b>	<b>(6)</b>	<b>26,459</b>
<b>Adjustments between Capital and Revenue Resources</b>						
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)
	<b>(19,730)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(19,730)</b>
<b>Adjustments to the Capital Resources</b>						
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)
	<b>(7,360)</b>	<b>9,438</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,078</b>
<b>Total Adjustments</b>	<b>(17,344)</b>	<b>9,438</b>	<b>16,604</b>	<b>115</b>	<b>(6)</b>	<b>8,807</b>

## 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 £000		2021/22 £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 £000		2021/22 £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 £000		2021/22 £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 £000		2021/22 £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:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
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:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
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 Council's 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:

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
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
<b>235,259</b>		<b>222,558</b>

## 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:

<b>Restated*</b>		<b>31 March 2022</b>
<b>31 March 2021</b>		<b>£000</b>
<b>£000</b>		<b>£000</b>
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
<b>77,778</b>		<b>64,916</b>

\* 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:

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
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
<b>1,263</b>		<b>2,093</b>

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:

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
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
<b>5,164</b>		<b>4,456</b>

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:

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
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
<b>683</b>		<b>572</b>

## 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:

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
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
<b>149,702</b>		<b>142,561</b>

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:

	<b>£000</b>
2021/2022	(4,888)
In earlier years	<u>58,282</u>
<b>Total</b>	<b><u>53,394</u></b>

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 £000		2021/22 £000
	<b>Net cost of services</b>	
35,717	Current service cost	51,324
74	Past service cost	0
<b>35,791</b>		<b>51,324</b>
	<b>Financing and investment Income and Expenditure</b>	
3,379	Net interest expense	3,557
<b>39,170</b>	<b>Total post employment benefit charged to the Surplus or Deficit on the provision of Services</b>	<b>54,881</b>
(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
<b>52,104</b>	<b>Total post employment benefit charged to the comprehensive income and expenditure statement</b>	<b>(85,160)</b>
	<b>Movement in Reserves Statement</b>	
(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
<b>(16,604)</b>	<b>Reversal of gross charges made to surplus or deficit for post employment benefits</b>	<b>(32,116)</b>

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

2020/21 £000		2021/22 £000
974,343	Fair value of plan assets	1,052,202
(1,079,676)	Present value of defined benefit obligations	(1,054,498)
<b>(105,333)</b>	<b>Net assets in the Strathclyde Pension Fund</b>	<b>(2,296)</b>
	<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)
<b>(163,615)</b>	<b>Net pension asset/(liability)</b>	<b>(55,690)</b>

#### 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:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
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)
<b>1,137,958</b>	<b>Closing Balance as at 31 March</b>	<b>1,107,892</b>

## 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:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
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)
<u>(23,954)</u>	Estimated benefit paid	<u>(23,132)</u>
<b><u>974,343</u></b>	<b>Closing Balance as at 31 March</b>	<b><u>1,052,202</u></b>

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

<b>2020/21</b>			<b>Asset Category</b>	<b>2021/22</b>		
<b>Quoted prices in Active Markets</b>	<b>Prices not quoted in Active Market</b>	<b>Total</b>		<b>Quoted prices in Active Markets</b>	<b>Prices not quoted in Active Market</b>	<b>Total</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b><u>252,607</u></b>	<b><u>721,736</u></b>	<b><u>974,343</u></b>	<b>Totals</b>	<b><u>263,599</u></b>	<b><u>788,603</u></b>	<b><u>1,052,202</u></b>

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:

<b>31/03/2021</b>		<b>31/03/2022</b>
<b>Long term expected return on assets</b>		
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)

	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary Amount £000</b>
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)

<b>Restated 2020/21 £000</b>		<b>2021/22 £000</b>
	<b>Expenditure</b>	
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
<b><u>529,366</u></b>	<b>Total Expenditure</b>	<b><u>594,190</u></b>
	<b>Income</b>	
(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)
<b><u>(529,788)</u></b>	<b>Total Income</b>	<b><u>(519,000)</u></b>
<b><u>(422)</u></b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b><u>75,190</u></b>

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

<b>Restated 2020/21 £000</b>		<b>2021/22 £000</b>
(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)
<b><u>(257,599)</u></b>	<b>Total Fees, Charges and other service income</b>	<b><u>(258,154)</u></b>

## 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
<b>197,497</b>	<b>49,446</b>	<b>246,943</b>	<b>Net Cost of Services</b>	<b>218,289</b>	<b>94,226</b>	<b>312,515</b>
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
<b>(8,034)</b>	<b>7,612</b>	<b>(422)</b>	<b>(Surplus) or Deficit on Provision of Service</b>	<b>6,721</b>	<b>68,469</b>	<b>75,190</b>
(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)		
<b>(22,392)</b>			<b>Closing General Fund and HRA Balance as at 31 March 2022</b>	<b>(17,754)</b>		

## 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	<b>5,332</b>	Corporate Services	3,204	4,552	0	<b>7,756</b>
5,553	2,807	146	<b>8,506</b>	Education	14,477	5,738	43	<b>20,258</b>
17,089	2,973	0	<b>20,062</b>	Infrastructure, Regeneration and Economic Development	13,414	5,775	0	<b>19,189</b>
14	2,085	0	<b>2,099</b>	Housing and Communities	13	4,105	0	<b>4,118</b>
9,794	637	(3)	<b>10,428</b>	Housing Revenue Account	33,456	1,169	(35)	<b>34,590</b>
2	(2,673)	(28)	<b>(2,699)</b>	Miscellaneous Services	312	(2,187)	(295)	<b>(2,170)</b>
800	4,918	0	<b>5,718</b>	Health and Social Care Partnership	1,078	9,407	0	<b>10,485</b>
0	0	0	<b>0</b>	Requisitions	0	0	0	<b>0</b>
<b>36,105</b>	<b>13,226</b>	<b>115</b>	<b>49,446</b>	<b>Net Cost of Services</b>	<b>65,954</b>	<b>28,559</b>	<b>(287)</b>	<b>94,226</b>
883	0	0	<b>883</b>	Other Operating Expenditure	998	0	0	<b>998</b>
(26,210)	0	0	<b>(26,210)</b>	Taxation and Non-specific Grant Income	(7,746)	0	0	<b>(7,746)</b>
(19,879)	3,378	(6)	<b>(16,507)</b>	Finance / Investment Income and Expenditure	(22,551)	3,557	(15)	<b>(19,009)</b>
<b>(9,101)</b>	<b>16,604</b>	<b>109</b>	<b>7,612</b>		<b>36,655</b>	<b>32,116</b>	<b>(302)</b>	<b>68,469</b>

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
<b>Cost/Valuation at 1 April 2021</b>	<b>502,600</b>	<b>403,348</b>	<b>45,367</b>	<b>30,903</b>		<b>8,463</b>	<b>6,329</b>	<b>70,910</b>	
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)
<b>As at 31 March 2022</b>	<b>542,780</b>	<b>420,810</b>	<b>45,360</b>	<b>31,511</b>		<b>10,168</b>	<b>6,011</b>	<b>28,179</b>	
<b>Depreciation/Impairment at 1 April 2021</b>	<b>(71,578)</b>	<b>(40,599)</b>	<b>(1,649)</b>	<b>(11,463)</b>		<b>(2,032)</b>	<b>(132)</b>	<b>0</b>	<b>(171,461)</b>
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
<b>As At 31 March 2022</b>	<b>(81,351)</b>	<b>(46,215)</b>	<b>(2,052)</b>	<b>(12,525)</b>		<b>(2,582)</b>	<b>3</b>	<b>0</b>	
<b>Net Book Value at 31 March 2021</b>	<b>431,022</b>	<b>362,749</b>	<b>43,718</b>	<b>19,440</b>	<b>108,062</b>	<b>6,431</b>	<b>6,197</b>	<b>70,910</b>	<b>1,048,529</b>
<b>Net Book Value at 31 March 2022</b>	<b>461,429</b>	<b>374,595</b>	<b>43,308</b>	<b>18,986</b>	<b>111,508</b>	<b>7,586</b>	<b>6,014</b>	<b>28,179</b>	<b>1,051,605</b>

## 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
<b>Cost/Valuation at 1 April 2020</b>	<b>417,278</b>	<b>378,608</b>	<b>45,399</b>	<b>26,712</b>		<b>5,475</b>	<b>9,587</b>	<b>104,814</b>	
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
<b>As at 31 March 2021</b>	<b>502,600</b>	<b>403,348</b>	<b>45,367</b>	<b>30,903</b>		<b>8,463</b>	<b>6,329</b>	<b>70,910</b>	
<b>Depreciation/Impairment at 1 April 2020</b>	<b>(70,726)</b>	<b>(31,842)</b>	<b>(1,245)</b>	<b>(17,626)</b>		<b>(1,566)</b>	<b>(133)</b>	<b>0</b>	
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
<b>As At 31 March 2021</b>	<b>(71,578)</b>	<b>(40,599)</b>	<b>(1,649)</b>	<b>(11,463)</b>		<b>(2,032)</b>	<b>(132)</b>	<b>0</b>	
<b>Net Book Value at 31 March 2020</b>	<b>346,552</b>	<b>346,766</b>	<b>44,154</b>	<b>9,086</b>	<b>72,454</b>	<b>3,909</b>	<b>9,454</b>	<b>104,814</b>	<b>937,189</b>
<b>Net Book Value at 31 March 2021</b>	<b>431,022</b>	<b>362,749</b>	<b>43,718</b>	<b>19,440</b>	<b>108,062</b>	<b>6,431</b>	<b>6,197</b>	<b>70,910</b>	<b>1,048,529</b>

## 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:

<b>General Services</b>	<b>£000</b>
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
<b>HRA</b>	<b>£000</b>
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		2021/22 £000
	<b>Cost or Valuation</b>	
114,219	At 1 April 2021	114,219
	<u>Revaluations</u>	
0	To Revaluation Reserve	0
0	Additions	0
<b>114,219</b>	<b>At 31 March 2022</b>	<b>114,219</b>
	<b>Accumulated Depreciation and Impairment</b>	
(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
<b>(7,578)</b>	<b>At 31 March 2022</b>	<b>(10,104)</b>
<b>109,167</b>	<b>Opening Net Book value</b>	<b>106,641</b>
<b>106,641</b>	<b>Closing Net Book value</b>	<b>104,115</b>

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:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
	<b>Balance at 1 April 2021</b>	
546	Gross carrying amount	667
(371)	Accumulated amortisation	(396)
<b>175</b>	<b>Net carrying amount at start of year</b>	<b>271</b>
121	Acquisitions in year	357
0	Transfer from Assets Under Construction	29
(25)	Amortisation for period	(40)
<b>271</b>	<b>Net carrying amount at 31 March 2022</b>	<b>617</b>
	<b>Comprising:</b>	
667	Gross Carrying amounts	1,053
(396)	Accumulated amortisation	(436)
<b>271</b>		<b>617</b>

### 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
<b>8,053</b>	<b>Balance at 1 April 2021</b>	<b>7,755</b>
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
<b>7,755</b>	<b>As at 31 March 2022</b>	<b>5,417</b>

\*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
<b>1,406</b>	<b>Balance at 1 April 2021</b>	<b>1,406</b>
0	Additions/ Disposals / Newly Classified	79
<b>1,406</b>	<b>Balance at 31 March 2022</b>	<b>1,485</b>

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.

<b>31-Mar-21</b>		<b>31-Mar-22</b>
<b>£000</b>		<b>£000</b>
<b>600,739</b>	<b>Opening Capital Financing Requirement</b>	<b>646,190</b>
	<b>Capital Investment</b>	
91,260	Property, Plant and Equipment	63,495
121	Intangibles	357
11	Asset held for sale	114
0	Heritage Assets	79
<b>91,392</b>		<b>64,045</b>
	<b>Less Sources of Finance</b>	
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
<b>45,941</b>		<b>30,122</b>
<b>646,190</b>	<b>Closing Capital Financing Requirement</b>	<b>680,113</b>
0	Increase in Underlying Need to Borrow (Supported)	0
45,451	Increase in Underlying Need to Borrow (Unsupported)	33,923
<b>45,451</b>	<b>Movement in Capital Financing Requirement</b>	<b>33,923</b>

### 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:

	<b>Repayment of Liability</b>	<b>Interest Charges</b>	<b>Operating Costs</b>	<b>Lifecycle Replacement</b>	<b>Total Unitary Payment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than 1 year	3,370	6,657	3,207	1,332	<b>14,566</b>
2-5 years	15,754	24,083	14,291	5,708	<b>59,836</b>
6-10 years	21,548	23,143	21,410	12,443	<b>78,544</b>
11-15 years	29,911	14,088	25,950	13,001	<b>82,950</b>
16-20 years	20,751	3,194	14,444	7,851	<b>46,240</b>
21-25 years	1,151	36	241	0	<b>1,428</b>
<b>PPP Contractual Liability as at 31.03.22</b>	<b>92,485</b>	<b>71,201</b>	<b>79,543</b>	<b>40,335</b>	<b>283,564</b>

## 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		2021/22
£000		£000
99,942	Opening Balance	96,292
0	New Liabilities	0
(3,650)	Repayments	(3,807)
<u>96,292</u>	Closing Balance	<u>92,485</u>

### Note 24 – Debtors

2020/21	2020/21		2021/22	2021/22
£000	£000		£000	£000
		<b>Central government bodies</b>		
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
		<b>Other Entities and individuals</b>		
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>
	<u>66,620</u>			<u>67,568</u>

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

2020/21				2021/22		
Gross debtor before impairment	Impairment	Net Debtor after impairment		Gross debtor before impairment	Impairment	Net Debtor after impairment
£000	£000	£000		£000	£000	£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
<u>44,516</u>	<u>28,086</u>	<u>16,430</u>	<b>Total</b>	<u>46,847</u>	<u>28,821</u>	<u>18,026</u>

### 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	<b>Expenditure</b>	£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
<b>232</b>		<b>260</b>
	<b>Income</b>	
(314)	Rent – Sites and Offices	(320)
(1)	Other Income	0
<b>(315)</b>		<b>(320)</b>
<b>(83)</b>	<b>Net (surplus)/deficit for year</b>	<b>(60)</b>
(83)	In Year Usable Gain/ (Loss)	(60)
0	In Year Un-usable Gain/ (Loss)	0
<b>(83)</b>		<b>(60)</b>
(438)	Balance brought forward	(521)
(83)	In Year Usable Gain	(60)
<b>(521)</b>	<b>Balance carried forward</b>	<b>(581)</b>

#### Balance Sheet as at 31 March 2022

2020/21		2021/22
£000	<b>Fixed Assets</b>	£000
3,487	Investment properties	3,485
	<b>Current Assets</b>	
534	Investments – West Dunbartonshire Council	586
3	Debtors	3
	<b>Current Liabilities</b>	
(16)	Creditors falling due within one year	(8)
<b>4,008</b>	<b>Total assets</b>	<b>4,066</b>
	<b>Funds</b>	
3,487	Capital Adjustment Account	3,485
521	General Fund	581
<b>4,008</b>		<b>4,066</b>

#### 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
<b>(2)</b>	<b>0</b>	<b>(2)</b>	<b>(2)</b>	<b>19</b>	<b>17</b>

#### 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
<b>Bank and Cash</b>			
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)
<b>Total</b>	<b>(279)</b>	<b>17</b>	<b>(262)</b>

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
<b>Net Cash and Cash equivalents</b>	<b>12,241</b>	<b>(10,101)</b>	<b>2,140</b>

\*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)
<b>(5,234) Net Bank Current Account*</b>			<b>(9,302)</b>

### 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
<b>Debtors</b>				
Loans and receivables	22	21	68,955	61,782
<b>Borrowing</b>				
Financial liabilities at amortised cost	284,842	307,485	270,383	281,030
<b>Other long term liabilities</b>				
PPP and finance leases	92,615	89,115	3,677	3,370
<b>Creditors</b>				
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
		<b>Borrowing</b>		
555,225	736,964	Financial liabilities	588,515	648,513
		<b>Other Long Term Liabilities</b>		
96,292	153,981	PPP and Finance Lease Liabilities	92,485	136,477
		<b>Creditors</b>		
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
<b>261,666</b>	<b>2,195</b>	<b>263,861</b>	<b>Short Term Loans</b>	<b>268,722</b>	<b>2,201</b>	<b>270,923</b>
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
<b>283,146</b>	<b>1,652</b>	<b>284,798</b>	<b>Long Term Loans</b>	<b>305,848</b>	<b>1,637</b>	<b>307,485</b>

### 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
<b>Interest (investment)</b>	<b>165</b>	<b>0</b>	<b>165</b>	<b>81</b>	<b>0</b>	<b>81</b>
<b>Interest payable and similar charges</b>						
Interest/expense* (Gain)/Loss on de-recognition	0	(19,180)	(19,180)	0	(17,865)	(17,865)
	0	6	6		15	15
<b>Net (Gain)/loss in year</b>	<b>0</b>	<b>(19,174)</b>	<b>(19,174)</b>	<b>0</b>	<b>(17,850)</b>	<b>(17,850)</b>

\* 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.

	<b>Amount at 31.03.22 £000</b>	<b>Historical experience of non-payment adjusted for market conditions at 31.03.22 %</b>	<b>Estimated maximum exposure to default and uncollectibility £000</b>
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:

	<b>Total £000</b>
Less than three months	2,032
Three to six months	277
Six months to one year	1,287
More than one year	8,056
	<b><u>11,652</u></b>

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:

	<b>Creditors</b>	<b>PPP</b>	<b>Borrowing</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
	<b>75,140</b>	<b>92,485</b>	<b>588,515</b>	<b>756,140</b>

#### 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:

	<b>£000</b>	<b>%</b>
Fixed Interest Debt	578,408	98.3
Variable Interest Debt	<u>10,107</u>	1.7
	<b><u>588,515</u></b>	

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2022, with all other variables held constant:

	<b>£000</b>
<b>Impact on tax payers and rent payers</b>	
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>
<b>Other accounting presentational changes</b>	
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>
<b><u>72,858</u></b>		<b><u>75,140</u></b>

### 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:

	<b>£000</b>
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
	<b><u>11,517</u></b>

\*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
	<b><u>6,791</u></b>



## 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:-

	<b>£000</b>
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:

<b>31-Mar-21</b>		<b>31-Mar-22</b>
<b>£000</b>		<b>£000</b>
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
<b>24,211</b>	<b>Total Usable Reserves</b>	<b>19,052</b>

#### 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:-

<b>Restated</b>		<b>31-Mar-22</b>
<b>31-Mar-21</b>		<b>£000</b>
<b>£000</b>		<b>£000</b>
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)
<b>231,721</b>	<b>Total Unusable Reserves</b>	<b>308,070</b>

#### 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.

<b>Restated</b>		<b>2021/2022</b>
<b>2020/2021</b>		<b>£000</b>
<b>£000</b>		<b>£000</b>
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
<b>284,963</b>	<b>Closing Balance</b>	<b>254,522</b>

## 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.

<b>Restated</b>		<b>2021/2022</b>
<b>2020/2021</b>		<b>£000</b>
<b>£000</b>		<b>£000</b>
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)
<b>126,924</b>	<b>Closing Balance</b>	<b>124,778</b>

#### 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.

<b>2020/2021</b>		<b>2021/2022</b>
<b>£000</b>		<b>£000</b>
(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)
<b>(163,615)</b>	<b>Closing Balance</b>	<b>(55,690)</b>

## 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)
<u>(115)</u>	Staff Accrual Movement	<u>288</u>
<b><u>(4,388)</u></b>	<b>Closing Balance</b>	<b><u>(4,100)</u></b>

#### 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
<u>6</u>	Annual EIR Adjustment to Stepped Interest Instruments	<u>15</u>
<b><u>(12,163)</u></b>	<b>Closing Balance</b>	<b><u>(11,440)</u></b>

### 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.

<b>Restated</b>		<b>2021/22</b>	<b>2021/22</b>
<b>2020/21</b>		<b>£000</b>	<b>£000</b>
<b>£000</b>			
<b>(3,924)</b>	<b>Balance on the Housing Revenue Account at the End of the Previous Year (1)</b>		<b>(7,364)</b>
<b>(11,462)</b>	<b>Total Comprehensive Income and Expenditure (2)</b>		<b>19,269</b>
(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)	
<b>(5,987)</b>	<b>Adjustments to the revenue resource (3)</b>	<b>(33,614)</b>	
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	
<b>13,656</b>	<b>Adjustments between Revenue and Capital Resources (4)</b>	<b>18,670</b>	
<b>7,669</b>	<b>Total Statutory Adjustments (5)=(3)+(4)</b>		<b>(14,944)</b>
353	Transfers (to)/from Other Statutory Reserves (6)		305
<b>(3,440)</b>	<b>(Increase)/Decrease in Year (7)=(2)+(5)+(6)</b>		<b>4,630</b>
<b>(7,364)</b>	<b>Balance on the Housing Revenue Account at the end of the Current Year (8)=(1)+(7)</b>		<b>(2,734)</b>

## 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.

<b>Restated 2020/21 £000</b>		<b>2021/22 £000</b>	<b>2021/22 £000</b>
	<b>Income</b>		
(41,544)	Dwelling Rents (net of voids)	(42,850)	
(253)	Other Rents	(251)	
<u>(1,234)</u>	Other Income	<u>(1,574)</u>	
<b><u>(43,031)</u></b>			<b>(44,675)</b>
	<b>Expenditure</b>		
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>	
<b><u>30,515</u></b>			<b><u>59,159</u></b>
	<b>Net Cost of Service as Included in the Council Comprehensive Income and Expenditure Statement</b>		<b><u>14,484</u></b>
	<b>HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement</b>		
(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>	
<b><u>1,054</u></b>			<b><u>4,785</u></b>
<b><u>(11,462)</u></b>	<b>(Surplus)/Deficit for the year on HRA Services</b>		<b><u>19,269</u></b>

## 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
<b>10,153</b>		<b>Total</b>	<b>10,378</b>	

### 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.

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
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)
<b>36,765</b>	<b>Transfer to General Fund</b>	<b>38,207</b>

#### 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
									<b>43,424</b>
									<b>(432)</b>
									<b>Council Tax Base</b>
									<b>42,992</b>

#### The nature and actual amount of each charge fixed

<b>Gross Charges</b>	<b>2020/21</b>		<b>2021/22</b>
	<b>£ per year</b>		<b>£ per year</b>
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:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
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>
<b><u>70,647</u></b>	<b>Contribution to National Non Domestic Rate Pool</b>	<b><u>77,258</u></b>
55,963	Distribution from National Non Domestic Rate Pool	81,408
<b><u>14,684</u></b>	<b>Net contribution to/(from) National Non Domestic Rate Pool</b>	<b><u>(4,150)</u></b>
	<b>Net Non Domestic Rate Income to Comprehensive Income &amp; Expenditure Statement</b>	
<b>55,963</b>		<b>81,408</b>

## 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.

<b>Analysis of rateable Values:</b>	<b>£</b>
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>
<b>Net rateable value at 31/3/22</b>	<b><u>181,563,940</u></b>

### **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
<b>Service</b>						
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
<b>504,205</b>	<b>(258,583)</b>	<b>245,622</b>	<b>Net Cost of Service (1)</b>	<b>573,647</b>	<b>(260,818)</b>	<b>312,829</b>
		883	(Gain) / loss on Disposal of Fixed Assets			998
		<b>883</b>	<b>Other Operating Expenditure (2)</b>			<b>998</b>
		(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)
		<b>(272,024)</b>	<b>Taxation and Non-specific Grant Income (3)</b>			<b>(260,765)</b>

## 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
		<b>23,837</b>	<b>Finance/Investment Income and Expenditure (4)</b>			<b>22,573</b>
		<b>(1,682)</b>	<b>(Surplus)/Deficit on Provision of Services (5) = (1)+(2)+(3)+(4)</b>			<b>75,635</b>
		(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)
		<b>30,380</b>	<b>Other Comprehensive (Income) and Expenditure (6)</b>			<b>(158,762)</b>
		<b>28,698</b>	<b>Total Comprehensive (Income) and Expenditure (5)+(6)</b>			<b>(83,127)</b>

## 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
<b><u>2021/22</u></b>							
<b>Opening Balance at 1 April 2021</b>	(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
<b>Restatement Opening Balance 1 April 2021</b>	<b>(24,211)</b>	<b>(22,443)</b>	<b>(46,654)</b>	<b>(231,722)</b>	<b>(13,898)</b>	<b>(245,620)</b>	<b>(292,274)</b>
<b><u>Movement in reserve 2021/22</u></b>							
(Surplus) or deficit on provision of services	75,240	395	<b>75,635</b>	(146,379)	(5,444)	<b>(151,823)</b>	<b>(76,189)</b>
Other Comprehensive Expenditure and Income	(70,739)	(6,693)	<b>(77,432)</b>	70,739	(246)	<b>70,493</b>	<b>(6,939)</b>
<b>Net Increase/(Decrease) before Transfers to Other Statutory Reserves</b>	<b>4,501</b>	<b>(6,298)</b>	<b>(1,797)</b>	<b>(75,640)</b>	<b>(5,690)</b>	<b>(81,330)</b>	<b>(83,127)</b>
Transfers to/from other statutory reserves *	658	(191)	467	(708)	241	(467)	0
<b>Closing Balance at 31 March 2022</b>	<b>(19,052)</b>	<b>(28,932)</b>	<b>(47,984)</b>	<b>(308,070)</b>	<b>(19,347)</b>	<b>(327,417)</b>	<b>(375,401)</b>

\*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	
<b><u>2020/21 (Restated)</u></b>							
Opening Balance at 1 April 2020	(15,834)	(13,986)	(29,820)	(275,378)	(16,039)	(291,417)	(321,237)
<b><u>Movement in reserve 2020/21</u></b>							
(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)
<b>Net Increase/(Decrease) before Transfers to Other Statutory Reserves</b>	<b>(9,179)</b>	<b>(8,531)</b>	<b>(17,710)</b>	<b>44,508</b>	<b>1,900</b>	<b>46,408</b>	<b>28,698</b>
Transfers to/from other statutory reserves *	802	(25)	777	(852)	75	(777)	0
<b>Closing Balance at 31 March 2021</b>	<b>(24,211)</b>	<b>(22,542)</b>	<b>(46,753)</b>	<b>(231,722)</b>	<b>(14,064)</b>	<b>(245,786)</b>	<b>(292,539)</b>

\*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).

<b>Restated 2020/21 £000</b>		<b>2021/22 £000</b>
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
<b>1,087,410</b>	<b>Total Long Term Assets</b>	<b>1,099,187</b>
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
<b>91,335</b>	<b>Current Assets</b>	<b>79,814</b>
(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)
<b>(339,941)</b>	<b>Current Liabilities</b>	<b>(348,688)</b>
<b>838,804</b>	<b>Total Assets less Current Liabilities</b>	<b>830,313</b>
(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)
<b>(546,265)</b>	<b>Long Term Liabilities</b>	<b>(454,912)</b>
<b>292,539</b>	<b>Total Assets Less Liabilities</b>	<b>375,401</b>
	<b>Represented by:</b>	
46,753	Usable Reserves	47,984
245,786	Unusable Reserves	327,417
<b>292,539</b>	<b>Total Reserves</b>	<b>375,401</b>

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*

**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
<b><u>2021/22</u></b>					
Surplus/ (Deficit) on Operating Activities	285	(46)	64	6,377	<b>6,680</b>
Non Current Assets	12,767	0	306	0	<b>13,073</b>
Current Assets	7,192	207	258	17,364	<b>25,021</b>
Non Current Liabilities	0	0	0	0	<b>0</b>
Current Liabilities	(772)	(22)	(17)	(84)	<b>(895)</b>
<b>Restated</b>					
<b><u>2020/21</u></b>					
Surplus/ (Deficit) on Operating Activities	350	(110)	(60)	6,872	<b>7,052</b>
Non Current Assets	11,438	0	166	0	<b>11,604</b>
Current Assets	7,283	147	233	10,904	<b>18,567</b>
Non Current Liabilities	0	0	(629)	0	<b>(629)</b>
Current Liabilities	(904)	(8)	(58)	0	<b>(970)</b>

#### **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
<b><u>2021/22</u></b>						
Surplus/ (Deficit) on Operating Activities	104	(206)	(273)	60	(17)	<b>(332)</b>
Non Current Assets	360	4,376	0	3,485	0	<b>8,221</b>
Current Assets	4,963	355	196	589	184	<b>6,287</b>
Non Current Liabilities	0	(975)	(397)	0	0	<b>(1,372)</b>
Current Liabilities	(1,855)	(121)	(72)	(8)	0	<b>(2,056)</b>
<b><u>2020/21</u></b>						
Surplus/ (Deficit) on Operating Activities	1,034	194	0	83	2	<b>1,313</b>
Non Current Assets	245	4,373	0	3,487	0	<b>8,105</b>
Current Assets	4,908	415	0	537	201	<b>6,061</b>
Non Current Liabilities	(3,227)	(732)	0	0	0	<b>(3,959)</b>
Current Liabilities	(1,962)	(195)	0	(16)	0	<b>(2,173)</b>

#### 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
<b>36,606</b>	<b>Total</b>	<b>48,279</b>

#### 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](http://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*

### **Fiona Mitchell-Knight FCA**

Audit Director  
Audit Scotland  
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09 November 2022