East Dunbartonshire Council

Audited Accounts

2012 - 13

sustainable thriving achieving
East Dunbartonshire Council
www.eastdunbarton.gov.uk

sustainable thriving achieving
East Dunbartonshire Council
www.eastdunbarton.gov.uk

Audited

Annual Accounts 2012/13

Contents — Page

Explanatory Foreword 3
Statement on the System of Internal Financial Control 14
Statement of Responsibilities for the Accounts 16
Remuneration Report 17

Financial Statements of Single Entity ________ 26

Movement in Reserves Statement 26
Comprehensive Income and Expenditure Statement 28
Balance Sheet 29
Cash Flow Statement 30
Notes to the Principal Financial Statements 31

- Note 1 Accounting Policies 31
- Note 2 Accounting Standards Issued Not Adopted 51
- Note 3 Critical Judgements in Applying Accounting Policies 52
- Note 4 Assumptions About the Future and Other Major Sources of Estimation Uncertainty 53
- Note 5 Material Items of Income and Expense 55
- Note 6 Events after the Balance Sheet Date 55
- Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations 56
- Note 8 Transfers to or from Other Statutory Reserves 58
- Note 9 Property, Plant and Equipment 59
- Note 10 Intangible Assets 64
- Note 11 Assets Held for Sale (Current) 65
- Note 12 Heritage Assets 65
- Note 13 Capital Expenditure and Capital Financing 67
- Note 14 Impairment Losses 67
- Note 15 Schools Public Private Partnership 68
- Note 16 Financial Instruments 69
- Note 17 Inventories 75
- Note 18 Debtors 76
- Note 19 Cash and Cash Equivalents 76

Note 20 Creditors....76
Note 21 Provisions....77
Note 22 Usable Reserves....78
Note 23 Unusable Reserves....79
Note 24 Amounts Reported for Resource Allocation Decisions....82
Note 25 Agency Services....85
Note 26 External Audit Costs....85
Note 27 Grant Income....86
Note 28 Related Parties....87
Note 29 Leases....89
Note 30 Termination Benefits....90
Note 31 Defined Benefit Pension Schemes....90
Note 32 Pension Schemes Accounted for as Defined Contribution Schemes....96
Note 33 Contingent Assets and Liabilities....96

Housing Revenue Account.... 97
Council Tax Income Account.... 100
Non-Domestic Rates Income Account.... 101
Common Good and Trust Funds.... 102

Group Financial Statements ____ 105

Movement in Group Reserves Statement.... 105
Group Comprehensive Income and Expenditure Statement.... 107
Group Balance Sheet.... 108
Group Cash Flow Statement.... 109
Notes to the Group Accounts.... 110
Note 1 Statement of Group Accounting Policies....110
Note 2 Details of Combining Entities....111
Note 3 Non Material Interests in Other Entities....115
Note 4 Financial Impact of Consolidation....117
Note 5 Additional Material Amounts....118
Note 6 Prior Year Adjustments....118

Independent Auditor’s Report.... 119

Cover picture: West Highland Way Obelisk, Milngavie

Explanatory Foreword

The Annual Accounts are the accounting statements of East Dunbartonshire Council for the year ended 31 March 2013, which have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2012/13* (the Code). The Code is based on International Financial Reporting Standards (IFRS).

The 2012/13 Code has effect for financial years commencing on or after 1 April 2012. The purpose of this foreword is to provide some commentary on the statements and financial performance during the year.

The Annual Accounts

The Annual Accounts demonstrate the Council's stewardship of the public funds it controls and include various accounting statements. The accounting statements required for 2012/13 are:

- the Principal Financial Statements
- other supplementary financial statements that are relevant to the Council itself
- the Group Accounts

The Principal Financial Statements

<u>Movement in Reserves Statement</u>

The Movement in Reserves 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 shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Account. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for the purposes of Council Tax setting and dwelling rent setting. The 'Net Increase or Decrease before Transfers 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.

<u>Comprehensive Income and Expenditure Statement</u>

The purpose of the Comprehensive Income and Expenditure Statement is to present the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet

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

- usable reserves
  - these are 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, e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt
- unusable reserves that the Council is not able to use to provide services; this includes
  - reserves that hold unrealised gains and losses, e.g. the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold
  - reserves that hold timing differences, shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the 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.

Notes to the Principal Financial Statements

The notes to the accounts provide further information in support of that disclosed in the main accounting statements and also where the materiality is such that further disclosure is merited.

Supplementary Single Entity Financial Statements

An explanation of the supplementary financial statements and their purpose is provided below.

Housing Revenue Account

The Housing Revenue Account (HRA) reflects the statutory requirement under the *Housing (Scotland) Act 1987* to maintain a separate account for income and expenditure arising from the provision of council housing, as defined in the *Housing (Scotland) Act 1987*. The Housing Revenue Account has three parts:

- HRA Income and Expenditure Account

  This statement provides more detail of the income and expenditure on HRA services included in total in the whole authority Income and Expenditure Account

- Movement on the HRA 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. Rents are charged to cover expenditure in accordance with regulations which 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.

- Notes to the Housing Revenue Account

  The specific disclosures of additional information in relation to the HRA are provided in the Notes to the HRA.

Council Tax Income Account

The Council Tax Income Account discloses the gross and net income raised from Council Tax and deductions made under statute. The statement includes details of the number of properties on which Council Tax is levied and the charge per property. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

Non-Domestic Rates Income Account

Non-Domestic Rates are a tax levied by local authorities on the occupiers of commercial property in their area, as distinct from a charge for their use of services. The local authority collects rates on behalf of the Scottish Government. Any shortfall between the rates the local authority collects and the amount the local authority is guaranteed to receive by the Scottish Government is redistributed via a national pooling arrangement as part of Government Grant support.

The Non-Domestic Rates Income Account 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 and net income from Non-Domestic Rates and deductions made under statute. It details the amount payable to or by the national non domestic rates pool, and the resulting net redistribution of non-domestic rate income for the financial year to the Council.

The Group Accounts

The Council is required to prepare Group Accounts (in addition to the Council's own single entity accounts) where it has a material interest in other organisations. The Group Accounts consolidate the results of East Dunbartonshire Council with its share in other entities. The following statements make up the group accounts for the local authority:

Movement in Group Reserves Statement

This statement sets out the movement in the year on the different reserves for the group.

Group Comprehensive Income and Expenditure Statement

This sets out the contribution of those entities' operating results to the overall group surplus or deficit.

Group Balance Sheet

This combines the assets and liabilities of the Council with the Council's share of the assets and liabilities of the other entities, to present a total for the group as a whole.

Group Cash Flow Statement

This presents the inflows and outflows of cash to and from the whole group.

Notes to the Group Accounts

The Notes give further information on the group accounts of the authority.

Statement on the System of Internal Financial Control

This statement sets out the arrangements which the authority has in place in relation to internal financial controls.

Statement of Responsibilities for the Accounts

This statement sets out the respective responsibilities of the authority and the Director of Finance & Shared Services for the financial statements.

Remuneration Report

This statement provides details of remuneration amounts and remuneration policy in relation to senior Councillors and senior employees of the Council.

Financial Performance

General Fund Performance in 2012/13

The main revenue fund is the General Fund which accounts for most of the Council's business activity. The principal sources of finance are government grants, Non-Domestic Rates and Council Tax income. The Movement in Reserves Statement shows an increase in the surplus of £2.091m during the year (£1.090m in 2011/12).

The principal grant received by local authorities in support of general revenue expenditure is the General Revenue Grant (GRG) provided by the Scottish Government. GRG totalled £163.871m in 2012/13 (£164.502m in 2011/12; restated in line with new presentation to include distributable Non-Domestic Rates income). The Scottish Government set out three year spending plans in 2011, covering the period 2012/13 to 2014/15. This led to certainty in grant funding over this three year period, and improved the Council's medium term financial planning.

The local government finance settlement figures for 2012/13 were issued in December 2011, enabling the Council to include the revised funding package in their 2012/13 budget decision making. As in previous years, the funding package included a desired commitment for local authorities to freeze Council Tax rates and additional grant funding was provided to enable this commitment to be delivered. The majority of Scottish Government funding is no longer ring-fenced, improving local decision making whilst still ensuring a commitment to delivering on key Government priorities.

Each local authority determines its own level of Council Tax and is responsible for its billing and collection. The level of Council Tax is set by local authorities as part of their budget setting process and, other than fees and charges, is the only funding source over which local authorities have control. Council Tax is used as a source of funding to make up the difference between the amount of money a local authority wishes to spend and the amount of funding it receives from other sources (such as GRG and Non-Domestic Rates income). However, Council Tax income is only about 22% of overall funding, and therefore the Council's capacity to vary expenditure by raising Council Tax income is fairly restricted. In common with all other Scottish Councils, East Dunbartonshire Council agreed to respond positively to the request by the Scottish Government for no increase in Council Tax levels for 2012/13. Council Tax income in 2012/13 was £52.842m (£52.711m in 2011/12).

The outturn for the General Fund reflects well on the financial management operated across all services during the current difficult economic climate and results in an accumulated surplus of £13.090m at the balance sheet date. The following table summarises the movement in the General Fund balance in 2012/13.

	£m
Opening balance at 1 April 2012	(10.999)
Applied to commitments in 2012/13	5.584
Revised balance at 1 April 2012	**(5.415)**
Movement in 2012/13	
• Service variances (£3.185m commitment into 2013/14)	(7.634)
• Increase in equal pay	1.600
• Redundancy/early retirals	1.604
• Application of capital fund to meet principal repayments	(2.061)
• Other corporate variances	(1.184)
Balance at 31 March 2013	**(13.090)**

Of this balance, a total of approximately £8.159m (£7.956m in 2011/12) is ear-marked, leaving an uncommitted surplus of approximately £4.931m at the end of the financial year. This represents an increase of £1.888m on the 2011/12 uncommitted surplus of £3.043m. This maintains the Council's Prudential Reserve of £2.500m, and leaves a Contingency Reserve of £2.431m to assist with budget pressure in 2013/14. **Note 22** to the Principal Financial Statements provides further detail on this usable reserve.

The Council increased specific provisions by £2.3m in 2012/13 as detailed in **Note 21** to the Principal Financial Statements. This sum was met in full from the General Fund. The Council utilised approximately £4m of the Capital Fund in 2012/13. Of this sum, £2m was used to fund capital expenditure in the year, and £2m was used to meet the cost of principal repayments. This leaves a balance on the Capital Fund of £15.4m which is largely allocated to meet future investment plans and one-off costs.

As the previous table shows, the service variances of £7.634m contributed significantly to the improved year end position. The following table provides more detail on this.

Service	Original Budget £m	Final Budget £m	Final Actual £m	(Positive)/ Adverse Variance £m	Ongoing Commitments £m	(To)/from Uncommitted/ Discretionary £m
Education	78.080	79.217	76.873	(2.344)	(0.634)	(1.710)
Social Work	44.258	45.311	45.491	0.180	(0.174)	0.354
Integrated Support	3.809	3.971	3.728	(0.243)	(0.182)	(0.061)
Housing & Community	8.542	9.230	8.552	(0.678)	(0.262)	(0.416)
Community Directorate	0.108	0.113	0.106	(0.007)	0.000	(0.007)
Assets and Property	29.211	29.771	31.534	1.763	0.000	1.763
Roads and Neighbourhood	21.369	21.024	19.671	(1.353)	(0.245)	(1.108)
Development and Enterprise	1.695	2.214	2.337	0.123	(0.318)	0.441
Development and Infrastructure Directorate	0.174	0.174	0.155	(0.019)	0.000	(0.019)
Finance and ICT	6.348	6.527	6.136	(0.391)	(0.250)	(0.141)
Customer Relations and Organisational Development	5.284	6.111	5.812	(0.299)	(0.507)	0.208
Legal and Democratic	1.049	1.143	1.116	(0.027)	0.000	(0.027)
Corporate Directorate & Chief Executive	0.369	0.369	0.406	0.037	0.000	0.037
Miscellaneous/Joint Boards	20.123	21.599	17.797	(3.802)	(0.613)	(3.189)
Debt Charges	16.804	16.061	15.487	(0.574)	0.000	(0.574)
Total	**237.223**	**242.835**	**235.201**	**(7.634)**	**(3.185)**	**(4.449)**

General Fund Medium Term Financial Outlook

The latest *Medium Term Finance and Resources Strategy (MTFRS)* was presented to the Council meeting in June 2013. This set out the Council’s budget strategy over the period to 2017/18, highlighting the areas of significant financial risk. The Council also maintains a financial risk register to ensure that there is vigilant monitoring of those areas which may expose the Council to additional costs.

The Council’s approved budget for 2013/14 is approximately £231.1m, which is less than the comparable budget of £237.2m in 2012/13. One of the main reasons for this is due to the transfer of responsibility for the provision of police and fire functions from local authorities to the newly formed Scottish Police Authority and Scottish Fire and Rescue Service with effect from 1 April 2013. The existing uncommitted balance of £4.931m at 31 March 2013 represents only 2.1% of this general revenue expenditure, which is relatively low when compared to many other Scottish local authorities. It is clear that the many financial risks facing the Council in 2013/14 and beyond will place significant pressure on this balance and the Council is working extremely hard to contain budget pressures and retain this balance. Savings plans totalling approximately £1.8m were built into the Council’s 2013/14 approved budget and delivery of these will be required to retain this balance at this level in 2013/14. Budget monitoring reports throughout the year will need to focus on the delivery of these savings plans. In the current economic climate there are risks around the impact of inflationary price increases since the Council had limited scope to provide for such increases within the 2013/14 budget. Pressure is anticipated, particularly in respect of fuel and utility costs, and demand for Social Work services, and this will require close monitoring and management. In addition, some of the savings are dependent on the implementation of a new Council structure which was approved at the Council’s budget meeting in February 2013. Any delays in the implementation of this could potentially impact on the achievement of full year savings. Through budget monitoring and the financial risk register the Council will be managing the impact of all risk exposures throughout 2013/14.

Budget projections indicate that Revenue budget savings of around £4m in 2014/15 will be required. In addition, it is anticipated that the next three year budget period will also require annual savings in the region of around £4m-£5m. These figures are indicative, based upon an evolving situation, although sensitivity testing in the *MTFRS* and recent experience show the benefit of setting savings targets early on in the budget process. The continuing requirement for savings strengthens the need to retain an adequate General Fund balance, and this is very much an essential element of the approved *MTFRS.*

Housing Revenue Account

The Housing Revenue Account (HRA) reflects the statutory requirement to maintain a separate account for income and expenditure arising from the provision of council housing. Income generated in the year funded running costs as well as financing £1.352m of capital expenditure. Total income generated from council house and homeless rents was approximately £12.2m. The final outturn position for the year was a surplus of £0.071m (£0.402m in 2011/12), as shown on the Movement in Reserves Statement. The main reason for this additional surplus was due to increased income in the year. In particular a sum of £0.169m was achieved from the scheme to retain any income generated from a reduction in the Council Tax discount on long term empty properties and second homes. This income will be ear marked for affordable housing. Although there were some adverse variances on employee and property costs, effective financial management applied throughout the year ensured that reductions were made in other areas to offset these. The closing surplus for the HRA is £1.554m.

Public Private Partnership – Provision of School Buildings

The Council has a Public Private Partnership (PPP) agreement providing six secondary school facilities which were made available in summer 2009. The provider, InspirED Education (East Dunbartonshire) Ltd, ensures the availability of these buildings to a pre-agreed standard over a 30 year period.

Council Tax Income Account

The final income available from Council Tax to support the Council's expenditure in 2012/13, including Council Tax Benefit, was £52.842m (£52.711m in 2011/12). In terms of Council Tax collection the budgeted level was 97.75% for 2012/13 and the Council is on track to achieving this, with an in-year collection figure of 96.6%. Details of how the Council Tax base is calculated and the annual charge applied to each property band are provided on page 100.

Non-Domestic Rates Income Account

The net income from Non-Domestic Rates (NDRI), after deduction of reliefs, is retained by the Council within the comprehensive income and expenditure account. This is in addition to the NDRI distributed as grant funding from the national NDRI pool. Total NDRI raised locally to support the Council's expenditure in 2012/13 was £22.4m (£21m in 2011/12), which was slightly less than anticipated due to the cost of discretionary reliefs during the year. Further details are provided on page 101.

The Scottish Government introduced a Business Rates Incentivisation Scheme (BRIS) from 1 April 2012. This scheme had the objective of incentivising councils to maximise their existing business rates income (NDRI) and to encourage or attract new economic growth which would grow their business rates income. Targets for each Council in 2012/13 were set by the Scottish Government, with councils being able to retain 50% of any income achieved above this target. The remaining 50% would be returned to the Scottish Government for the national pool.

The Scottish Government retains the right to alter the targets, and the final 2012/13 target was still under discussion at the time the audited accounts were authorised for issue. COSLA leaders intend to consider the position on BRIS targets after the 2012/13 audited returns have been finalised and validated, and therefore no update on the 2012/13 target is expected until February 2014.

For the purposes of the audited accounts, it has been assumed that the revised target of £22.7m is likely to be the approved final target. The NDR income achieved by the Council is not in excess of the revised target, and therefore the Council has no additional income above target to retain and account for. The original 2012/13 target was £21.21m, which would have resulted in retention of £0.675m accruing to the Council.

Balance Sheet as at 31 March 2013

The Balance Sheet sets out the total net worth of East Dunbartonshire Council at 31 March 2013. This shows the balances and reserves at the Council's disposal, long term commitments, current assets and liabilities, and the value of fixed assets at 31 March 2013. Total net assets have decreased by £29m to £324.396m. The main reasons for this change in the Council's balance sheet position is summarised in the following table.

Movement in year	**£m**
Increase in pension liability	(27)
Increase in current liabilities	(10)
Increase in current assets	5
Other minor changes	3
Increase/(Decrease) in Net Assets	**(29)**

It is clear that a significant change to the Council's balance sheet arose as a result of the increase in the pension liability at 31 March 2013. The pension fund experienced a decline due, in the main, to falling real bond yields partially offset by stronger asset returns. Further information about the Council's pension commitments can be found in **Note 31** to the Principal Financial Statements.

Borrowing/Financing

The Council has outstanding debt at 31 March 2013 of £133.8m, including £15.6m which is due within one year. This represents an increase of approximately £1.8m on outstanding debt at 31 March 2012. The capital programme is broadly set at a level where new borrowing is in line with principal repayments set aside from revenue. This ensures that there will not be a significant increase in the capital financing requirement over the medium term, and that borrowing remains at an affordable level. Some capital receipts have now been earmarked for transfer to the capital fund to improve flexibility of use in future years.

Until the capital fund is applied, the cash resources have been utilised as necessary to prevent the need to incur further borrowing, and to limit requirement for long term investments in a volatile market. It is anticipated that borrowing will increase again in the future as the need to spend resources from the capital fund increases and the Council has to replenish cash resources utilised on a temporary basis.

The Council held cash and cash equivalents at 31 March 2013 with a total net value of £15m, mainly comprising short term deposits with banks and money market funds. This represents an increase of approximately £9m on short term deposits held at 31 March 2012. These short term deposits fluctuate with the Council's cash flow during the year and the Council's strategy is to try and maintain a liquid sum of around £2m for unexpected cash flow needs.

Due to slippage in capital expenditure, the Council's short term deposits at the balance sheet date were higher than originally anticipated. The average interest rate for net borrowing deals at the end of 2012/13 was 6.05%, which represents a minor reduction of 0.11% from the previous year.

The cost of repaying borrowing is charged to both the General Fund and the Housing Revenue Account (HRA) annually, in line with the relevant outstanding capital expenditure. These financing costs are made up of both principal and interest and are commonly referred to as debt charges. The total financing cost charged to the General Fund in 2012/13 was £25.7m, which represents approximately 10.7% of the General Fund's net revenue stream. This means that approximately 10.7% of funding has been required to support these financing costs. Given that these financing costs relate to the repayment of debt already incurred, they are not likely to reduce significantly over the short term. As council funding is likely to reduce over the next few years, this could result in an increased percentage of income applied to fund financing costs. This will increase the pressure on the Council to identify savings in relation to these financing costs. In a similar way, the total financing cost for the HRA in 2012/13 was £3.4m, which represents approximately 26.5% of the HRA's net revenue stream. This means that approximately 26.5% of HRA income is required to support these financing costs. This is an increase on 2011/12 due to borrowing taken for the New Build programme. Additional rental income in future years will ensure that this new borrowing is affordable.

Council Tax levels were not increased in 2012/13, which meant that the additional financing costs associated with new capital investment in 2012/13 were met from existing funding streams. As an illustration of the potential impact for General Fund capital investment, it is estimated that financing the 2012/13 borrowing cost would have equated to approximately £18.4 per annum on the Band D equivalent (£1,142) if an increase had been applied. Housing rents were increased by 2.5% in 2012/13. It was anticipated that the cost of borrowing would increase by approximately £0.500m, which represented an increase of approximately 4.6% on rental income. Other areas of expenditure were reduced, and overall income increased to hold the final increase at 2.5%.

Capital Expenditure and Income

A summary of capital expenditure and income is contained in **Note 13** to the Principal Financial Statements. General Capital Grant continued to be provided by the Scottish Government in 2012/13 and this was available to fund locally determined capital expenditure priorities.

Total capital expenditure during the year (excluding finance leases) amounted to £31.2m (£31.0m in 2011/12) and this was funded by grants and contributions of £13.9m (£11.1m in 2011/12), and the sale of assets of £1.2m (£4.6m in 2011/12).

This left a sum of £16.1m (£15.4m in 2011/12) to be funded from existing resources or from additional borrowing. This expenditure enables the Council to invest in making improvements to its many assets, including council houses, schools, social facilities and roads.

The table below compares this final position with the original capital budget set.

	Original Budget £m	Final Actual £m
Available funding:		
Grants	6.964	9.663
Capital Receipts	6.077	1.184
Other Contributions	6.065	4.294
Total Funding	**19.106**	**15.141**
Expenditure Programme:		
General Fund Services	25.766	21.225
Housing Services	11.390	10.024
Total Expenditure	**37.156**	**31.249**
Expenditure funded from borrowing	**18.050**	**16.108**

This shows that there was a reduction in both income and expenditure during the year, and that all changes resulted in a reduced requirement to borrow in the year. Increased borrowing will be incurred in 2013/14 to fund the project slippage. Slippage in original General Fund projects during the year totalled approximately £10.3m (40% of original budget). The processes in place to manage the capital programme ensured that the impact of this slippage was minimised by accelerating other capital projects to compensate, resulting in actual expenditure at the year end being £4.5m (17%) lower than the original budget. Slippage on Housing was approximately £1.3m.

The Council adheres to *The Prudential Code for Capital Finance in Local Authorities* developed by the Chartered Institute of Public Finance and Accountancy. This gives responsibility to councils to set their own limits for capital expenditure, and ensures that councils introduce proper asset management plans, carry out option appraisals when appropriate, and ensure any capital investment is affordable and sustainable.

The Prudential Framework also ensures that the Council should only be borrowing for capital expenditure purposes by setting indicators to monitor this. The Council’s Capital Financing Requirement in 2012/13 was £259.4m. This represents the maximum amount of external debt that the Council should have entered into in order to finance capital expenditure at 31 March 2013. Actual external debt (net of cash and cash equivalents) was £215m at 31 March 2013, which was well under the maximum Capital Financing Requirement. This reflects the fact that, whilst interest rates for investments are low, the Council has utilised capital receipts that have been transferred to the capital fund to finance capital expenditure. As the need to utilise the capital fund increases, the Council will need to increase borrowing and this will increase external debt, bringing it nearer to the level of the Capital Financing Requirement, an agreed approach that is set out in the Treasury Management Strategy.

Common Good Funds and Trust Funds

Common Good Funds and Trusts are accounts which the Council administers but which are not a part of the Council’s own finances. In the main, they are funds which have been passed on by individuals to the Council for a specified purpose.

The balances on these accounts are included within creditors in the Balance Sheet. They are not included in the Comprehensive Income and Expenditure Statement.

Group Accounts

The Group Accounts consolidate the results of East Dunbartonshire Council with its share in:

- East Dunbartonshire Leisure & Culture Trust
- Strathclyde Police Joint Board
- Strathclyde Fire & Rescue Joint Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Dunbartonshire and Argyll & Bute Valuation Joint Board
- Mugdock Country Park Joint Management Committee

The effect of the inclusion of these subsidiary and associate bodies on the Group Balance Sheet is to reduce Net Assets by £196.560m. In the main, this reflects the combined pension liability associated with the Joint Boards, particularly the Police and Fire schemes.

Reform of Scottish Police & Fire Services

The *Police and Fire Reform (Scotland) Act 2012* transfers responsibility for the provision of police and fire functions from local authorities to the newly formed Scottish Police Authority (SPA) and Scottish Fire and Rescue Service (SFRS) with effect from 1 April 2013. Police and Fire Joint Boards were therefore wound up as at 31 March 2013 and financial year 2012/13 is the final year that statutory accounts will be produced for these existing bodies. The notified shares of usable reserves to be distributed back to East Dunbartonshire Council from these Joint Boards total £1.679m and these have been included in the financial statements.

Conclusion

I wish to take this opportunity to express my gratitude to staff in all departments for their hard work and support, all of which has contributed to the completion of these financial statements. In particular, the efforts of my own Finance staff are gratefully acknowledged.

Further information on the Annual Accounts or on any aspect of the Council's finances can be obtained from:

Director of Finance & Shared Services
East Dunbartonshire Council
Broomhill Industrial Estate
Kilsyth Road
Kirkintilloch
G66 1TF

Tel: 0300 123 4510
Email: contact.centre@eastdunbarton.gov.uk

....

Ian Black
Director of Finance & Shared Services
23 September 2013

Statement on the System of Internal Financial Control

This Statement is given in respect of the statement of accounts for East Dunbartonshire Council. The Council acknowledges its responsibility for ensuring effective internal financial control systems are maintained and operated to ensure effective financial stewardship.

The System of Internal Financial Control provides reasonable but not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected timeously. Consequently, the Council continually seeks to improve the effectiveness of its Systems of Internal Financial Control.

The System of Internal Financial Control is based on a framework of regular management information, financial regulations, financial and administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the System is undertaken by managers within the Council. Key elements of control include:

- comprehensive budgeting systems
- regular reviews of financial reports which measure financial performance against forecasts and annual budgets
- Business & Improvement Plans with set targets and measures of financial and service performance
- clearly defined capital expenditure guidelines and project management responsibilities
- consideration being given to external and internal audit reports presented to the Audit & Risk Management Sub-committee

Internal Audit is an independent appraisal function within the Audit & Risk Team, established to examine and evaluate all systems of financial and non-financial control and is the medium for ensuring that all services have made proper arrangements for the administration of their affairs. For 2012/13 the Audit & Risk Team operated in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) *Code of Practice for Internal Audit in Local Government in the United Kingdom*. The Audit and Risk Plan is based on a risk assessment methodology, ensuring resources are targeted towards areas which represent the greatest risk exposures for the Council. The Audit & Risk Manager reports directly to the Director of Governance & Regulation but also has access to and regular contact with the Director of Finance & Shared Services and the Chief Executive.

The Council's Audit & Risk Management Sub-committee receives all internal and external audit reports. Action plans are delegated to officers with six monthly reviews being undertaken. The Council has in place a Corporate Risk Management Strategy which sets out a formal approach to managing risk. Performance and progress in improving risk management and areas of financial risk are also reported to the Audit & Risk Management Sub-committee.

This review of the effectiveness of the System of Internal Financial Control is informed by:

- the responsibilities and actions of management in meeting their responsibilities to comply with financial regulations and best practice
- the Audit & Risk Team reviewing controls and making recommendations on measures to strengthen arrangements
- External Audit work, including their report on the annual accounts

It can be evidenced that the Council has a sound System of Internal Financial Control with appropriate mechanisms in place to identify areas of weakness. This is corroborated by an Annual Assurance Statement prepared by the Audit & Risk Manager stating that reasonable assurance can be placed upon the adequacy and effectiveness of all internal control systems. The assurance statement does however make reference to the annual audit of the Council's stock count arrangements highlighting that, whilst holdings and valuations appeared reasonable, weaknesses were noted within stock count controls. These issues have been reported to relevant senior managers with an agreed action plan being used to support planned improvements in this area.

During 2012/13 planned developments to implement additional key controls to support the reconciliation of operational systems to the financial ledger were not realised. These developments have since been initiated however the frequency, completeness and review of debtors, cash, Non-Domestic Rates and Council Tax reconciliations need to be improved. In addition the planned integration of human resources and payroll systems will ensure that those risks associated with separate systems and the reconciliation of underlying information are addressed. A further programme of measures will be put in place to strengthen the control arrangements in these areas.

In addition to the above, the Council undertakes significant activities with those organisations within the Group Accounts. We place reliance on the individual bodies' Statement of Internal Financial Control and take into account any findings of relevant external audit and other external review reports. Membership on the Board of these organisations ensures reasonable access is available to this relevant information.

We confirm that the Authority's financial management arrangements conform to the governance requirements of the CIPFA statement on *The Role of the Chief Financial Officer in Local Government (2010).*

The Council's Corporate Governance arrangements are consistent with good practice and value the importance of stewardship, conduct and ethics. In seeking to improve and respond to this changing landscape, the Council utilises the following:

- an Audit & Risk Management Sub-committee and Scrutiny Panels to monitor the effectiveness of performance
- the Standards Commission for Scotland Councillors Code of Conduct
- a Corporate Risk Management Policy and Service Risk Registers
- a Medium-Term Finance & Resources Strategy and Financial Risk Register

....

Ian Black
Director of Finance & Shared Services
23 September 2013

Statement of Responsibilities for the Accounts

The Council is responsible for:

- making arrangements for the proper administration of its financial affairs and ensuring that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance & Shared Services; prior to 18 February 2013 the responsible officer held the post title of Head of Finance & ICT
- managing its affairs to secure economic, efficient and effective use of resources and safeguarding its assets
- approving the statement of accounts at a meeting held within two months of receipt of the audit certificate

The Director of Finance & Shared Services is responsible for:

- the preparation of the Council's statement of accounts which, in terms of the CIPFA & Local Authority (Scotland) Accounts Advisory Committee (LASAAC) *Code of Practice on Local Authority Accounting in Great Britain*, is required to give a true and fair view of the financial position of the authority at 31 March 2013 and its income and expenditure for the year to that date
- selecting suitable accounting policies and applying them consistently
- making judgements and estimates that are reasonable and prudent
- complying with the Code of Practice
- keeping proper accounting records which are up to date
- taking reasonable steps for the prevention and detection of fraud and other irregularities

Remuneration Report

The *Local Authority Accounts (Scotland) Amendment Regulations 2011* require the Council to provide a remuneration report as part of its annual accounts. The Regulations require disclosure of the remuneration and pension benefits for senior Councillors and senior employees of the Council and its subsidiary bodies, together with details of the Council's remuneration policy or the role it has in determining such a policy. A subsidiary body is an entity, including an unincorporated body such as a partnership, which is controlled by the Council.

Councillors

The remuneration of senior Councillors is regulated by the *Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007* (SSI No. 2007/183). The regulations provide for the grading of Councillors for the purpose of remuneration arrangements as either the Leader of the Council, Provost, Senior Councillors or 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.

When determining the level of remuneration for Councillors, the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority Councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2012/13, the salary of the Leader of East Dunbartonshire Council is £32,470. The Regulations permit the Council to remunerate one Provost and set out the maximum salary that may be paid to the Provost of £24,352. Council policy is to pay this amount.

The Regulations also set out 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 is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by East Dunbartonshire Council for all of its Senior Councillors shall not exceed £223,234 and the maximum number of Senior Councillors is 11. 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.

In 2012/13, East Dunbartonshire had no more than 11 Senior Councillors at any one time, although the councillors involved changed following the local government election on 4 May 2012. Following the death of Councillor Kennedy on 13 July 2012 there were only 10 Senior Councillors until a Council report on 5 March 2013. The approved remuneration structure would have paid £220,760 to all Senior Councillors on an annual basis. No Senior Councillor remuneration was paid between the local government election on 4 May 2012 until after the Special Council meeting on 15 May 2012. The annual figures in the remuneration table on the following page include that period at the Councillor remuneration rate and, in some cases, the remainder of the financial year at that rate following the loss of Senior Councillor remuneration. 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 in the same way as it is required to do for employees of the Council.

The report which encompasses the salaries of all elected members including the Leader, Provost and Senior Councillors was agreed at a meeting of the full Council on 28 June 2012; a minor amendment was made by a report to full Council on 5 March 2013. Both reports are available on the Council's website www.eastdunbarton.gov.uk (from the homepage click "Committee documents" under **Your Council** and search using the relevant date).

In addition to the Senior Councillors of the Council, the Regulations also set out the remuneration payable to Councillors with the responsibility of being Convenor or Vice-Convenor of a Joint Board such as the Dunbartonshire and Argyll & Bute Valuation Joint Board. The Regulations require the remuneration to be paid by the Council of which the Convenor or Vice-Convenor is a member. The Council is also required to pay any pension contributions arising from that Councillor being a member of the Local Government Pension Scheme. Currently, no East Dunbartonshire councillor is in such a position.

Remuneration of Senior Councillors and Convenors and Vice-Convenors of Joint Boards

Name and Post Title	2012/13				2011/12
	Gross Salary & Allowances £	Taxable Expenses £	Non-cash Expenses and Benefits in Kind £	Total Remuneration £	Total Remuneration £
Rhondda Geekie, Council Leader and Convener of Policy & Resources Committee	31,981	129	0	32,110	32,559
Una Walker, Convener of Education Committee to 4/5/2012 and Provost from 16/5/2012	23,755	254	0	24,009	21,033
Ashay Ghai, Depute Leader and Convener of Housing and Community Services Committee from 16/5/2012	23,351	0	0	23,351	16,450
William Hendry, Depute Leader and Convener of Development & Infrastructure Committee to 4/5/2012 and Convener of Planning Board from 16/5/2012	20,881	0	0	20,881	24,433
Alan Moir, Vice Convener of Planning Board to 4/5/2012 and Convener of Development & Infrastructure Committee from 16/5/2012	20,327	0	0	20,327	18,278
Eric Gotts, Provost to 4/5/2012 and Convener of Education Committee from 16/5/2012	20,881	394	0	21,275	25,057
Anne Jarvis, Depute Provost and Vice Convener of Education Committee to 4/5/2012 and Depute Provost from 16/5/2012	20,550	263	0	20,813	20,946
John Dempsey, Convener of Licensing Board and Vice Convener of Development & Infrastructure Committee to 4/5/2012 and Convener of Licensing Board from 16/5/2012	19,887	301	0	20,188	20,253
Manjinder Shergill, Vice Convener of Social Work Committee from 16/5/2012, first elected 4/5/2012	16,514	27	0	16,541	NA
Vaughan Moody, Chair of Dunbartonshire and Argyll & Bute Valuation Joint Board to 4/5/2012 and Vice Convener of Development & Infrastructure Committee from 16/5/2012	18,349	0	0	18,349	20,350
Stewart MacDonald, Vice Convener of Housing & Community Services Committee	18,162	0	0	18,162	18,278
Maureen Henry, Vice Convener of Education Committee from 6/3/2013, first elected 4/5/2012	14,885	0	0	14,885	NA
Michael O'Donnell, Convener of Social Work Committee (remunerated position to 4/5/2012)	16,638	0	0	16,638	20,754
Gordan Low, Convener of Planning Board to 4/5/2012	16,638	0	0	16,638	20,754
William Binks, Vice Convener of Social Work Committee to 4/5/2012	1,648	0	0	1,648	18,308
Ian Mackay, Leader of SNP Group	20,550	19	0	20,569	20,806
Charles Kennedy, Leader of East Dunbartonshire Independent Alliance Group to 13/7/2012	5,128	0	0	5,128	18,369
Total	**310,125**	**1,387**	**0**	**311,512**	**316,628**

Remuneration Paid to Councillors

Disclosure in the annual accounts of the total paid in salaries, allowances and expenses to all Councillors (including those detailed in the previous table) is required by Paragraph 3.4.4.1(6) of *The Code of Practice on Local Authority Accounting in the United Kingdom*. For consistency, this has been included in the Remuneration Report.

	2012/13 £	2011/12 £
Salaries	450,360	461,477
Allowances	0	0
Expenses	22,565	20,736
Total	**472,925**	**482,213**

The annual return of Councillors' salaries and expenses for 2012/13 is available for any member of the public to view on the Council's website www.eastdunbarton.gov.uk (from the homepage click **Council and government** > **Councillors, politics and elections** > **Councillors information** > **Elected Members' Allowances and Expenses**)

Pension Benefits of Senior Councillors

Pension benefits for Councillors and 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 revalued pay is then divided by the period of membership to calculate the career average pay. This is then used to calculate the pension benefits. The scheme's normal retirement age for Councillors is 65.

From 1 April 2009 a five-tier contribution system was introduced with contributions from each member being based on how much pay falls into each tier. This is designed to give more equality between the costs and benefits of scheme membership. Prior to 2009, contribution rates were set at 6% for all non-manual employees. The five members' contribution rates for 2012/13 remain at the 2011/12 level although the tier bandings have increased. The revised tiers and rates for 2012/13 are as follows:

Whole Time Pay	Contribution Rate 2012/13
On earnings up to and including £19,400	5.50%
On earnings above £19,400 and up to £23,700	7.25%
On earnings above £23,700 and up to £32,500	8.50%
On earnings above £32,500 and up to £43,300	9.50%
On earnings above £43,300	12.00%

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.

From 1 April 2009, there is no longer an automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the *Finance Act 2004*. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service; prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

The value of the accrued benefits has been calculated

- on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age, and
- without exercising any option to commute pension entitlement into a lump sum, and
- without any adjustment for the effects of future inflation

The pension figures shown in the following table relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment.

Name and Post Title	In-year pension contributions		Accrued pension benefits			
	Year to 31 March 2013 £	Year to 31 March 2012 £		As at 31 March 2013 £000	As at 31 March 2012 £000	Difference from 31 March 2012 £000
Rhondda Geekie, Council Leader and Convener of Policy & Resources Committee	6,172	6,284	Pension	4	3	1
			Lump Sum	3	3	0
Una Walker, Convener of Education Committee to 4/5/2012 and Provost from 16/5/2012	4,585	4,005	Pension	2	2	0
			Lump Sum	1	1	0
Ashay Ghai, Depute Leader and Convener of Housing and Community Services Committee from 16/5/2012	4,507	3,142	Pension	1	1	0
			Lump Sum	0	0	0
Alan Moir, Vice Convener of Planning Board to 4/5/2012 and Convener of Development & Infrastructure Committee from 16/5/2012	3,923	3,528	Pension	1	1	0
			Lump Sum	0	0	0
Eric Gotts, Provost to 4/5/2012 and Convener of Education Committee from 16/5/2012	4,030	4,713	Pension	2	2	0
			Lump Sum	2	2	0
Anne Jarvis, Depute Provost and Vice Convener of Education Committee to 4/5/2012 and Depute Provost from 16/5/2012	3,966	4,005	Pension	2	2	0
			Lump Sum	1	1	0
Manjinder Shergill, Vice Convener of Social Work from 16/5/2012	3,187	NA	Pension	0	0	0
			Lump Sum	0	0	0
Vaughan Moody, Chair of Dunbartonshire and Argyll & Bute Valuation Joint Board to 4/5/2012 and Vice Convener of Development & Infrastructure Committee from 16/5/2012	3,541	3,927	Pension	2	2	0
			Lump Sum	2	2	0
Stewart MacDonald, Vice Convener of Housing & Community Services	3,505	3,528	Pension	2	1	1
			Lump Sum	1	1	0
Maureen Henry, Vice Convener of Education Committee from 6/3/2013	2,873	NA	Pension	0	0	0
			Lump Sum	0	0	0
Gordan Low, Convener of Planning Board to 4/5/2012	3,211	4,005	Pension	2	1	1
			Lump Sum	1	1	0
William Binks, Vice Convener of Social Work Committee to 4/5/2012	318	3,528	Pension	1	1	0
			Lump Sum	9	1	8
Ian Mackay, Leader of SNP Group	3,296	0	Pension	0	0	0
			Lump Sum	0	0	0
Totals	**47,114**	**40,665**	**Pension**	**19**	**16**	**3**
			Lump Sum	**20**	**12**	**8**

The lump sum payable on retirement can alter from the prior year estimate supplied by the Strathclyde Pension Fund due to added years and commutation.

Senior Employees

Senior employees include any local authority employee

- who has responsibility for 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 the *Local Government and Housing Act 1989*
- whose annual remuneration, including remuneration from a local authority subsidiary body, is £150,000 or more

The remuneration 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 and chief officers of Scottish local authorities; the Council has no representatives on the SJNC. The salaries of Directors and Heads of Service are based on points on the Chief Officer's scale equating to a fixed percentage of the Chief Executive's salary, with Directors on Chief Officer's spinal column point 50 (85.65% of the Chief Executive's salary) and Heads of Service on point 36 (65.96%). These arrangements were agreed at the Policy and Resources Committee of 30 September 2004. Following the restructuring approved by Council at its meeting of 14 February 2013, all Director and Head of Service posts will be subject to job evaluation to determine the level of salary payable.

Other benefits received by senior employees include an essential user's car allowance which is governed by the same arrangements as other staff, although this benefit ceased with effect from 1 April 2013. Other remuneration includes the fees payable by the Scotland Office for the conduct of elections. The fees for the 2011 Scottish Parliament Election and Alternative Vote Referendum are included in the 2011/12 remuneration figures and the fees for the 2012 Local Government Election and a local government by-election are included in the 2012/13 figures in the table on the following page.

Remuneration of Senior Employees

	2012/13					2011/12
Name and Post Title	**Salary, Fees & Allowances £**	**Taxable Expenses £**	**Compensation for Loss of Employment £**	**Other Remuneration £**	**Total Remuneration £**	**Total Remuneration £**
Gerry Cornes, Chief Executive	119,223	836	0	1,634	121,693	124,388
John Simmons, Director of Community Services to 17/2/2013 and Director of Education and Social Work from 18/2/2013	102,111	870	0	0	102,981	102,945
Diane Campbell, Director of Corporate & Customer Services to 17/2/2013 and Director of Governance & Regulation from 18/2/2013	102,111	905	0	1,600	104,616	105,729
Derek Cunningham, Director of Development & Infrastructure	102,111	836	0	0	102,947	103,439
Grace Irvine, Head of Assets & Property Services	78,639	800	0	0	79,439	79,664
Ann Davie, Head of Customer Relations & Organisational Development to 17/2/2013 and Director of Customer Services & Transformation from 18/2/2013	78,639	836	0	120	79,595	79,903
Thomas Glen, Head of Development & Enterprise to 17/3/2013 and Director of Governance & Regulation from 18/3/2013	78,639	800	0	0	79,439	79,355
Ian Black, Head of Finance & ICT to 17/2/2013 and Director of Finance & Shared Services from 18/2/2013	78,639	836	0	120	79,595	79,933
Kenny Simpson, Head of Housing & Community Services	78,639	836	0	0	79,475	79,704
Sandy McGarvey, Head of Integrated Support – Community Services to 30/9/2012 (Salary £78,639 on an annual basis)	42,142	1,126	78,772	0	122,040	79,803
Alistair Crighton, Head of Legal & Democratic Services	78,639	836	0	120	79,595	79,996
David Devine, Head of Roads & Neighbourhood Services	78,639	836	0	0	79,475	79,693
Tony Keogh, Head of Social Work (Chief Social Work Officer)	78,639	861	0	0	79,500	79,693
Totals	**1,096,810**	**11,214**	**78,772**	**3,594**	**1,190,390**	**1,154,245**

East Dunbartonshire Council is also required to report the amount received by the senior employees above in respect of bonuses and non-cash benefits. None receive these types of remuneration.

Most salaries are paid four-weekly and this can give rise to small differences in the actual payments made from one financial year to the next.

An organisational restructuring was approved by Council at its special meeting on 14 February 2013 and the recruitment process to 31 March 2013 is reflected in the table above. The final Director position was filled from 8 April 2013 and will be reflected in the 2013/14 Remuneration Report.

Pension Benefits of Senior Employees

Pension benefits for Councillors and most local government employees are provided through the Local Government Pension Scheme (LGPS). This is currently a final salary pension scheme although there is currently discussion ongoing at a national level as to the future direction of public sector pension schemes. This means that pension benefits are currently based on the final year's pay and the number of years that person has been a member of the scheme. The scheme's normal retirement age for employees is 65. The Director of Education and Social Work, John Simmons, is a member of the Scottish Teachers Superannuation Scheme (STSS).

Name and Post Title	In-year pension contributions		Accrued pension benefits			
	Year to 31 March 2013 £	Year to 31 March 2012 £		As at 31 March 2013 £000	As at 31 March 2012 £000	Difference from 31 March 2012 £000
Gerry Cornes, Chief Executive	23,325	23,459	Pension	43	41	2
			Lump Sum	106	106	0
John Simmons, Director of Community Services to 17/2/2013 and Director of Education & Social Work from 18/2/2013	15,215	15,215	Pension	51	49	2
			Lump Sum	152	148	4
Diane Campbell, Director of Corporate & Customer Services to 17/2/2013 and Director of Governance & Regulation from 18/2/2013	19,707	19,761	Pension	35	34	1
			Lump Sum	86	86	0
Derek Cunningham, Director of Development & Infrastructure to 5/5/2013	19,707	19,761	Pension	46	44	2
			Lump Sum	116	116	0
Grace Irvine, Head of Assets & Property Services	15,177	15,219	Pension	27	26	1
			Lump Sum	65	65	0
Ann Davie, Head of Customer Relations & Organisational Development to 17/2/2013 and Director of Customer Services & Transformation from 18/2/2013	15,177	15,219	Pension	8	6	2
			Lump Sum	7	7	0
Thomas Glen, Head of Development & Enterprise to 17/3/2013 and Director of Development & Regeneration from 18/3/2013	15,177	15,161	Pension	24	23	1
			Lump Sum	0	0	0
Ian Black, Head of Finance & ICT to 17/2/2013 and Director of Finance & Shared Services from 18/2/2013	15,177	15,219	Pension	28	27	1
			Lump Sum	69	69	0
Kenny Simpson, Head of Housing & Community Services to 5/5/2013	15,177	15,219	Pension	40	39	1
			Lump Sum	105	105	0
Sandy McGarvey, Head of Integrated Support – Community Services to 30/9/2012	40,926	15,219	Pension	32	29	3
			Lump Sum	150	75	75
Alistair Crighton, Head of Legal & Democratic Services to 7/4/2013	15,059	15,219	Pension	35	34	1
			Lump Sum	90	90	0
David Devine, Head of Roads & Neighbourhood Services	15,177	15,219	Pension	30	29	1
			Lump Sum	74	74	0
Tony Keogh, Head of Social Work (Chief Social Work Officer)	15,177	15,219	Pension	30	29	1
			Lump Sum	75	75	0
Totals	**240,178**	**215,109**	**Pension**	**429**	**410**	**19**
			Lump Sum	**1,095**	**1,016**	**79**

The lump sum payable on retirement can alter from the prior year estimate supplied due to added years and commutation.

Officers' Emoluments

The number of employees whose remuneration for the year (excluding pension contributions) was £50,000 or more is shown in the following table (in bands of £5,000). These figures include payments for redundancy and early retirement that relate to an ongoing restructuring of the Council's services.

Remuneration	No. of Employees 2012/13	No. of Employees 2011/12
£50,000 - £54,999	65	75
£55,000 - £59,999	12	12
£60,000 - £64,999	1	4
£65,000 - £69,999	5	2
£70,000 - £74,999	3	4
£75,000 - £79,999	11	12
£80,000 - £84,999	1	1
£85,000 - £89,999	1	0
£90,000 - £94,999	0	0
£95,000 - £99,999	0	0
£100,000 - £104,999	3	2
£105,000 - £109,999	0	1
£110,000 - £114,999	0	0
£115,000 - £119,999	1	0
£120,000 - £124,999	2	1
Total	**105**	**114**

Exit Packages of Employees

The table below shows the number of employees who received exit packages in the bands indicated and the total cost of the packages in those bands. The figures include redundancy and compensation costs, strain on the fund and other departure costs. As required, it also includes the capitalised value of the additional contributions to be made to the pension fund. This amount is calculated actuarially and does not reflect the actual payments made in the financial year. In most cases, the exit packages have resulted in savings to the Council within a year and the overall result is significant savings for the Council in future financial years. None of the departures were compulsory redundancies.

Exit Packages	2012/13		2011/12	
	Number	Total Cost £	Number	Total Cost £
£0 - £20,000	32	416,423	31	388,146
£20,001 - £40,000	21	591,763	35	1,029,566
£40,001 - £60,000	12	579,595	14	670,352
£60,001 - £80,000	5	330,653	10	681,245
£80,001 - £100,000	2	173,455	5	477,995
£100,001 - £150,000	9	1,020,845	12	1,510,843
£150,001 - £200,000	4	720,718	5	817,436
£200,001 - £250,000	4	878,881	1	207,528
£250,001 - £300,000	1	276,073	0	0
£300,001 - £350,000	0	0	0	0
£350,001 - £400,000	1	374,207	0	0
Total	**91**	**5,362,613**	**113**	**5,783,111**

Subsidiary Bodies

For accounting purposes, the Council has two subsidiary bodies; Mugdock Park Joint Management Committee and East Dunbartonshire Leisure & Culture Trust.

Under the agreement between East Dunbartonshire Council (EDC) and Stirling Council on Mugdock Park Joint Management Committee, EDC is the permanent employer of the staff of Mugdock Country Park and the remuneration of all staff is determined by the job evaluation process used for Council staff. All staff are EDC employees and included in the EDC management structure. Responsibility for Mugdock lies with the Director of Development and Regeneration, Thomas Glen, whose remuneration is disclosed under ***Remuneration of Senior Employees***. Six EDC Councillors serve on the Joint Committee. No remuneration is received by Councillors for serving on the Joint Committee.

On 1 April 2011, East Dunbartonshire Leisure and Culture Trust (EDLCT) came into operation. The most senior manager of EDLCT is the General Manager, Mark Grant. Remuneration of EDLCT staff is determined by the job evaluation process used for Council staff. Five EDC Councillors serve on the board of EDLCT. No remuneration is received by Councillors for serving on this board.

Employees' Remuneration

This shows the remuneration of the most senior manager of the Council's subsidiary EDLCT. No employees of EDLCT or Mugdock Country Park receive remuneration of over £150,000.

Name and Post Title	2012/13					2011/12
	Salary, Fees & Allowances £	Taxable Expenses £	Compensation for Loss of Employment £	Other Remuneration £	Total Remuneration £	Total Remuneration £
Mark Grant, General Manager EDLCT	64,628	948	0	0	65,576	54,507
Totals	**64,628**	**948**	**0**	**0**	**65,576**	**54,507**

Employees' Pension Benefits

This shows pension contributions and accrued pension benefits for the most senior manager in EDLCT.

Name and Post Title	In-year pension contributions		Accrued pension benefits			
	Year to 31 March 2013 £	Year to 31 March 2012 £		As at 31 March 2013 £000	As at 31 March 2012 £000	Difference from 31 March 2012 £000
Mark Grant, General Manager, EDLCT	10,077	9,236	Pension	18	17	1
			Lump Sum	42	42	0
Totals	**10,077**	**9,236**	**Pension**	**18**	**17**	**1**
			Lump Sum	**42**	**42**	**0**

All information disclosed in the tables in this Remuneration Report will be audited by Audit Scotland. The other sections of the report will be reviewed by Audit Scotland to ensure they are consistent with the financial statements.

....

Councillor Rhondda Geekie
Leader of the Council
23 September 2013

Gerry Cornes
Chief Executive
23 September 2013

Financial Statements of Single Entity

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 Unusable Reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council'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 for Council Tax setting. The Net Increase or Decrease before Transfers to Other Statutory Reserves shows the statutory General Fund Balance before any discretionary transfers to and from the other statutory reserves of the Council.

	Usable Reserves						
Year ended 31 March 2013	General Fund Balance	Housing Revenue Balance	Capital Receipts Reserve & Capital Fund	Other Statutory Funds	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2012	**10,999**	**1,483**	**19,423**	**283**	**32,188**	**320,888**	**353,076**
Movement in Reserves during 2012/13							
Surplus or Deficit on Provision of Services	(12,816)	(4,262)	0	0	(17,078)	0	(17,078)
Other Comprehensive Expenditure and Income	0	0	0	1	1	(11,603)	(11,602)
Total Comprehensive Expenditure and Income	**(12,816)**	**(4,262)**	**0**	**1**	**(17,077)**	**(11,603)**	**(28,680)**
Adjustments between Accounting Basis and Funding Basis under Regulations (**Note 7**)	13,474	4,333	(2,000)	0	15,807	(15,807)	0
Net Increase or Decrease before Transfers to Other Statutory Reserves	**658**	**71**	**(2,000)**	**1**	**(1,270)**	**(27,410)**	**(28,680)**
Transfers to and from Other Statutory Reserves (**Note 8**)	1,433	0	(2,061)	628	0	0	0
Increase or Decrease in the Year	**2,091**	**71**	**(4,061)**	**629**	**(1,270)**	**(27,410)**	**(28,680)**
Balance at 31 March 2013 Carried Forward	**13,090**	**1,554**	**15,362**	**912**	**30,918**	**293,478**	**324,396**

Comparative Figures for Year ended 31 March 2012 (Restated)	Usable Reserves General Fund Balance	Housing Revenue Balance	Capital Receipts Reserve & Capital Fund	Other Statutory Funds	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2011	**9,909**	**1,081**	**8,311**	**282**	**19,583**	**365,345**	**384,928**
Movement in Reserves during 2011/12							
Surplus or Deficit on Provision of Services	9,838	(2,982)	0	0	6,856	0	6,856
Other Comprehensive Expenditure and Income	0	0	0	1	1	(38,709)	(38,708)
Total Comprehensive Expenditure and Income	**9,838**	**(2,982)**	**0**	**1**	**6,857**	**(38,709)**	**(31,852)**
Adjustments between Accounting Basis and Funding Basis under Regulations (**Note 7**)	(9,731)	3,384	12,095	0	5,748	(5,748)	0
Net Increase or Decrease before Transfers to Other Statutory Reserves	**107**	**402**	**12,095**	**1**	**12,605**	**(44,457)**	**(31,852)**
Transfers to and from Other Statutory Reserves (**Note 8**)	983	0	(983)	0	0	0	0
Increase or Decrease in the Year	**1,090**	**402**	**11,112**	**1**	**12,605**	**(44,457)**	**(31,852)**
Balance at 31 March 2012 Carried Forward	**10,999**	**1,483**	**19,423**	**283**	**32,188**	**320,888**	**353,076**

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2011/12 (Restated)				2012/13		
Gross Expenditure	Gross Income	Net Expenditure or (Income)		Gross Expenditure	Gross Income	Net Expenditure or (Income)
£000	**£000**	**£000**	**Service Revenue Accounts**	**£000**	**£000**	**£000**
119,979	(2,933)	117,046	Education	117,241	(2,505)	114,736
14,489	(12,487)	2,002	Housing Revenue Account	15,852	(12,792)	3,060
20,734	(19,395)	1,339	Other Housing Services	21,793	(20,024)	1,769
15,040	(1,390)	13,650	Cultural & Related Services	20,912	(954)	19,958
16,446	(1,460)	14,986	Environmental Services	17,676	(1,698)	15,978
4,962	0	4,962	Fire Joint Board	4,658	0	4,658
18,575	(7,217)	11,358	Roads & Transport	15,367	(5,238)	10,129
6,727	(374)	6,353	Police Joint Board	5,280	(32)	5,248
8,129	(4,732)	3,397	Planning & Development	13,909	(3,185)	10,724
64,927	(13,435)	51,492	Social Work	66,326	(14,256)	52,070
4,097	(5)	4,092	Corporate and Democratic Core	3,853	0	3,853
6,675	0	6,675	Non Distributable Costs	4,184	0	4,184
3,472	(1,313)	2,159	Central Services to the Public	3,681	(1,275)	2,406
304,252	(64,741)	**239,511**	**Net Cost of Services (1)**	310,732	(61,959)	**248,773**
		(919)	(Gains) / loss on Disposal of Fixed Assets			159
		(919)	**Other Operating (Income) or Expenditure (2)**			**159**
		16,040	Interest Payable and Similar Charges			16,006
		(1,708)	Pension Interest Cost/ Expected Return on Pension Assets			1,622
		(53)	Interest Receivable and Similar Income			(106)
		223	(Gain) / loss on early settlement of Borrowing			220
		14,502	**Financing and Investment Income and Expenditure (3)**			**17,742**
		(52,711)	Council Tax and Community Charge			(52,842)
		(20,989)	Non-Domestic Rates			(22,410)
		(164,502)	General Revenue Grant			(163,871)
		(21,748)	Recognised Capital Grants / Contributions			(10,473)
		(259,950)	**Taxation and Non-Specific Grant Income (4)**			**(249,596)**
		(6,856)	**(Surplus) or Deficit on the Provision of Services (5)** {(1) + (2) + (3) + (4)}			**17,078**
		(6,959)	(Surplus) or Deficit on the Revaluation of Non Current Assets			(12,904)
		45,721	Actuarial (Gains) or Losses on Pensions Assets and Liabilities			24,726
		(54)	Other Unrealised (Gains) or Losses			(220)
		38,708	**Other Comprehensive Income and Expenditure (6)**			**11,602**
		31,852	**(Surplus)/Deficit for the Year** {(5) + (6)}			**28,680**

Balance Sheet

31 March 2012 (Restated) £000		31 March 2013 £000	Notes
688	Intangible assets	1,011	*10*
3,204	Heritage Assets	3,204	*12*
680,989	Property, Plant and Equipment	681,246	*9*
54	Long-term debtors	48	*18*
684,935	**Long-term Assets**	**685,509**	
857	Inventories	900	*17*
9,005	Assets held for sale	10,847	*11*
23,093	Short-term debtors	17,724	*18*
6,780	Cash and cash equivalents	15,345	*19*
39,735	**Current Assets**	**44,816**	
(11,287)	Short-term borrowing	(15,636)	*16*
(36,071)	Short-term creditors	(39,510)	*20*
0	Short term capital receipts in advance	(1,750)	*20*
(1,315)	Provisions	(1,775)	*21*
(48,673)	**Current Liabilities**	**(58,671)**	
(2,508)	Provisions	(4,367)	*21*
(120,682)	Long-term borrowing	(118,115)	*16*
(96,568)	Other long-term liabilities (PPP contract)	(94,407)	*15*
(62)	Other long-term liabilities (finance leases)	(48)	*29*
(102,762)	Other long-term liabilities (pensions)	(129,754)	*31*
(339)	Capital receipts in advance	(567)	*20*
(322,921)	**Long-term Liabilities**	**(347,258)**	
353,076	**Net Assets**	**324,396**	
32,188	Usable Reserves	30,918	*22*
320,888	Unusable Reserves	293,478	*23*
353,076	**Total Reserves**	**324,396**	

The unaudited annual accounts were issued on 27 June 2013 and the audited accounts were authorised for issue on 23 September 2013.

I certify that this presents a true and fair view of the financial position of the Council at 31 March 2013, and its income and expenditure for the year ended 31 March 2013.

....

Ian Black
Director of Finance & Shared Services
23 September 2013

Cash Flow Statement

2011/12 (Restated)		2012/13	
£000		£000	£000
(6,856)	**Net (Surplus) or Deficit on the Provision of Services**		17,078
	Non-Cash Transactions		
(23,597)	Depreciation and impairment	(26,659)	
(7,245)	Revaluations	(13,423)	
(254)	Amortisation	(306)	
(389)	(Increase)/decrease in provision for bad debts	1,246	
(1,683)	Increase/(decrease) in debtors	2,313	
5,129	(Increase)/decrease in creditors	(4,309)	
(141)	Increase/(decrease) in stocks and work in progress	43	
(1,385)	Movement in pension liability	(2,266)	
(3,702)	Carrying amount of fixed & intangible assets sold	(1,343)	
(1,832)	Other non-cash transactions	(2,758)	
(35,099)			(47,462)
	Adjust for Items in Net Surplus or Deficit that are Investing and Financing Activities		
0	Proceeds from short-term and long-term investments	0	
4,621	Sale of fixed and intangible assets	1,184	
21,748	Other financing and investment activities	10,473	
26,369			11,657
(15,586)	**Net Cash Flows from Operating Activities**		**(18,727)**
	Investing Activities		
30,332	Purchase of fixed and intangible assets	32,041	
0	Purchase of short and long term investments	0	
0	Other payments for investing activities	0	
(4,602)	Sale of fixed and intangible assets	(1,421)	
0	Sale of short and long term investments	0	
(11,541)	Other receipts from investing activities	(21,176)	
14,189			**9,444**
	Financing Activities		
(11,611)	Cash receipts from short and long term borrowing	(8,558)	
0	Other receipts from financing activities	0	
2,329	Reducing liabilities on finance leases and PPP	2,281	
11,323	Repayment of short and long term borrowing	6,775	
223	Other payments for financing activities	220	
2,264			**718**
867	**Net (increase)/decrease in cash and cash equivalents**		**(8,565)**
(7,647)	Cash and cash equivalents at beginning of the year		(6,780)
(6,780)	**Cash and cash equivalents at the end of the year**		**(15,345)**

31 March 2012	Cash and Cash Equivalents	31 March 2013
£000		£000
(116)	Cash held by officers	(81)
2,159	Bank current accounts	283
(8,823)	Short term deposits (Temporary investments)	(15,547)
(6,780)	**Total cash and cash equivalents**	**(15,345)**

2011/12	Cash Flow Statement: Interest Paid and Received	2012/13
£000		£000
(53)	Interest Received	(106)
16,040	Interest Paid	16,006

Notes to the Principal Financial Statements

Note 1 Accounting Policies

1.1 General Principles

The Statement of Accounts summarise East Dunbartonshire Council's (the Council) transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Council is required to prepare an annual Statement of Accounts by the *Local Authority Accounts (Scotland) Regulations 1985* and Section 12 of the *Local Government in Scotland Act 2003* requires these to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2012/13* (the Code) and the *Service Expenditure Reporting Code of Practice 2012/13,* supported by International Financial Reporting Standards (IFRS). In cases where accounting practices and legislative requirements conflict, the latter will apply. This is in agreement with the accounting concept of 'primacy of legislative requirements'.

The accounts are designed to give a 'true and fair view' of the financial performance and position of the Council for 2012/13. Comparative figures for 2011/12 are provided. The accounting concepts of 'materiality', 'accruals' and 'going concern' have been considered in the application of accounting policies. The materiality concept means that information is shown where it is of such significance as to justify its inclusion. Both the quantitative and qualitative aspects of information are included in this consideration. The accruals concept is outlined in **Note 1.2**. The accounts are drawn up on a going concern basis, based on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The accounting convention adopted in the Annual Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Where a change in accounting policy is required by the Code, or is voluntarily made, the Council is required to make additional disclosures. In 2012/13 an accounting policy change has been made and the disclosure requirements form **Note 1.28**.

1.2 Accruals of Income and Expenditure

Financial activities are accounted for in the year that they take place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the purchaser and it is probable that economic benefits or service potential 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 it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- supplies are recorded as expenditure when they are consumed – where the amount involved is material and there is a gap between the year when supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made

- 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 the cash flows fixed or determined by the contract
- when revenue and expenditure have been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected

Where the Council is acting as an agent for another party, e.g. in the collection of Non-Domestic Rates, income and expenditure is recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

1.3 Acquisitions and Discontinued Operations

Financial year 2010/11 was the last year of operation of the Council's only significant trading operation, Property Maintenance, and an annual review demonstrates this still to be the case. There is, therefore, no longer anything to report for trading operations.

Additional policy detail will be considered for any future acquired or discontinued operations, or operations transferred under machinery of government arrangements.

1.4 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 the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. 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.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.5 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, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

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

1.6 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the non-current assets used by the relevant service

- revaluation and impairment losses on non-current assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible non-current assets attributable to the service

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance or loans fund principal charges). The Council makes this provision from revenue through its loans fund principal charges. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by loans fund principal charges against the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.7 Construction Contracts

Work in progress under construction contracts is accounted for using the percentage of completion method. Contract revenue is matched with contract costs incurred in reaching the state of completion at the balance sheet date.

1.8 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus / Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees, but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision 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 Statement when the Council is demonstrably committed to providing the termination benefits.

Where termination benefits involve the enhancement of pensions, they are treated as pension costs for the purposes of the statutory transfer between the Pension Reserve and the General Fund of the amount by which 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 Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

- the Teachers' Pension Scheme, known as the Scottish Teachers' Superannuation Scheme (STSS) is a defined benefit scheme administered by the Scottish Government
- the Local Government Pension Scheme (LGPS) is a defined benefit statutory scheme, operated by Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the *Local Government Pension Scheme (Scotland) Regulations 1998*

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees of the Council.

However, the arrangements for STSS mean that liabilities for these benefits cannot be identified specifically to the Council. STSS is therefore accounted for as if it were a defined contributions scheme; no liability for future payments of benefits is recognised in the Balance Sheet and the Education Service line in the Comprehensive Income and Expenditure Statements is charged with the employer's contributions payable in the year.

The Local Government Pension Scheme

The LGPS is accounted for as a defined benefits scheme:

- the liabilities of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees
- liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds (those rated AA as prescribed by IAS19)
- the assets of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- the change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as a result of years of service earned this year

    allocated in the **Comprehensive Income and Expenditure Statement** *to the services for which the employees worked*
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years

    debited to the Surplus / Deficit on the Provision of Services in the **Comprehensive Income and Expenditure Statement** *as part of Non Distributed Costs*

- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid

  debited to the Financing and Investment Income and Expenditure line in the **Comprehensive Income and Expenditure Statement**

- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return

  credited to the Financing and Investment Income and Expenditure line in the **Comprehensive Income and Expenditure Statement**

- gains / losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees

  debited / credited to the Surplus / Deficit on the Provision of Services in the **Comprehensive Income and Expenditure Statement** *as part of Non Distributed Costs*

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

  debited to the Pensions Reserve

- contributions paid to the Strathclyde Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities

  not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance 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 according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby 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 are earned by employees.

<u>Discretionary Benefits</u>

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) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

1.9 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 Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of

events would have a material effect disclosure is made in the notes to the accounts of the nature of the events and their estimated financial effect

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.10 Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of 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.

1.11 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are 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 on 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 borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and 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 and 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. The Council has a policy of spreading the gain / loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. Premiums and discounts that were on the Balance Sheet as at 31 March 2007 are written off in accordance with the schedules in place at that time, however premiums and discounts that are incurred as a result of transactions that have taken place since 1 April 2007 are written off in accordance with regulations as follows:

- Modified Loans
    - both old and new premiums and discounts are amortised over the life of the new loan using the effective interest rate as noted above
- Unmodified Loans
    - new premiums and discounts are written off over the life of the new loan (if fixed) or over a maximum of 20 years (if variable or with an option to vary)
    - old premiums are written off over a maximum of 20 years

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

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

A Financial guarantee given by the authority is recognised at fair value and assessed for the probability of the guarantee being called and the likely amount payable under the guarantee. Any material provision for this is recognised in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed.

1.12 Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of 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 assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written-down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus / Deficit on Revaluation of Available-for-Sale Financial Assets line in the Comprehensive Income and Expenditure Statement. The exception is where impairment losses have been incurred; these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain / loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written-down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses previously recognised in the Available for Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

1.13 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attaching 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 or future economic benefits 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 receivables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be 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.

1.14 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. software licences, are capitalised when it is expected that future economic or service benefits will flow from the intangible asset to the Council.

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised 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 / Deficit on the Provision of Services when the asset is derecognised.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.15 Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

1.16 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

1.17 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Where such properties are held, measurement is initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental income received is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. However, revaluation and disposal gains / losses are not permitted by statutory arrangements to have an impact on the General Fund balance and are therefore reversed in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sales proceeds, the Capital Receipts Reserve.

1.18 Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with its partner organisations that involve the use of the assets and resources of the partners rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and its partners, with the assets being used to obtain benefits for all the partners. The joint venture does not involve the establishment of a separate entity. The Council accounts for its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

1.19 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Council as Lessee</u>

- Finance Leases

  Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write-down the lease liability
- a finance charge – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

The Council has entered into a management arrangement to operate Common Good land and buildings as they are identified as such. This agreement is essentially a finance lease type arrangement whereby the Council remains responsible for all costs and any income relating to the assets, including the use of the asset, in return for a payment of £1 if asked.

Asset management practice is to investigate the issue of Common Good where there are proposals for the sale or development of any Council owned land or property.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

- Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments, e.g. there is a rent-free period at the commencement of the lease.

The Council as Lessor

- Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) 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. A gain, representing the Council's net investment in the lease, is 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, matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- o a charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received)
- o finance income - credited to the Financing and Investment Income and Expenditure line in the 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 is required to be treated as a capital receipt. Where a premium has been received, this is posted from the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount 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 for the charge for the acquisition of the interest in the property 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 disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

- Operating Leases

  Where the Council grants an operating lease over a property or an item of plant or equipment, 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 this does not match the pattern of payments, e.g. there is a premium paid at the commencement of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.20 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Expenditure Reporting Code of Practice 2012/13* (SERCOP). The total absorption costing principle is used; the full cost of overheads and support services are shared between users in proportion to the benefit received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council’s status as a multi-functional, democratic organisation
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and paid through the pension funds and any depreciation and impairment losses chargeable on surplus assets in property, plant and equipment

These two cost categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

1.21 Heritage Assets

The authority holds heritage assets of four main types:

- Artworks & Exhibits
- Archives
- Civic Regalia
- Memorials & Monuments

Artworks and exhibits are the responsibility of the Museums Service in the delivery of the key objective of celebrating 'the rich and diverse heritage of the area by providing access to collections, quality exhibitions, events, educational programmes and activities for both local audiences and visitors'. These works are held at two main locations:

- Lillie Art Gallery
- Auld Kirk Museum complex

The Archives Service has responsibility for the collection and preservation of records of historical interest in relation to East Dunbartonshire in order to ensure that their heritage will survive for the future. These records include documents, photographs and maps pertaining to the area.

The Civic Regalia relates to the chains of office held at Civic Headquarters in Kirkintilloch and worn by office bearers (such as the Provost and Deputy Provost) at ceremonial and civic events.

Memorials and monuments are the responsibility of Roads and Neighbourhood Services. These assets include memorial structures and buildings as well as bandstands, statues and fountains.

As a general policy, heritage assets are recognised on the balance sheet where the authority has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the asset is not recognised on the balance sheet.

The carrying amounts of heritage assets 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 authenticity. Any impairment is recognised and measured in accordance with the authority's general policies on impairment. It is likely that disposals of heritage assets will be made only very occasionally. Where this does occur, the proceeds of such items will be accounted for in accordance with authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

<u>Artworks & Exhibits</u>

The art collection includes paintings (both oil and watercolour), sketches and engravings. Exhibits include sculptures, antique furniture and pottery. Assets are reported in the balance sheet at market value. Following an initial full valuation of artwork, further formal valuations will be commissioned where it is considered that there could potentially be a material change in the value of the assets held and where the value of the asset is estimated to be in excess of £10,000. These valuations will be formally commissioned from an external valuer.

The assets within the art and exhibits collections are deemed to have indeterminate lives and a high residual value; hence the authority does not consider it appropriate to charge depreciation

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

Archives

The collection of archived records and ephemera document the history of the local area. These collections are not recognised on the balance sheet as cost information is not readily available and the authority believes that the benefits of obtaining the valuation for these items would not justify the cost. Nearly all the items are believed to have an immaterial value.

The majority of items within the collections have been acquired by donation over time.

Civic Regalia

Civic regalia predominately relates to the collection of Provost and Magistrate Chains of Office. These are reported in the balance at market value. Following an initial full valuation of civic regalia, 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.

It would be relatively rare for the authority to purchase, or dispose of, items of civic regalia. East Dunbartonshire Council commissioned an EDC-specific Provost’s chain on reorganisation at 1 April 1996. Other assets held relate to chains of office for predecessor authorities (Strathkelvin District Council, Bearsden & Milngavie District Council, The Town Council of the Burgh of Kirkintilloch, The Town Council of the Burgh of Bearsden, The Town Council of the Burgh of Milngavie and The Town Council of the Burgh of Bishopbriggs).

Memorials & Monuments

The authority holds and maintains memorials and monuments of historic significance, many of which are tributes to the war dead. These are recognised on the balance sheet where there has been capital spend to improve or refurbish the assets. It is considered that there is a lack of available, comparable market values to establish a ‘fair value’. Assets which have not had enhancing capital spend are not recognised on the balance sheet as information on historical cost is not available.

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

1.22 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others of for administrative purposes 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 item can be measured reliably.

Expenditure that maintains, but does not add to an asset's potential to deliver future economic benefits or service potential, i.e. repairs and maintenance, is charged as an expense direct to service revenue accounts when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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 is 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.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – historical cost
- schools and other specialised property assets – depreciated replacement cost
- 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

- dwellings – fair value

  determined using the basis of existing use value for social housing (EUV-SH)

- all other assets – fair value

  determined the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end but, as a minimum, every five years.

Land and buildings will be revalued in accordance with the valuer's five year programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset 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 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

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

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

Assets that are to be abandoned or scrapped are not reclassified as assets-held-for-sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets-held-for-sale) is written off to the Surplus and Deficit on the Provision of Services 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. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal of an asset are categorised as capital receipts. The balance of receipts is credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, 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.

<u>Depreciation</u>

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, and assets that are not yet available for use, i.e. assets under construction.

Deprecation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight line allocation of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over a maximum of 40 years

Where an item of property, plant and equipment asset 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 value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

1.23 Public Private Partnerships (PPP), Private Finance Initiative (PFI) 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 PPP contractor. As the Council is deemed to control the services that are provided under its PPP schemes and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Council's Schools PPP scheme, the liability is written down by capital contributions to the scheme, as outlined in the relevant note to the accounts.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- fair value of the services received during the year

  debited to the relevant service in the **Comprehensive Income and Expenditure Statement**

- finance cost

  a contractual interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the **Comprehensive Income and Expenditure Statement**

- contingent rent

  increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the **Comprehensive Income and Expenditure Statement**

- payment towards liability

  applied to write down the Balance Sheet liability towards the PPP operator (the profile of write-downs is calculated using the same principles as for a finance lease)

- lifecycle replacement costs

  proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out

1.24 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where the Council has a present obligation, either legal or constructive, as a result of a past event that results in probable outflow of resources embodying economic benefits or service potential being required to settle an obligation and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year; where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party, e.g. from an insurance claim, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

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 disclosed in a note to the accounts, unless the possibility of an outflow of resources embodying economic benefits or services potential is remote.

Contingent Assets

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.

1.25 Reserves

Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the General Fund balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are maintained to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council; these reserves are explained in the relevant policies below.

1.26 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses the amounts charged so that there is no impact on the level of Council Tax.

1.27 VAT

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

1.28 Change in Accounting Policy

In 2011/12 the Council calculated its annual leave accrual in relation to teachers based on the revised pay and conditions set at the Scottish Negotiating Committee for Teachers (SNCT) of 26 May 2011. This resulted in a substantial decrease in the number of days leave due at 31 March 2012, the impact of which was reflected in a substantial decrease in the Employee Statutory Adjustment Account.

At its meeting of 14 February 2013, the Local Negotiating Committee for Teachers (LNCT) in East Dunbartonshire discussed the practical difficulties in implementing the changes to teachers' pay and conditions agreed by the SNCT. As COSLA guidance to resolve these issues was unlikely to be available for some months it was agreed to return to the previous annual leave calculations until such time as the guidance was received. The Council has therefore used the previous basis to calculate the Short-Term Accumulated Compensating Absences accrual for 2012/13. This has resulted in a substantial increase in the accrual figure and so, in order to present a true and fair view of the costs, the Council is restating the 2011/12 accounts on the same basis.

The fully restated closing balance for 2011/12 is on page 29. The adjustments that have been made to the financial statements over the version published in 2011/12 are as follows:

Effect on Opening Balance Sheet 31 March 2012

	Previously Stated 31 March 2012 £000	**Restated 31 March 2012 £000**	**Adjustment 2011/12 £000**
Short-term creditors	(32,093)	(36,071)	(3,978)
Current liabilities	(44,695)	(48,673)	(3,978)
Net Assets	357,054	353,076	(3,978)
Unusable Reserves	(324,866)	(320,888)	3,978
Total Reserves	(357,054)	(353,076)	3,978

Movement in Reserves Statement

General Fund	**Previously Stated 31 March 2012 £000**	**Restated 31 March 2012 £000**	**Adjustment 2011/12 £000**
Surplus or Deficit on Provision of Services	13,816	9,838	(3,978)
Adjustment between Accounting Basis and Funding Basis (Note 7)	(13,709)	(9,731)	3,978
Balance at 31 March 2012	10,999	10,999	0

Comprehensive Income and Expenditure Statement

	Previously Stated 31 March 2012 £000	Restated 31 March 2012 £000	Adjustment 2011/12 £000
Net Expenditure or (Income): Education	113,068	117,046	3,978
Net Cost of Services	235,533	239,511	3,978
(Surplus) or Deficit on the Provision of Services	(10,834)	(6,856)	3,978
(Surplus)/Deficit for the year	27,874	31,852	3,978

Cash Flow Statement

There is a nil net effect on the cash flow statement with equal and opposite adjustments to the 'Net (Surplus) or Deficit on the Provision of Services' and '(Increase)/decrease in creditors'.

Note 2 Accounting Standards Issued Not Adopted

Accounting standards issued but not adopted in 2012/13 are:

- amendments to *IAS 1: Presentation of Financial Statements* (other comprehensive income, June 2011)
- amendments to *IFRS 7: Financial Instruments: Disclosures* (offsetting financial assets and liabilities, December 2011)
- amendments to *IAS 12: Income Taxes* (deferred tax: recovery of underlying assets, December 2010)
- amendments to *IAS 19: Employee Benefits* (June 2011)

The change of accounting policies is effective from 1 April 2013 and there is no impact of this change on the accounts covering the 2012/13 Financial Statements.

The amendments to *IAS 1* will result in a presentational change only on the face of the Comprehensive Income and Expenditure Statement. The amendments to *IFRS 7* and *IAS 12* will not have a material impact on the Financial Statements of the authority.

In terms of the new changes to *IAS19*, these will require to be adopted retrospectively for the prior year. The key change relates to the Expected Return on Assets, which is currently credited to the Surplus or Deficit on the Provision of Services. However, from 2013 this is effectively replaced with an equivalent figure using the discount rate (as opposed to that calculated using the Expected Return on Assets assumption).

While the overall impact is expected to be cost neutral, there will be a redistribution of costs within the Comprehensive Income and Expenditure Statement. By way of illustrating the impact of the accounting change upon the current year, there would be an increase in pensions interest cost and expected return on assets of £3.444m (as assessed by the actuaries of Strathclyde Pension Fund) chargeable to the 'Surplus or Deficit on the Provision of Services', with a compensating reduction in actuarial (gains) or losses on pension assets and liabilities chargeable to 'Other Comprehensive Income and Expenditure'.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in **Note 1**, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- in assessing lease-type arrangements to determine appropriate classification as operating or finance leases, the accounting policy in **Note 1.19** is applied. An overall assessment is made on the basis of the substance of each arrangement after taking account of the indicative tests per *IAS17*.
- the Council has entered in Public Private Partnership (PPP) agreement for the provision and maintenance of six secondary school facilities. After consideration of the applicable tests under *IFRIC12*, it has been concluded that these are service concession arrangements as the Council controls the services provided under the scheme and will assume ownership of the schools at the end of the contract for no additional charge. The assets used to provide services at the schools are recognised on the balance sheet of the Council.
- the Council has entered into an arrangement to manage certain land and buildings that are ‘Common Good’. After consideration of the tests under *IFRIC4*, this management agreement is deemed to be a finance lease arrangement on the basis that the Council assumes the risks and rewards of ownership. These assets are included within ‘Property, Plant and Equipment’ on the Council’s balance sheet.
- there are no assets categorised as ‘Investment Property’ on the balance sheet on the basis that assets are used in the delivery of services or held for the proposes of economic regeneration.
- the Council has considered exposure to possible losses and made provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation or, in the judgement of the Council it is not probable that a transfer of economic benefit will materialise, disclosure has been made per the contingent liabilities note (**Note 33**).

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are:

Uncertainties	**Effect if results differ from Assumptions**
• Property, plant and equipment	
Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets	If the useful life of assets is reduced, depreciation increases and the carrying amount of asset falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £0.8m for every year that useful lives had to be reduced
• Equal pay	
The Council has made a provision of £4m for the potential outcome of outstanding claims arising from the Equal Pay Initiative. The potential cost of known claims will continue to be reviewed in 2013/14 and further funds will be set aside if appropriate. In addition, there may be other groups of employees who will raise a potential claim against the Council, and this will also need to be assessed.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £0.400m to the provision needed
• Pensions liability	
Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied	The effects on the net pensions liability of changes in individual assumptions can be measured. **Note 31** to the Principal Financial Statements includes a sensitivity analysis showing the impact of varying certain assumptions. For instance, a 1 year increase in member life expectancy would result in an increase in the pension liability of £15.066m
• Collection levels of arrears	
At 31 March 2013, the Council had a balance of sundry debtors of £5.8m. A review of significant balances suggested that an allowance for doubtful debts of £2.6m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient	If collection rates were to deteriorate, a 10% increase in the amount of doubtful debts would require an additional £0.260m to be set aside as an allowance

continued../

Uncertainties	Effect if results differ from Assumptions
• Restructuring provision	
An Organisational Planning report to Council on 14 December 2013 outlined a new service delivery model which reduced the senior management team by 31%. The new delivery model contains six new strategic remits. Savings of approximately £1m were anticipated in 2013/14 and £3.5m in 2014/15 after full implementation of this new structure. The new structure will result in a reduction in posts and the Council is committed to achieve this through voluntary means. The existing provision of £1.419m is based on known redundancy and early retiral costs approved prior to 31 March 2013. At the balance sheet date there was still significant uncertainty around the detail of the structure, grading of posts, and the timing of implementation.	Given the uncertainty around the detail and timing of implementation, it is reasonably possible that a further adjustment will be required to this provision.

Note 5 Material Items of Income and Expense

Where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES), 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	(Income) / Expenditure Amount £000
Unitary Charge Payment	Public Private Partnership (PPP) agreement for the provision of six secondary schools	13,636
Employee payments	Cost of redundancies and early retirals	2,792
Insurances	Insurance premiums for all policies, including the cost of policy excesses	1,100
Landfill Tax	Landfill Tax is a tax paid on the disposal of waste. It is payable to Her Majesty's Revenue and Customs (HMRC)	2,086
Housing Benefit Paid	Benefit paid to support customers on low incomes with housing rent costs	18,394
Council Tax Benefit Paid	Benefit paid to support customers on low incomes with the cost of council tax	4,784
Net Care Home Costs	Payments made by the Council to care home providers	10,931

Material items of income credited to service revenue accounts within the CIES largely relate to grants and contributions and these are disclosed in **Note 27 Grant Income**. Subsidy income in relation to the payments of Housing Benefit and Council Tax Benefit (included in the table above) is also disclosed at **Note 27**.

Note 6 Events after the Balance Sheet Date

The Director of Finance & Shared Services issued the Unaudited Statement of Accounts on 27 June 2013 and the Audited Statement of Accounts were authorised for issue on 23 September 2013. There have been no material events since the date of the Balance Sheet which necessitates revision to the figures in the financial statements or notes thereto including contingent assets or liabilities.

The Council has one non-adjusting event, detailed within **Note 33 Contingent Assets and Liabilities**. The Council's potential liability cannot be estimated reliably as at the date of issue of the Statement of Accounts.

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments made to the total comprehensive income and expenditure in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2012/13	Adjustment to Capital Fund/Capital Receipts Reserve	Adjustments to Comprehensive Income & Expenditure	Corresponding Adjustments to Unusable Reserves					
			Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Employee Statutory Adjustment Account	Net Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Charges for depreciation and impairment of non-current assets	0	26,659	0	0	(26,659)	0	0	(26,659)
Amortisation of intangible assets	0	306	0	0	(306)	0	0	(306)
Revaluation loss charged to comprehensive income and expenditure account	0	13,423	0	0	(13,423)	0	0	(13,423)
Capital grants and contributions applied	0	(10,473)	0	0	10,473	0	0	10,473
Capital expenditure charged in-year to the General Fund balance	0	(1,485)	0	0	1,485	0	0	1,485
Capital receipts applied to fund capital expenditure	0	0	0	0	0	0	0	0
Capital grants unapplied	0	0	0	0	0	0	0	0
Capital fund applied to fund capital expenditure	(2,000)	0	0	0	2,000	0	0	2,000
Net (gain) or loss on non-current asset disposals	0	159	0	0	(159)	0	0	(159)
Other asset disposal adjustments	0	0	(366)	0	366	0	0	0
Statutory provision for the financing of capital investment	0	(12,986)	0	0	12,986	0	0	12,986
Depreciation relating to revaluation balance (rather than historic cost)	0	0	(2,120)	0	2,120	0	0	0
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	0	15,131	0	(15,131)	0	0	0	(15,131)
Employers' pension contributions payable in the year	0	(12,865)	0	12,865	0	0	0	12,865
Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	(62)	0	0	0	0	62	62
Total Adjustments	**(2,000)**	**17,807**	**(2,486)**	**(2,266)**	**(11,117)**	**0**	**62**	**(15,807)**

2011/12 (Restated) Comparative Information	Adjustment to Capital Fund/Capital Receipts Reserve	Adjustments to Comprehensive Income & Expenditure	Corresponding Adjustments to Unusable Reserves					
			Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Employee Statutory Adjustment Account	Net Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Charges for depreciation and impairment of non-current assets	0	23,597	0	0	(23,597)	0	0	(23,597)
Amortisation of intangible assets	0	254	0	0	(254)	0	0	(254)
Revaluation loss charged to comprehensive income and expenditure account	0	7,245	0	0	(7,245)	0	0	(7,245)
Capital grants and contributions applied	0	(21,748)	0	0	21,748	0	0	21,748
Capital expenditure charged in-year to the General Fund balance	0	(1,461)	0	0	1,461	0	0	1,461
Capital receipts applied to fund capital expenditure	(71)	0	0	0	71	0	0	71
Capital grants unapplied	12,166	0	0	0	(12,166)	0	0	(12,166)
Net (gain) or loss on non-current asset disposals	0	(919)	0	0	919	0	0	919
Other asset disposal adjustments	0	0	(622)	0	622	0	0	0
Statutory provision for the financing of capital investment	0	(13,236)	0	0	13,236	0	0	13,236
Depreciation relating to revaluation balance (rather than historic cost)	0	0	(1,318)	0	1,318	0	0	0
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	0	14,636	0	(14,636)	0	0	0	(14,636)
Employers' pension contributions payable in the year	0	(13,251)	0	13,251	0	0	0	13,251
Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	(1,464)	0	0	0	0	1,464	1,464
Total Adjustments	**12,095**	**(6,347)**	**(1,940)**	**(1,385)**	**(3,887)**	**0**	**1,464**	**(5,748)**

Note 8 Transfers to or from Other Statutory Reserves

This note sets out the amounts set aside from the General Fund in statutory reserves established under Schedule 3 of the *Local Government (Scotland) Act 1975* to provide financing for future expenditure plans and the amounts transferred back to meet General Fund expenditure in 2012/13. Figures for 2011/12 are provided in an additional table below for the purposes of comparison.

2012/13	**General Fund Balance**	**Transfers to or from Other Statutory Reserves**			
		Capital Receipts Reserve	**Capital Grants Unapplied Account**	**Capital Fund**	**Other Statutory Funds**
	£000	**£000**	**£000**	**£000**	**£000**
Revenue Expenditure funded from capital under statute	1,433	0	0	(2,061)	628
Total Adjustments	**1,433**	**0**	**0**	**(2,061)**	**628**

2011/12 Comparative Information	**General Fund Balance**	**Transfers to or from Other Statutory Reserves**			
		Capital Receipts Reserve	**Capital Grants Unapplied Account**	**Capital Fund**	**Other Statutory Funds**
	£000	**£000**	**£000**	**£000**	**£000**
Revenue Expenditure funded from capital under statute	983	0	0	(983)	0
Total Adjustments	**983**	**0**	**0**	**(983)**	**0**

Note 9 Property, Plant and Equipment

9.1 Movement on Balances

The movements on balances for Property, Plant and Equipment are shown in the following table. Figures for 2011/12 are provided in an additional table for the purposes of comparison.

Movements in 2012/13	Assets Under Construction £000	Infrastructure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Other Land & Buildings £000	Council Dwellings £000	Surplus Assets Not For Sale £000	Total £000	Schools PPP Assets (1) £000
Cost or Valuation									
At 1 April 2012	4,604	141,883	2,986	16,094	423,697	156,770	2,567	748,601	126,446
Additions	3,704	9,919	0	4,647	5,146	6,586	594	30,596	19
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0	0	0	6,093	1,813	118	8,024	0
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	(15,176)	(457)	0	(15,633)	0
Derecognition – Disposals	(23)	0	0	(1)	(77)	(488)	0	(589)	0
Derecognition – Other	0	0	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	(7,574)	0	50	(7,524)	0
Other Reclassification	(207)	0	0	0	(19)	(62)	288	0	0
Other movements in Cost or Valuation	0	0	0	0	0	0	0	0	0
At 31 March 2013	**8,078**	**151,802**	**2,986**	**20,740**	**412,090**	**164,162**	**3,617**	**763,475**	**126,465**
Accumulated Depreciation and Impairment									
At 1 April 2012	0	(32,161)	0	(9,201)	(6,303)	(19,941)	(6)	(67,612)	0
Depreciation charge	0	(3,185)	0	(1,826)	(13,719)	(5,682)	(5)	(24,417)	(3,832)
Depreciation written out to the Revaluation Reserve	0	0	0	0	4,493	350	37	4,880	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	6,567	255	0	6,822	0
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	(1,523)	(564)	(2,087)	0
Derecognition – Disposals	0	0	0	1	69	115	0	185	0
Derecognition – Other	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Assets Held for Sale	0	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	43	(2)	(41)	0	0
At 31 March 2013	**0**	**(35,346)**	**0**	**(11,026)**	**(8,850)**	**(26,428)**	**(579)**	**(82,229)**	**(3,832)**
Net Book Value									
At 31 March 2013	**8,078**	**116,456**	**2,986**	**9,714**	**403,240**	**137,734**	**3,038**	**681,246**	**122,633**
At 31 March 2012	**4,604**	**109,722**	**2,986**	**6,893**	**417,394**	**136,829**	**2,561**	**680,989**	**126,446**

Movements in 2012/13	Assets Under Construction £000	Infrastructure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Other Land & Buildings £000	Council Dwellings £000	Surplus Assets Not For Sale £000	Total £000	Schools PPP Assets (1) £000
Nature of asset holding at 31 March 2013									
Owned	8,078	116,456	2,986	9,714	278,952	137,734	3,038	556,958	0
Finance Lease Type Arrangement: Common Good (2)	0	0	0	0	1,579	0	0	1,579	0
Finance lease	0	0	0	0	76	0	0	76	0
PPP	0	0	0	0	122,633	0	0	122,633	122,633
Total	**8,078**	**116,456**	**2,986**	**9,714**	**403,240**	**137,734**	**3,038**	**681,246**	**122,633**

Comparative Movements in 2011/12	Assets Under Construction £000	Infrastructure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Other Land & Buildings £000	Council Dwellings £000	Surplus Assets Not For Sale £000	Total £000	Schools PPP Assets [1] £000
Cost or Valuation									
At 1 April 2011	1,266	134,305	3,525	16,311	437,327	152,214	424	745,372	134,518
Additions	5,337	7,185	0	3,337	11,107	3,752	0	30,718	0
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0	0	0	(518)	33	60	(425)	(2,856)
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	(20,110)	0	0	(20,110)	(5,301)
Derecognition – Disposals	0	0	(54)	(785)	(344)	(1,164)	0	(2,347)	0
Derecognition – Other	0	0	0	0	0	(3)	0	(3)	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	(6,025)	0	2,000	(4,025)	0
Assets reclassified (to)/from Heritage Assets	0	(91)	(485)	0	0	0	0	(576)	0
Other Reclassification	0	0	0	(3)	0	0	0	(3)	0
Other movements in Cost or Valuation	(1,999)	484	0	(2,766)	2,260	1,938	83	0	85
At 31 March 2012	**4,604**	**141,883**	**2,986**	**16,094**	**423,697**	**156,770**	**2,567**	**748,601**	**126,446**
Accumulated Depreciation and Impairment									
At 1 April 2011	0	(29,011)	0	(8,985)	(9,137)	(13,644)	0	(60,777)	(3,301)
Depreciation charge	0	(3,021)	0	(1,399)	(12,808)	(5,558)	0	(22,786)	(3,846)
Depreciation written out to the Revaluation Reserve	0	0	0	0	3,673	0	0	3,673	1,410
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	12,529	0	0	12,529	5,805
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	(61)	0	(61)	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	23	(833)	0	(810)	0
Derecognition – Disposals	0	0	0	355	114	148	0	617	0
Derecognition – Other	0	0	0	0	0	3	0	3	0
Eliminated on reclassification to Assets Held for Sale	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Heritage Assets	0	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	(129)	0	828	(697)	4	(6)	0	(68)
At 31 March 2012	**0**	**(32,161)**	**0**	**(9,201)**	**(6,303)**	**(19,941)**	**(6)**	**(67,612)**	**0**
Net Book Value									
At 31 March 2012	**4,604**	**109,722**	**2,986**	**6,893**	**417,394**	**136,829**	**2,561**	**680,989**	**126,446**
At 31 March 2011	**1,266**	**105,294**	**3,525**	**7,326**	**428,190**	**138,570**	**424**	**684,595**	**131,217**

Comparative Movements in 2011/12	Assets Under Construction £000	Infrastructure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Other Land & Buildings £000	Council Dwellings £000	Surplus Assets Not For Sale £000	Total £000	Schools PPP Assets (1) £000
Nature of asset holding at 31 March 2012									
Owned	4,604	109,722	2,986	6,893	289,994	136,829	2,561	553,589	0
Finance Lease Type Arrangement: Common Good (2)	0	0	0	0	875	0	0	875	0
Finance lease	0	0	0	0	79	0	0	79	0
PPP	0	0	0	0	126,446	0	0	126,446	126,446
Total	**4,604**	**109,722**	**2,986**	**6,893**	**417,394**	**136,829**	**2,561**	**680,989**	**126,446**

<u>Notes</u>

(1) Schools PPP Assets included in total for *Other Land & Buildings*.

(2) Common Good Assets

A management arrangement was approved during 2011/12 whereby the Council operates land and property identified as Common Good. Under this agreement, the Council remains responsible for all costs and income relating to such assets and is entitled to use them.

International Financial Reporting Standards and associated guidance (*IFRIC 4: Determining Whether an Arrangement Contains a Lease*) require arrangements that convey the right to use an asset to be accounted for as a lease, even where they do not have the legal form of a lease. It has been determined that this arrangement has the substance of a finance lease, with the Council assuming the risks and rewards of ownership. The land and buildings are, therefore, disclosed on the Balance Sheet of the Council and not that of the Common Good.

9.2 Depreciation

Depreciation methods applied are disclosed separately in **Note 1 Accounting Policies** under section **1.22 Property, Plant and Equipment**.

9.3 Commitments under Capital Contracts

At 31 March 2013, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment and for contributions to capital works budgeted to cost £7.848m. Similar contracts at 31 March 2012 were £5.263m. The detailed projects are:-

Details	**£000**
Housing New Build project – Lammermoor Road	545
Housing New Build project – Fern Ave	448
Housing New Build project – Southbank	2,030
Housing New Build project – Meiklehill House	1,705
Housing New Build project – Townhead Clinic	1,165
Housing New Build project – Kirkintilloch Road	658
Purchase of new bins	1,297
Total	**7,848**

9.4 Effect of Changes in Estimates

The Council made no material changes to its accounting estimates for Property, Plant and Equipment during the year.

9.5 Revaluation Programme

The Council carries out a rolling programme that ensures all property, plant & equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out internally. Valuations of land and buildings are undertaken by the Council's valuer, who holds a qualification from the Royal Institution of Chartered Surveyors (RICS) and works within the authority's Assets & Property Services. They are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS.

The significant assumptions applied in estimating the fair values are:

- historic cost is used as a proxy for fair value with regards to the valuation of vehicles, plant, furniture & equipment. Authorities may elect to adopt this approach for non-property assets that have short useful lives or low values (or both)
- if there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, authorities may need to estimate fair value using a *depreciated replacement cost* (DRC) approach. The fair value of council dwellings shall be measured using *existing use value – social housing* (EUV-SH). EUV-SH and DRC are methods of valuation that are based on fair value with additional special assumptions for each of the respective methods

Revaluation Cycle	**Last**	**Next**
<u>Property Type</u>		
Council Dwellings (excl. lock ups)	01/04/2009	31/03/2014
Other Land & Buildings (Phase 1)	31/03/2012	31/03/2017
Commercial & Industrial Property	31/03/2011	31/03/2016
Other Land & Buildings (Phase 2)	31/03/2013	31/03/2018
Lockups	31/03/2013	31/03/2018

Other land & buildings may also be revalued where there is evidence of a potential change in value, due to instances such as in-year capital investment or impairment. These properties are revalued by the Council's valuer and any change in carrying value will be reflected in the accounts as a revaluation or impairment. For example, where roofing, window replacement or structural works carried out on council dwellings are deemed to extend the useful life of the asset but not increase the carrying value, an impairment adjustment will be made against the assets concerned.

Note 10 Intangible Assets

The Council accounts for purchased software licences, warranties and internally generated assets, held for various ICT systems used throughout the authority, as intangible assets. The cost of the licences is written off on a straight-line basis over the expected life of the licences.

There have been no changes to the estimated useful life of any intangible assets during the year.

The amortisation of £0.306m in 2012/13 has been charged across various services and included in the Net Expenditure of Services.

The movement on Intangible Asset balances during the year is:

	2012/13 £000	2011/12 £000
Balance at start of year:		
• Gross carrying amounts	1,348	925
• Accumulated amortisation	(660)	(404)
Net carrying amount at start of year	**688**	**521**
Additions:		
• Purchases	629	420
Disposals	0	0
Amortisation for the period	(306)	(256)
Reclassification from PPE	0	3
Net carrying amount at end of the year	**1,011**	**688**
Comprising:		
• Gross carrying amounts	1,977	1,348
• Accumulated amortisation	(966)	(660)
Total	**1,011**	**688**

There are no items that are individually material to the financial statements.

Note 11 Assets Held for Sale (Current)

	2012/13 £000	2011/12 £000
Balance outstanding at start of year	9,005	5,732
Additions	24	0
Assets newly classified as 'Held for Sale' from 'Property, Plant & Equipment'	7,574	4,025
Assets declassified as held for sale to 'Property, Plant & Equipment'	(50)	0
Revaluation gains / (losses) reflected in RRA	0	1,143
Revaluation gains / (losses) reflected in I&E	(4,612)	336
Impairment losses - to I&E	(155)	0
Disposals	(939)	(2,231)
Balance outstanding at the end of the year	**10,847**	**9,005**

Note 12 Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held in pursuit of the organisation's overall objectives in relation to the maintenance of heritage. For East Dunbartonshire Council, the assets involved are held principally for their contribution to knowledge and culture.

Year ended 31 March 2013	**Artworks & Exhibits £000**	**Civic Regalia £000**	**Monuments & Memorials £000**	**Total £000**
Cost or Valuation				
1 April 2012	**2,023**	**605**	**576**	**3,204**
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations (to RRA)	0	0	0	0
Reclassifications	0	0	0	0
Impairment	0	0	0	0
Depreciation	0	0	0	0
31 March 2013	**2,023**	**605**	**576**	**3,204**

Comparative Figures for Year ended 31 March 2012	**Artworks & Exhibits £000**	**Civic Regalia £000**	**Monuments & Memorials £000**	**Total £000**
Cost or Valuation				
1 April 2011	**0**	**0**	**0**	**0**
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations (to RRA)	2,023	605	0	2,628
Reclassifications	0	0	576	576
Impairment	0	0	0	0
Depreciation	0	0	0	0
31 March 2012	**2,023**	**605**	**576**	**3,204**

Further information on the nature of heritage assets held and their balance sheet value is included in the table below.

Type	Nature / Extent	Balance Sheet Value at 31 March 2013 £000
Artworks & Exhibits	Collection of approximately 1,400 pieces of art (various mediums) and 55 items of sculpture and applied arts. Key pieces include artwork by Eardley, Caddell and Hunter.	2,023
Civic Regalia	Chains of office (29 in number) held at Civic Headquarters and worn by office bearers at ceremonial and civic events.	605
Monuments & Memorials	Memorial structures and buildings as well as statutes, bandstands and fountains.	576
Archives (1)	Archived records and ephemera documenting the local history of the area. The majority of items within the collections have been acquired over time by way of donation.	0
Total		**3,204**

Notes

(1) Archived collections are not recognised in the balance sheet as cost information is not readily available and the authority believes that the benefits of obtaining a valuation for these items would not justify the costs. The majority of items are believed to have an immaterial value

Note 13 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the 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 capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2012/13 £000	2011/12 £000
Opening Capital Financing Requirement	**256,234**	**254,171**
Capital Investment		
• Property, Plant and Equipment	30,596	30,717
• Assets Held for Sale	24	0
• Intangible Assets	629	420
• Revenue Expenditure Funded from Capital Under Statute	0	0
• Leased equipment and schools PPP assets	0	(129)
Total Capital Investment	**31,249**	**31,008**
Sources of Finance		
• Capital Receipts	1,184	4,621
• Government Grants and contributions	10,473	9,653
• Contribution from Capital Fund	2,000	0
• Capital from current revenue	1,485	1,461
• Loans Fund principal repayments	10,684	11,021
• PPP/finance lease principal repayments	2,302	2,189
Total Sources of Finance	**28,128**	**28,945**
Closing Capital Financing Requirement	**259,355**	**256,234**
Movements in Year	**3,121**	**2,063**
Explanation of movements in the year		
• Increase/(decrease) in underlying need to borrow	3,121	2,192
• Assets acquired/(disposed) under finance lease	0	(129)
• Assets acquired under PPP contracts	0	0
Increase / (Decrease) in Capital Financing Requirement	**3,121**	**2,063**

Note 14 Impairment Losses

The disclosures on impairment losses by class of assets are shown in **Note 9 Property, Plant and Equipment** and **Note 10 Intangible Assets** in the reconciliation of movement during the year.

The major item of impairment losses reported within these figures is:

- the impairment of elements of Housing capital expenditure, in line with Council policy, which add to the useful life of the asset but do not increase the value

Note 15 Schools Public Private Partnership

The Council has a Public Private Partnership (PPP) Agreement with InspirED Education (East Dunbartonshire) Limited (the provider) for the provision of six secondary schools, their maintenance and related facilities. The schools were made available to the Council in summer 2009. The provider is required to ensure the availability of these buildings to a pre-agreed standard. When the agreement ends in 2039, the buildings will be handed back to the Council with a guarantee of no major maintenance requirements for a five-year period.

Property, Plant and Equipment

The assets used to provide services at the schools are recognised on the Council's Balance Sheet. Movements in value over the year are detailed in the analysis of the movement in **Note 9 Property, Plant and Equipment**.

Remaining Payments under the Agreement

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the provider fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PPP contract at 31 March 2013 are:

	Future payments for Services (including lifecycle maintenance) £000	Repayment of liability £000	Finance interest £000	Total £000
Payable within 1 year	3,421	2,162	7,834	13,417
Payable within 2 to 5 years	15,062	10,037	30,972	56,071
Payable within 6 to 10 years	24,334	14,379	37,254	75,967
Payable within 11 to 15 years	40,109	11,318	31,868	83,295
Payable within 16 to 20 years	41,460	18,406	31,722	91,588
Payable within 21 to 25 years	37,578	32,486	30,907	100,971
Payable within 26 to 30 years	8,699	7,781	4,927	21,407
Total	**170,663**	**96,569**	**175,484**	**442,716**

Liabilities from PPP Arrangements

Although the payments to the provider are described as unitary payments, they have been calculated to compensate the provider for the fair value of the services they provide and the capital expenditure incurred plus the interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay to the provider for the capital expenditure (the outstanding finance lease obligation) is:

	2012/13 £000	2011/12 £000
Balance outstanding at the start of the year	**98,858**	**101,035**
• Additions during the year	0	0
• Payments during the year	(2,289)	(2,177)
• Capital contributions in the year	0	0
Balance outstanding at year-end	**96,569**	**98,858**
Included in Balance Sheet		
• Current (included within Short Term Creditors)	2,162	2,290
• Non-current (shown separately on Balance Sheet)	94,407	96,568
Total	**96,569**	**98,858**

Note 16 Financial Instruments

16.1 Categories of Financial Instrument

The following categories of financial instruments were carried in the Balance Sheet:

	Long-term		Current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Investments				
Loans and receivables	0	0	0	0
Debtors				
Loans and receivables	48	54	14,756	21,191
Borrowings				
Financial liabilities at amortised cost	118,115	120,682	15,636	11,287
Other Long Term Liabilities				
PPP and finance lease liabilities	94,455	96,630	2,176	2,302
Creditors				
Financial liabilities at amortised cost	0	0	37,334	33,769

16.2 Reclassifications between Categories

The Council did not reclassify any financial assets or liabilities between categories during the year.

16.3 Income, Expense, Gains and Losses

The income and expense, and gains and losses for Financial Instruments recognised in the Comprehensive Income and Expenditure Statement are made up as follows:

	2012/13 £000	2011/12 £000
Financial Liabilities at Amortised Cost		
Interest expense	(7,927)	(7,995)
Losses on early repayment of debt	(219)	(221)
Impairment losses		0
Interest Payable or Similar Charge	**(8,146)**	**(8,216)**
Financial Assets – Loans and Receivables		
Interest income	77	48
Interest and Investment Income	**77**	**48**
Net Gain or Loss for the Year	**(8,069)**	**(8,168)**

There are no ‘soft’ loans for consideration in 2012/13.

16.4 Fair Values of Assets and Liabilities

Financial assets (represented by lending and long-term debtors) and financial liabilities (represented by borrowing and long-term creditors) are carried in the balance sheet at amortised cost in accordance with the accounting regulations. In such cases, the regulations also require the additional disclosure of the "fair value" of these assets and liabilities. Fair value is broadly the amount for which an asset could be exchanged or a liability settled.

The fair values have been assessed with expert professional assistance from the Council's treasury advisers by calculating the net present value (NPV) of cash flows that will take place over the remaining term of the instrument using the following methodology and assumptions:

- the valuation date is 31 March 2013
- the discount factor used in the NPV calculations is the comparable premature repayment rate of the same financial instrument from a comparable lender with a published market rate at the valuation date, using bid prices where applicable. A consistent approach has been applied to assets and liabilities
- for all Public Works Loans Board (PWLB) debt, the premature repayment rate at 31 March 2013 has been used as the discount rate
- the fair values include accrued interest up to and including the valuation date
- there are no investments in equity instruments up to and including the valuation date

The fair values are calculated as follows:

	31 March 2013		31 March 2012	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial assets	0	0	0	0
Long term debtors	48	48	54	54

The Council holds collateral as security against certain lending and debt due. This takes the form of mortgages on dwelling houses for loans as "lender of last resort" to assist owners to buy their homes. The fair value of the collateral is £0.2m which is considered to be sufficient to meet the current obligations due. The Council holds no long term investments. All short term deposits meet the classification of Cash and Cash Equivalents, and are accounted for as such.

	31 March 2013		31 March 2012	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial liabilities	133,751	182,496	131,969	178,655
Long term creditors	0	0	0	0

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of 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 the current market rates increases the amount the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Where an instrument will mature within the next 12 months, the carrying amount is assumed to approximate to the fair value. Current financial liabilities are included in the above total. For the long term debtors and creditors held, these are deemed non material, and the carrying amount is assumed to approximate to the fair value. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value. These are not included in the table above.

16.5 The Management of Treasury Risk by the Council

The Council's activities expose it to a variety of financial risks:

- credit risk

  the possibility that other parties might fail to pay amounts due to the Council

- liquidity risk

  the possibility that the Council might not have funds available to meet its commitments to make payments

- market risk

  the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's management of treasury risk actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council manages its risk:

- by a full and formal adoption of the requirements of CIPFA's *Treasury Management in the Public Services: Code of Practice*
- by the adoption of written principles for overall risk management and rigorous observance of the written policies and procedures which cover specific areas such as interest rate risk, credit risk and investment of surplus cash
- by the management of risk by a central specialist Treasury Management team, which is responsible for all treasury matters and reports directly to the Director of Finance & Shared Services
- by continuing professional development and encouragement of attainment of professional treasury qualifications by all employees involved in treasury management in compliance with *TMP10 Training and Qualifications*
- by the approval annually in advance of Prudential Indicators for the forthcoming three years, that includes formal limits upon the Council's overall borrowing via the Authorised and Operational Boundaries; maximum and minimum exposures to both fixed and variable rates; and restrictions upon the maturity structure of the Council's debt

16.6 Reporting to Elected Members

Members of the Audit and Risk Management Sub-Committee receive regular reports on treasury matters. Before the start of the financial year, Members receive an Annual Treasury Management and Investment Strategy that outlines the approach to managing risk of financial instruments for the forthcoming year. Actual performance is reported in a mid-year report, including any significant variations from the strategy and updated Prudential Indicators. After the year end, and once the final accounts are complete, Members receive an Annual Treasury Report on the year's outturn performance with the outturn Prudential Indicators.

16.7 Management of 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 exposure to the Council's customers. The Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests.

It is the policy of the Council to place deposits only with a limited number of high quality financial institutions whose rating is independently assessed as sufficiently secure by the Council's treasury advisers, and to restrict lending to a prudent maximum amount for each financial institution. The Council's policy on counterparties is formally approved as part of the *Annual Treasury Management and Investment Strategy*. For 2012/13, the following criteria applied to ensure the Council had a pool of high quality counterparties for investment:

- **Banks 1 – Good Credit Quality**

  The Council will only use banks which have, as a minimum, the following Fitch, Moody's and Standard & Poors credit ratings (where rated), and where the institution is non-UK, where the Sovereign has a minimum long term rating of AAA from all 3 agencies.

  - Short Term – F1
  - Long Term – A
  - Viability – BB (Fitch)/Financial Strength – C (Moody's)
  - Support – 3

  UK institutions which meet the above minimum rating criteria can continue to be used in the event that the UK Government sovereign rating was reduced from AAA.

- **Banks 2 – Part Nationalised Banks – Lloyds Bank and Royal Bank of Scotland**

  These banks can be included if they continue to be part nationalised or they meet the ratings in **Banks 1** above.

- **Banks 3**

  The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised where possible and maintained in an instantly accessible call account

- **Bank Subsidiary and Treasury Operations**

  The Council will use these where the parent bank has the necessary ratings outlined above

- **Building Societies**

  The Council will use all Societies which:

  - meet the ratings for banks outlined above, or
  - have assets in excess of £5bn

- **UK Government**

  Including gilts and the Debt Management Account Deposit Facility (DMADF)

- **Money Market Funds**

  Funds used will be 'AAA' rated

- **Local Authorities**

All investments and deposits at 31 March 2013 were placed with banks and Money Market Funds, and held in sterling. Due to the short term nature of the Council's temporary deposits, these are classed as Cash and Cash Equivalents.

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

	31 March 2013			31 March 2012
	Amount	Historical experience of non-payment adjusted for market conditions	Estimated maximum exposure to default and uncollectability	Estimated maximum exposure to default and uncollectability
	£000	%	£000	£000
Deposits with banks, building societies and local authorities	0	0.0%	0	0
Customers (trade debtors excluding Council Tax) (1)	5,795	10.9%	630	2,213

Notes

(1) The estimation method for calculating the historical experience of non-payment for customers has changed in 2012/13

No credit limits were exceeded during the year. The Council expects full repayment on the due date of deposits placed with its counterparties.

The Council does not generally allow credit for customers. At the balance sheet date a sum of £5.795m was due from sundry debtor income billed to customers as shown in the table above. However, only £3.007m of this debt can be classed as past its due date for payment. The past due amount is analysed by age in the table below. The Council has made provision for the loss of income based on previous experience.

	31 March 2013	31 March 2012
	£000	£000
Less than three months	169	380
Three to six months	262	207
Six months to one year	536	927
More than one year	2,040	3,713
Total	**3,007**	**5,227**

The Council will assess the risk of default on these debts during the year, and make an appropriate provision for bad debts at the balance sheet date. This has been assessed at £2.6m for 2012/13, based on an assessment of sundry debtors and the Council's history of collectability within various categories of customers.

Housing rent arrears of £0.880m existed at the year end. The Council has processes in place to pursue these arrears and has a bad debt provision of £0.566m to recognise impairment.

16.8 Management of Liquidity Risk

The Council has a responsive system of safeguards for the management of cash flow that seeks to ensure that cash is available as needed. The Council has ready access to borrowings from market loans and the UK Treasury's Public Work's Loans Board. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has secure 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. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The Council's policy is to ensure that not more than 20% of loans are due to mature within any financial year through a combination of prudent planning of new loans and, where it is economic to do so, making early repayments. Any amendments to these policies, whether short-term or long-term, require the prior approval of the Council. The maturity analysis of financial liabilities is:

	31 March 2013 £000	31 March 2012 £000
Less than one year	15,636	11,287
Between one and two years	5,570	5,566
Between two and five years	15,187	16,146
Between five and 10 years	15,217	15,897
Between 10 and 15 years	6,489	7,394
Between 15 and 20 years	17,164	16,180
Between 20 and 25 years	19,506	19,672
Between 25 and 30 years	2,000	2,845
Over 30 years	36,982	36,982
Total	**133,751**	**131,969**
Analysed as:		
• Current	15,636	11,287
• Non Current	118,115	120,682
Total	**133,751**	**131,969**

All other amounts payable by the Council for trade creditors are due to be paid in less than one year.

16.9 Management of Market Risk

The key area of market risk for the Council is in terms of its exposure to interest rate movements on its borrowings and investments. Changes in interest rates influence the interest payable on borrowings and on interest receivable on surplus fund invested. For example, a rise in interest rates would mean an increase in the interest charged 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.

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

- it is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 25% 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 daily 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 the restructuring of existing borrowings

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 2013, with all other variables held constant.

	31 March 2013 £000	31 March 2012 £000
Impact on taxpayer		
Increase on interest payable on variable rate borrowings	21	37
Increase in interest receivable on variable rate lending	(121)	(86)
Net effect on Comprehensive Income and Expenditure Statement	**(100)**	**(49)**
Other presentational changes		
Decrease in the "fair value" of fixed rate borrowing (no impact on the Surplus/Deficit in the Comprehensive Income and Expenditure Account)	18,489	18,295

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

Other areas of market risk are price risk and foreign exchange risk. The Council has no exposure to these risks through its treasury activities:

- the Council does not invest in equity shares (so called 'available-for-sale' assets) and consequently is not exposed to gains or losses arising from movements in the prices of shares
- the Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates

Note 17 Inventories

	2012/13			2011/12		
	Consumable Stores £000	Maintenance Materials £000	Total £000	Consumable Stores £000	Maintenance Materials £000	Total £000
Balance outstanding at the start of the year	690	167	857	812	186	998
Purchases	4,096	1,439	5,535	4,189	910	5,099
Recognised as an expense in the year	(4,071)	(1,421)	(5,492)	(4,311)	(929)	(5,240)
Written off balances	0	0	0	0	0	0
Balance outstanding at the year-end	**715**	**185**	**900**	**690**	**167**	**857**

Note 18 Debtors

The Code allows some discretion in the categories used to analyse debtors and so, having chosen to align the presentation more closely with Whole of Government Accounts categories, 2011/12 has been restated accordingly.

	31 March 2013		31 March 2012 (Restated)	
	Current £000	Long-term £000	Current £000	Long-term £000
Central Government bodies	4,714	0	4,421	0
Other local authorities	2,652	0	797	0
NHS bodies	319	0	1,306	0
Public corporations & trading funds	78	0	11,973	20
External to general government	9,961	48	4,596	34
Total Current and Long-term Debtors	**17,724**	**48**	**23,093**	**54**

Note 19 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Cash held by the Council	81	116
Bank current accounts	(283)	(2,159)
Deposit up to three months with UK banks, buildings societies and local authorities	15,547	8,823
Total Cash and Cash Equivalents	**15,345**	**6,780**

Note 20 Creditors

The Code allows some discretion in the categories used to analyse creditors and so, having chosen to align the presentation more closely with Whole of Government Accounts categories, 2011/12 has been restated accordingly.

	31 March 2013		31 March 2012 (Restated)	
	Current £000	Long-term £000	Current £000	Long-term £000
Central Government bodies	(4,943)	0	(5,060)	0
Other local authorities	(1,613)	0	(710)	0
NHS bodies	(1,117)	0	(1,188)	0
Public corporations & trading funds	(4)	0	(257)	0
External to general government	(33,583)	(567)	(29,195)	0
Total Current and Long-term Creditors	**(41,260)**	**(567)**	**(36,410)**	**0**

The total for current creditors is split in the Balance Sheet as ‘Short-term creditors’ of £39.51m and ‘Short-term capital receipts in advance’ of £1.75m

Note 21 Provisions

	Balance at 1 April 2012	Additional Provisions made in 2012/13	Amounts used in 2012/13	Unused amounts written back in 2012/13	Balance at 31 March 2013
	£000	£000	£000	£000	£000
Non-Current Provision:					
Equal Pay [1]	2,299	1,600	0	0	3,899
Insurance claims from former authorities [2]	209	289	30	0	468
Total Non-Current Provisions	**2,508**	**1,889**	**30**	**0**	**4,367**
Current Provisions:					
Restructuring Costs [3]	800	1,419	767	33	1,419
Single Status [4]	222	0	116	0	106
Teachers maternity leave [5]	0	100	0	0	100
Dilapidations [6]	250	0	0	100	150
Insurance claims from former authorities [2]	43	0	43	0	0
Total Current Provisions	**1,315**	**1,519**	**926**	**133**	**1,775**
Total Provisions	**3,823**	**3,408**	**956**	**133**	**6,142**

Notes

(1) This relates to a provision for the potential outcome of outstanding equal pay claims.

(2) An assessment of identified liabilities in respect of insurance claims outstanding against the former Strathclyde Regional Council and Strathkelvin District Council is the basis of this provision. The Council has increased its net assessment on the basis of recent information concerning the solvent run off of the former Municipal Mutual Insurance. A claw back of previously settled costs has been triggered, resulting in the potential for increased costs to be met by the Council in future years.

(3) An assessed liability associated with the implementation of the Council's approved new structure amounts to £1.419m. The provision is for the redundancy and early retiral costs of members of staff approved prior to 31 March 2013.

(4) An assessment of identified liabilities for backdated pay in respect of job evaluation appeals and related cases which have been upheld and notified to appellants.

(5) An assessment of the estimated liability associated with additional costs for maternity leave for teachers. This follows the Council's decision in 2012/13 to revert to previous pay and conditions until more comprehensive guidance was made available from the Scottish Negotiating Committee for Teachers (SNCT) on their new pay and conditions.

(6) An assessment of identified liabilities for dilapidation costs as a result of the Council's approved asset management strategy for office accommodation.

Note 22 Usable Reserves

The total for Usable Reserves in the Balance Sheet is made up of the following reserves:-

	31 March 2013 £000	31 March 2012 £000
General Fund Balance	13,090	10,999
Housing Revenue Balance	1,554	1,483
Capital Receipts Reserve and Capital Fund	15,362	19,423
Other Reserves	912	283
Total Usable Reserves	**30,918**	**32,188**

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

	31 March 2013 £000	31 March 2012 £000
Modernisation, Efficiency and Reform initiatives	1,342	481
External funding carried forward to complete projects	1,906	1,991
Single status appeals	0	942
Debt charges	1,228	1,228
Miscellaneous Community Services projects	587	189
Miscellaneous Corporate & Customer Services projects	207	370
Miscellaneous Development & Infrastructure projects	405	244
Contribution to Repairs and Renewals fund	600	400
Road lining and signage refurbishment project	0	200
Boclair and Lenzie Academies refurbishment projects	0	400
Leisure & Culture improvement project	0	100
Welfare Reform initiatives	205	100
Social Work pressures	750	750
Strategic Asset Review	0	200
Miscellaneous budget pressures	404	250
Equal Pay Team	121	111
New Waste Management service	404	0
Total Earmarked Reserves	**8,159**	**7,956**
Non-earmarked balance	**4,931**	**3,043**
Total General Fund Balance	**13,090**	**10,999**

Note 23 Unusable Reserves

The total for Unusable Reserves in the Balance Sheet is made up of the following reserves:

	31 March 2013 £000	31 March 2012 restated £000
Revaluation Reserve (***Note 23.1***)	125,638	115,220
Capital Adjustment Account (***Note 23.2***)	311,315	322,432
Financial Instruments Adjustment Account (***Note 23.3***)	(4,289)	(4,508)
Pensions Reserve (***Note 23.4***)	(129,754)	(102,762)
Employee Statutory Adjustment Account (***Note 23.5***)	(9,432)	(9,494)
Total Unusable Reserves	**293,478**	**320,888**

23.1 Movement on Balances - Revaluation Reserve

The Revaluation Reserve contains the unrealised gains made by the Council arising from the increases in the value of its Property, Plant and Equipment. The Reserve contains revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

Revaluation Reserve	**31 March 2013 £000**	**31 March 2012 £000**
Balance at 1 April	115,220	110,201
Revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	12,904	7,020
Reversal of Impairment not posted to the Surplus or Deficit on the Provision of Services	0	(61)
Difference between fair value depreciation and historical cost depreciation written off to the Capital Adjustment Account	(2,120)	(1,318)
Asset Disposals	(366)	(622)
Balance at 31 March	**125,638**	**115,220**

23.2 Movement on Balances - Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences 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.

Capital Adjustment Account	**31 March 2013 £000**	**31 March 2012 £000**
Balance at 1 April	**322,432**	**326,476**
Items relating to capital expenditure charged to Comprehensive Income & Expenditure Statement:		
• Charges for depreciation and impairment of non-current assets	(26,965)	(23,851)
• Valuation movements	(13,423)	(7,245)
• Disposals of non-current assets	(159)	919
• Other adjustments (net)	0	(157)
Adjustments to/from Revaluation Reserve:		
• Difference between fair value depreciation and historical cost depreciation	2,120	1,318
• Asset Disposals	366	622
Capital financing applied in the year:		
• Capital Receipts Reserve to finance new capital expenditure or transferred to Capital Fund	0	(12,095)
• Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	10,473	21,748
• Contribution transferred from Capital Fund	2,000	0
• Principal repayments (Loans fund, finance leases & PPP liability)	12,986	13,236
• Capital from current revenue	1,485	1,461
Balance at 31 March	**311,315**	**322,432**

23.3 Movement on Balances - Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

Financial Instruments Adjustment Account	**31 March 2013 £000**	**31 March 2012 £000**
Balance at 1 April	(4,508)	(4,718)
Proportion of premiums on incurred debt restructuring to be charged against the General Fund in accordance with statutory requirements	220	221
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1)	(11)
Balance at 31 March	**(4,289)**	**(4,508)**

23.4 Movement on Balances - Pensions 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 Pension Reserve shows a significant shortfall in the benefits earned by past and current employees and the Council's share of Strathclyde Pension Fund resources available to meet them. Employers' contribution rates and contribution strategy were reviewed as part of the formal valuation as at 31 March 2011.

Pensions Reserve	**31 March 2013 £000**	**31 March 2012 £000**
Balance at 1 April	(102,762)	(55,656)
Actuarial gains or (losses) on pension assets and liabilities	(24,726)	(45,721)
Reversal of items relating to net charges for retirement benefits charged to Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(15,131)	(14,636)
Employers' pension contributions paid to Strathclyde Pension Fund	12,865	13,251
Balance at 31 March	**(129,754)**	**(102,762)**

23.5 Movement on Balances - 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.

Employee Statutory Adjustment Account	**31 March 2013 £000**	**31 March 2012 (Restated) £000**
Balance at 1 April	(9,494)	(10,958)
Settlement or cancellation of accrual made at the end of the preceding year	62	1,464
Amounts accrued at the end of the current year	0	0
Balance at 31 March	**(9,432)**	**(9,494)**

Note 24 Amounts Reported for Resource Allocation Decisions

The standard service groups shown on the face of the Comprehensive Income and Expenditure Account are prescribed by the *Service Expenditure Reporting Accounting Code of Practice* and are designed to make inter-authority comparisons more meaningful. These nationwide generic groups do not reflect the local management of service delivery and budgetary responsibilities as determined by the Council.

The management of East Dunbartonshire Council is led by the Chief Executive, Gerry Cornes. The operational structure of the Council during 2012/13 was divided into three directorates (Community, Development & Infrastructure, and Corporate & Customer Services) and service areas within each directorate. The Council approved a new operational structure in February 2013, and this will result in a change to the management reporting during 2013/14. Financial reports to management are prepared on a different basis from the accounting policies used in the Statement of Accounts. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, impairment losses and amortisations are charged to services in the Comprehensive Income and Expenditure Account)
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than the current service cost of benefits accrued in the year
- expenditure on support services is budgeted for centrally and is not recharged to departments

The income and expenditure of the Council as reported to management for the financial year is:

Income & Expenditure 2012/13	**Education (Community Directorate)**	**Social Work (Community Directorate)**	**Development & Infrastructure Directorate**	**Other Services**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Employee costs	68,730	20,398	30,556	25,093	144,777
Property costs	27	43	15,004	1,675	16,749
Supplies & services	1,472	1,004	23,472	23,872	49,820
Agencies & other bodies	5,341	35,462	14,531	21,339	76,673
Transport & plant	2,413	402	4,421	49	7,285
Other costs	891	1,874	347	26,969	30,081
Total Expenditure	**78,874**	**59,183**	**88,331**	**98,997**	**325,385**
Grant income	(77)	(55)	(41)	(24,829)	(25,002)
Sales, fees & charges	(332)	(1,145)	(31,730)	(10,623)	(43,830)
Other income	(1,584)	(12,454)	(2,464)	(1,475)	(17,977)
Total Income	**(1,993)**	**(13,654)**	**(34,235)**	**(36,927)**	**(86,809)**
Net Expenditure	**76,881**	**45,529**	**54,096**	**62,070**	**238,576**
(before support costs, capital accounting and pension adjustments)					

Income & Expenditure 2011/12 Comparative Figures	Education (Community Directorate) £000	Social Work (Community Directorate) £000	Development & Infrastructure Directorate £000	Other Services £000	Total £000
Employee costs	69,881	21,063	30,092	22,542	143,578
Property costs	5,791	14	9,007	1,017	15,829
Supplies & services	1,176	938	18,053	23,806	43,973
Agencies & other bodies	18,724	34,758	827	23,530	77,839
Transport & plant	2,480	404	4,706	36	7,626
Other costs	878	1,756	338	25,988	28,960
Total Expenditure	**98,930**	**58,933**	**63,023**	**96,919**	**317,805**
Grant income	(87)	(179)	0	(24,487)	(24,753)
Sales, fees & charges	(583)	(1,205)	(26,490)	(14,278)	(42,556)
Other income	(1,528)	(11,866)	(1,613)	(2,047)	(17,054)
Total Income	**(2,198)**	**(13,250)**	**(28,103)**	**(40,812)**	**(84,363)**
Net Expenditure	**96,732**	**45,683**	**34,920**	**56,107**	**233,442**
(before support costs, capital accounting and pension adjustments)					

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

This table shows how the figures in the above analysis of Service Income and Expenditure reconcile to the amounts included within the Net Cost of Services (NCS) section of the **Comprehensive Income and Expenditure Statement**:

	2012/13 £000	2011/12 £000
Net expenditure in the Service Analysis tables above	238,576	233,442
Net expenditure/income of services and support services included in NCS but not included in Service Analysis	(30,835)	(32,080)
Net expenditure included in Directorate Analysis but not forming part of NCS	41,032	38,149
Amounts included in the Analysis not included in NCS within the Comprehensive Income and Expenditure Statement	**10,197**	**6,069**
Net Cost of Services in the Comprehensive Income and Expenditure Statement	**248,773**	**239,511**

Reconciliation to Subjective Analysis

This table shows how the figures in the analysis of Service income and expenditure reconcile to a subjective analysis of the ‘Surplus or Deficit on the Provision of Services’ included in the **Comprehensive Income and Expenditure Statement**:

2012/13		**Costs Excluded From Net Cost Of Services**								**Costs Added To Net Cost Of Services**					
	Total £000	**Debt Charges £000**	**Capital Funded from Revenue £000**	**T/fer to Reserve £000**	**Cost of Council Tax £000**	**Annual Leave Accrual £000**	**Non Service Element of PPP/Leases £000**	**Internal Charges £000**	***Total Exclusions £000***	**Capital Accounting £000**	**IAS19 Pension Adjustments £000**	**Service Support Allocation £000**	***Total Additions £000***	**Total All Adjustments £000**	**Total £000**
Employee Costs	144,777	0	0	0	0	(62)	0	0	***(62)***	0	644	0	***644***	582	145,359
Property Costs	16,749	0	0	0	0	0	(13)	0	***(13)***	0	0	0	***0***	(13)	16,736
Supplies & Services	49,820	0	0	(228)	(4,784)	0	0	(6,173)	***(11,185)***	0	0	0	***0***	(11,185)	38,635
Agencies & Other Bodies	76,673	0	0	0	0	0	(10,188)	0	***(10,188)***	0	0	0	***0***	(10,188)	66,485
Transport & Plant	7,285	0	0	0	0	0	0	0	***0***	0	0	0	***0***	0	7,285
Other Costs	30,081	(18,914)	(1,485)	0	0	0	0	(13,838)	***(34,237)***	40,388	0	0	***40,388***	6,151	36,232
Gross Expenditure	**325,385**	**(18,914)**	**(1,485)**	**(228)**	**(4,784)**	**(62)**	**(10,201)**	**(20,011)**	***(55,685)***	**40,388**	**644**	**0**	***41,032***	**(14,653)**	**310,732**
Grant Income	(25,002)	0	0	0	4,831	0	0	0	***4,831***	0	0	0	***0***	4,831	(20,171)
Sales, Fees & Charges	(43,830)	0	0	0	0	0	0	6,181	***6,181***	0	0	0	***0***	6,181	(37,649)
Other Income	(17,977)	0	0	0	0	0	0	13,838	***13,838***	0	0	0	***0***	13,838	(4,139)
Gross Income	**(86,809)**	**0**	**0**	**0**	**4,831**	**0**	**0**	**20,019**	***24,850***	**0**	**0**	**0**	***0***	**24,850**	**(61,959)**
Net Expenditure	**238,576**	**(18,914)**	**(1,485)**	**(228)**	**47**	**(62)**	**(10,201)**	**8**	***(30,835)***	**40,388**	**644**	**0**	***41,032***	**10,197**	**248,773**

2011/12 Comparative Figures		**Costs Excluded From Net Cost Of Services**								**Costs Added To Net Cost Of Services**					
	Total £000	**Debt Charges £000**	**Capital Funded from Revenue £000**	**Cost of Council Tax £000**	**Trading Account £000**	**Annual Leave Accrual £000**	**Non Service Element of PPP £000**	**Internal Charges £000**	***Total Exclusions £000***	**Capital Accounting £000**	**IAS19 Pension Adjustments £000**	**Service Support Allocation £000**	***Total Additions £000***	**Total All Adjustments £000**	**Total £000**
Employee Costs	143,579	0	0	0	0	(1,464)	0	0	***(1,464)***	0	3,093	0	***3,093***	1,629	145,208
Property Costs	15,829	0	0	0	0	0	0	0	***0***	0	0	0	***0***	0	15,829
Supplies & Services	43,974	0	0	(4,871)	0	0	(38)	0	***(4,909)***	0	0	0	***0***	(4,909)	39,065
Agencies & Other Bodies	77,838	0	0	0	12	0	(10,087)	0	***(10,075)***	0	0	0	***0***	(10,075)	67,763
Transport & Plant	7,625	0	0	0	0	0	0	0	***0***	0	0	0	***0***	0	7,625
Other Costs	28,960	(19,151)	(1,462)	0	0	0	0	(10,681)	***(31,294)***	31,096	0	0	***31,096***	(198)	28,762
Gross Expenditure	**317,805**	**(19,151)**	**(1,462)**	**(4,871)**	**12**	**(1,464)**	**(10,125)**	**(10,681)**	***(47,742)***	**31,096**	**3,093**	**0**	***34,189***	**(13,553)**	**304,252**
Grant Income	(24,752)	0	0	4,939	0	0	0	0	***4,939***	0	0	0	***0***	4,939	(19,813)
Sales, Fees & Charges	(42,557)	0	0	0	0	0	0	0	***0***	0	0	0	***0***	0	(42,557)
Other Income	(17,054)	42	0	0	0	0	0	10,681	***10,723***	0	0	3,960	***3,960***	14,683	(2,371)
Gross Income	**(84,363)**	**42**	**0**	**4,939**	**0**	**0**	**0**	**10,681**	***15,662***	**0**	**0**	**3,960**	***3,960***	**19,622**	**(64,741)**
Net Expenditure	**233,442**	**(19,109)**	**(1,462)**	**68**	**12**	**(1,464)**	**(10,125)**	**0**	***(32,080)***	**31,096**	**3,093**	**3,960**	***38,149***	**6,069**	**239,511**

Note 25 Agency Services

Agency income earned in the year is as follows:

	2012/13 £000	2011/12 £000
East Dunbartonshire Leisure & Culture Trust (1)	619	803
Scottish Water (2)	273	273
North Glasgow College (3)	16	16
Total	**908**	**1,092**

Notes

(1) Income from East Dunbartonshire Leisure & Culture Trust relates to the provision of miscellaneous corporate support services, facilities management, property & grounds maintenance, refuse collection, fleet management and pest control

(2) The income received from Scottish Water was in return for the billing and collection of water charges

(3) Agency income from North Glasgow College relates to the provision of a payroll service

Note 26 External Audit Costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with the Code of Audit Practice in financial year 2012/13 were £0.259m (£0.272m in 2011/12).

No other services were provided to the Council in the year by the appointed auditors, Audit Scotland.

Note 27 Grant Income

Material amounts of grant income and contributions credited to service income within the Comprehensive Income and Expenditure Statement (CIES) in 2012/13 are detailed in the following table:

Source	**Description**	**2012/13**	**2011/12**
Grants		**£000**	**£000**
Scottish Government	Private Sector Housing Grant	398	879
Scottish Government	Educational Maintenance Allowance	493	445
Scottish Government	Universal Home Insulation Scheme	464	0
Scottish Government	Smarter Choices Smarter Places programme	0	98
Scottish Arts Council	Youth Music Initiative	163	173
Scottish Government	Telecare	0	120
Scottish Government	Sustainable Transport	73	95
Scottish Government	Gaelic Grant	70	74
Scottish Government	Web Hub Housing Options	40	69
Scottish Government	Opportunities for All / 16+ Learning Choices	123	64
Scottish Government	Police Grant	302	374
Scottish Government	Business Gateway	63	0
Contributions			
Department for Work & Pensions	Housing Benefit Payments subsidy	18,152	17,432
Department for Work & Pensions	Council Tax Benefit Payments subsidy	4,831	4,940
NHS Greater Glasgow and Clyde	Resource transfer - Supported accommodation & living	4,301	4,305
NHS Greater Glasgow and Clyde	Resource transfer - Service development resources	3,414	3,136
NHS Greater Glasgow and Clyde	Resource transfer - Care element transfer	2,491	2,479
NHS Greater Glasgow and Clyde	Change Fund	611	674
West Dunbartonshire Council	Criminal Justice partnership	695	668
Scottish Prison Service	Social Work - Low Moss Prison	248	0
Department for Work & Pensions	Benefits Administration subsidy	529	563
European Union	Fit for Growth	69	212
Ogier	AAIM Bishopbriggs	166	0
The Wise Group	Flexible New Deal	26	143
West Dunbartonshire Council	Emergency Response Service	110	106
Scottish Government	Funding for local government election - electronic counting	94	0
Scottish Government	Scottish Parliamentary Elections	0	84
UK Government	Referendum – advance funding	0	81
McTaggart & Mickel	Bishopbriggs Town Centre Contribution	0	75
Big Lottery	Positive Achievements funding	72	0

Credited to Taxation and Non-specific Grant Income in the CIES	2012/13 £000	2011/12 £000
General Revenue Grant	163,871	164,502
Redistribution from Non-Domestic Rates pool	22,410	20,989
Capital grants and contributions	10,473	21,748

Capital Grants & Contributions Included in the Balance Sheet

The Council has received a number of capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balance at the year-end was £2.317m (£0.339m in 2011/12).

Note 28 Related Parties

The Council is required to disclose material transactions with related parties. These are 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 assessment of the extent to which the Council might have been constrained in its ability to act independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government, in the form of the Scottish Government, has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates and provides the majority of its funding, particularly through General Revenue Grant (GRG) and the Non-Domestic Rates Pool (NDR). Figures for GRG and NDR are disclosed in **Note 27 Grant Income**. The Scottish Government also prescribes the terms of many of the transactions the Council has with other parties, e.g. housing benefits.

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. During 2012/13, one member was employed by another local authority to which the Council paid £1.289m, mainly in respect of joint services and placements for social work and education services. In 2012/13, further services to the value of £1.339m were commissioned from charitable, community and educational organisations in which four members had an interest. Contracts were entered into in full compliance with the Council's standing orders. In addition, grants totalling £0.130m were paid to voluntary, community and charitable organisations in which five members declared an interest.

The relevant members did not take part in any discussion or decision relating to these grants. Members' interests are recorded in their profiles on the Council's website.

Senior Officers

If senior officers have a personal interest that might influence their decision-making they are required to declare that interest and not to take part in any discussion or decision in relation to that interest. No such interests were declared in 2012/13.

Companies and Joint Ventures (not included in Group Accounts)

The Council has interests in certain companies which are not consolidated into the Group Accounts of the Council. The decision not to consolidate is based on whether the Council exercises control or significant influence over such companies as well as considerations of materiality. Further disclosure of these organisations is made within the Group Accounts at pages 105-118.

Companies and Joint Committees (included in Group Accounts)

The Council has interests in the following companies and these have been identified within the Council's group for the purposes of preparing Group Accounts. These organisations are listed below:

- East Dunbartonshire Leisure & Culture Trust
- Strathclyde Police Joint Board
- Strathclyde Fire & Rescue Joint Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Joint Board
- Dunbartonshire and Argyll & Bute Valuation Joint Board
- Mugdock Country Park Joint Management Committee
- East Dunbartonshire Municipal Bank
- Scotland Excel
- Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee
- West of Scotland European Forum
- Continuing Education Gateway

Further detail is provided in the **Notes to the Group Accounts** on pages 110-118.

Note 29 Leases

East Dunbartonshire Council as Lessee

- Finance Leases

The Council has a finance lease type agreement in respect of one property as at 31 March 2013. The fixed asset value within the Balance Sheet for property held under finance lease is as follows:

Net Book Value	31 March 2013 £000	31 March 2012 £000
Property, Plant & Equipment: Other Land and Buildings	76	79

The Council is committed to making rental payments under the remaining lease, comprising settlement of the long-term liability for the interest in the asset acquired by the Council and finance costs payable by the Council in future years while the liability remains outstanding. The rental payments due from financial year 2012/13 are made up of the following amounts:

	31 March 2013 £000	31 March 2012 £000
Finance lease liabilities (excluding finance costs)		
• Current (included within Short Term Creditors)	14	13
• Non-current (shown separately on Balance Sheet)	48	62
	62	**75**
Finance costs payable in future years	13	20
Total rentals payable in future years	**75**	**95**

The future rental payments will be payable over the following periods:

	Total Future Rental Payments		Lease Liability Element	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Not later than one year	20	20	14	13
Later than one year and not later than five years	55	75	48	62
Later than five years	0	0	0	0
Totals	**75**	**95**	**62**	**75**

- Operating Leases

The Council leases vehicles on a variety of lease terms that are accounted for as operating leases. The rentals payable in 2012/13 were £1.350m (£1.557m in 2011/12) and the rentals have been included in the Comprehensive Income and Expenditure Statement.

The future rental payments due under non-cancellable leases in future years are as shown in the following table. These figures do not include rents that are contingent upon events taking place after the lease was entered into, such as adjustments following rent reviews.

Future Rentals Payable	31 March 2013 £000	31 March 2012 £000
Not later than one year	971	1,176
Later than one year and not later than five years	1,001	1,552
Later than five years	0	145
	1,972	**2,873**

Note 30 Termination Benefits

The Council approved the termination of the contracts of a number of employees in 2012/13, incurring costs of £2.8m (£3.2m in 2011/12). Several of these contract terminations related to Senior Officers and these are detailed in the **Remuneration Report**. The termination benefits were payable to 90 employees who were made redundant as part of the Council's approved budget savings measures.

Note 31 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of employees, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire the Council has a commitment to make the payments and this needs to be accounted for and disclosed at the time the employees actually earn their future entitlement. The Council participates in the following post-employment (pension) schemes:

- the Local Government Superannuation Scheme

  this 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*. The employees and the Council pay contributions into the fund, which is calculated at a level intended to balance pension liabilities with investment assets. The employers' contribution rate is set by the Fund actuaries following valuation

- unfunded teachers' pension schemes

  in existence prior to the Local Government Reorganisation of 1996, these are defined benefit schemes and administered as part of the Strathclyde Pension Fund. These are unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due

31.1 Local Government Superannuation Scheme (including unfunded teachers' pension schemes)

<u>Transactions Relating to Post-employment Benefits</u>

The **Comprehensive Income and Expenditure Statement** on page 28 reflects the full cost of benefit entitlements earned by employees and not simply the cost of employers' contributions made to the Pension fund. These costs are reflected in the relevant departments within Net Cost of Services. However, the charge we are required to make against Council Tax and rents is based on the cash payable to the pension fund during the year (in line with employers' contributions and unfunded benefits). Therefore the real cost of benefit entitlements is reversed out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement to ensure there is no impact on the overall cost to be funded by Council Tax and government grants.

In a similar way, the Housing Revenue Account (HRA) surplus on the face of the Comprehensive Income and Expenditure Statement includes the current pension costs, and not contributions paid. However, these are also reversed out along with all other services, and the adjusted HRA surplus is the figure which is carried forward to the balance sheet.

The notes contained here provide detail on the pension costs charged to the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement. This information has been provided for the Council by the actuaries Hymans Robertson, contracted by Glasgow City Council to provide all IAS19 calculations on behalf of the authorities within the Strathclyde Pension Fund.

2011/12			2012/13		
Local Govt Pension Scheme £000	Unfunded Teachers' Pension Scheme £000		Local Govt Pension Scheme £000	Unfunded Teachers' Pension Scheme £000	Total £000
		Comprehensive Income and Expenditure Account			
		Cost of Services			
9,442	0	Current service cost	10,166		10,166
0	3,813	Past service (gain)/cost	80	1,628	1,708
3,089	0	Curtailments & settlements	1,635		1,635
		Financing and Investment Income and Expenditure			
21,367	795	Interest cost	20,054	864	20,918
(23,870)	0	Expected return on scheme assets	(19,296)		(19,296)
10,028	**4,608**	**Total Post-Employment Benefit charged to Surplus or Deficit on the Provision of Services**	**12,639**	**2,492**	**15,131**
		Other Post-Employment Benefit charged to the Comprehensive Income and Expenditure Account			
44,801	920	Actuarial (gains) and losses	22,922	1,804	24,726
54,829	**5,528**	**Total Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Account**	**35,561**	**4,296**	**39,857**
		Movement in Reserves Statement			
(42,422)	(4,684)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(23,659)	(3,333)	(26,992)
		Actual amount charged against the General Fund Balance for pensions in the year			
12,407	844	Employers' contributions payable to scheme	11,902	963	12,865

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31 March 2013 is a loss of £24.726m.

The current service cost was provided as a total for East Dunbartonshire Council by the actuaries. The Council allocated this cost to the appropriate service divisions using an estimation technique. The technique chosen was to allocate pro rata to the pensionable pay per service division.

In 2012/13, the cost of curtailments relates to the capitalised cost of early retirals on the grounds of redundancy and/or efficiency.

31.2 Assets and Liabilities in relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

2011/12			2012/13	
Local Govt Pension Scheme £000	Unfunded Teachers' Pension Scheme £000		Local Govt Pension Scheme £000	Unfunded Teachers' Pension Scheme £000
396,165	12,995	**Opening Balance at 1 April**	417,779	17,679
9,442	0	Current Service Cost	10,166	0
21,367	795	Interest Cost	20,054	864
3,018	0	Contributions by Scheme Participants	3,069	0
6,892	920	Actuarial Losses/(Gains)	52,950	1,804
0	3,813	Past Service Costs/(Gains)	80	1,628
3,502	0	Losses/(Gains) on Curtailments	1,635	0
(8,701)	0	Liabilities extinguished on Settlement	0	0
(1,899)	(844)	Estimated Unfunded Benefits Paid	(1,822)	(963)
(12,007)	0	Estimated Benefits Paid	(13,089)	0
417,779	**17,679**	**Closing Balance at 31 March**	**490,822**	**21,012**

Reconciliation of fair value of scheme (plan) assets

2011/12			2012/13	
Local Govt Pension Scheme £000	Unfunded Teachers' Pension Scheme £000		Local Govt Pension Scheme £000	Unfunded Teachers' Pension Scheme £000
353,504	0	**Opening Balance at 1 April**	332,696	0
23,870	0	Expected Return on Assets	19,296	0
3,018	0	Contributions by Scheme Participants	3,069	0
10,508	0	Contributions by the Employer	10,080	0
1,899	844	Contributions re Unfunded Benefits	1,822	963
(37,909)	0	Actuarial Gains/(Losses)	30,028	0
(8,288)	0	Assets distributed on Settlement	0	0
(1,899)	(844)	Unfunded Benefits Paid	(1,822)	(963)
(12,007)	0	Benefits Paid	(13,089)	0
332,696	**0**	**Closing Balance at 31 March**	**382,080**	**0**

The expected return on scheme assets is determined by considering the long term future expected return for each individual class of asset at the beginning of the period, i.e. as at 31 March 2012.

The majority of scheme assets are held as equity investments and these will reflect yield experience in their respective markets. The actual return on scheme assets in the year was a gain of £49.379m (a gain of £3.596m in 2011/12).

31.3 Scheme History

Local Government Pension Scheme

At the balance sheet date	31/03/13 £000	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000
Fair Value of Employer Assets	382,080	332,696	353,504	323,445	233,322
Present Value of Defined Benefit Liability	(490,822)	(417,779)	(396,165)	(442,240)	(266,568)
Surplus/(Deficit)	**(108,742)**	**(85,083)**	**(42,661)**	**(118,795)**	**(33,246)**

Unfunded Teachers' Pension Scheme

At the balance sheet date	31/03/13 £000	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000
Fair Value of Employer Assets	0	0	0	0	0
Present Value of Defined Benefit Liability	(21,012)	(17,679)	(12,995)	(12,612)	(8,005)
Surplus/(Deficit)	**(21,012)**	**(17,679)**	**(12,995)**	**(12,612)**	**(8,005)**

31.4 Balance Sheet Position as at 31 March 2013

Liabilities and Assets Recognised in the Balance Sheet at 31 March

2011/12 Total of Both Pension Schemes Detailed Above £000	Recognised in the Balance Sheet	2012/13 Total of Both Pension Schemes Detailed Above £000
(55,656)	Opening Net Asset/(Liability)	(102,762)
(47,106)	Movement in reserves during the year	(26,992)
(102,762)	**Closing Net Asset/(Liability)**	**(129,754)**

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits. The total liability of £129.754m has a substantial impact on the net worth of the authority, resulting in a deterioration of £26.992m in the Balance Sheet position. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, i.e. before payments fall due, as assessed by the scheme actuary. This is assessed at the formal funding valuation, carried out every three years, which ensures that any future contributions are adjusted to enable future benefits to be met. The latest formal funding valuation was as at 31 March 2011, with the next one being due at 31 March 2014.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contribution made to the Strathclyde Pension Fund by the Council in the year to 31 March 2013 is £12.47m, and it is expected that a similar contribution will be made in financial year 2013/14. A sum of £0.591m was paid in respect of added years for teachers' early retirals awarded by this authority since 1 April 1996.

There has been an increase of £26.992m in the deficit at the balance sheet date. The most significant changes that have had an impact on this during the year are:

- the deficit has increased due to falling real bond yields
- the deficit has been partially offset by strong asset returns

31.5 Basis for estimating Assets and Liabilities

The Council's share of the liabilities of Strathclyde Pension Fund has been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Fund's liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest formal valuation at 31 March 2011. In order to assess the actuarial value of the Fund's assets and liabilities, the actuarial values as at 31 March 2011 have been rolled forward, allowing for changes in financial assumptions, additional benefit accrual, estimated cash flows over the period and any updated membership data. It should be noted that these pension disclosures also include the pension liabilities for Mugdock Country Park Joint Management Committee which cannot be separately identified from the actuarial valuations obtained.

The principal assumptions used by the actuary at the balance sheet date are detailed below.

Principal Assumptions	**31/03/2013**	**31/03/2012**
Mortality assumptions		
Longevity at 65 for current pensioners:		
• Men	21.0	21.0
• Women	23.4	23.4
Longevity at 65 for future pensioners:		
• Men	23.3	23.3
• Women	25.3	25.3
Expected return on assets by category		
• Equities	4.5%	6.3%
• Bonds	4.5%	3.9%
• Property	4.5%	4.4%
• Cash	4.5%	3.5%
Expected return on assets overall	4.5%	5.8%
Inflation/Pension increase rate	2.8%	2.5%
Salary increase rate (1)	5.1%	4.8%
Discount rate for scheme liabilities	4.5%	4.8%
Commutation - % allowance of future retirements to elect to take additional tax-free cash up to HMRC limits		
• pre-April 2009 service	50%	50%
• post-April 2009 service	75%	75%

Notes

(1) salary increases are assumed to be 1% per annum until 31 March 2015 reverting to the long term assumption shown thereafter

The Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	31/03/2013	**31/03/2012**
Equities	76%	77%
Bonds	14%	11%
Property	7%	7%
Cash	3%	5%

31.6 History of Experience Gains and Losses

The actuarial gains and losses identified as movements on the Pension Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013.

Local Government Pension Scheme

	At the balance sheet date				
	31/03/13	31/03/12	31/03/11	31/03/10	31/03/09
Experience gains/(losses) on assets as a percentage of scheme assets	7.9%	(11.4%)	0.6%	22.5%	(35.1%)
Experience gains/(losses) on liabilities as a percentage of liabilities	0.0%	3.2%	(0.8%)	(0.2%)	9.8%

Unfunded Teachers' Pension Scheme

	At the balance sheet date			
	31/03/13	31/03/12	31/03/11	31/03/10
Experience gains/(losses) on assets as a percentage of scheme assets	0.0%	0.0%	0.0%	0.0%
Experience gains/(losses) on liabilities as a percentage of liabilities	2.2%	(1.0%)	(10.9%)	(9.1%)

31.7 Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivities at 31 March 2013	Approximate % Increase to Employer Obligation	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	12%	60,613
1 year increase in member life expectancy	3%	15,066
0.5% increase in the Salary Increase rate	5%	25,691
0.5% increase in the Pension Increase rate	9%	43,680

31.8 Post-Employment Benefits – Joint Boards

Local government legislation provides that local authorities have an obligation to meet the expenditure of Joint Boards of which they are constituent members. These bodies form part of the Council's Group Accounts. As a consequence East Dunbartonshire Council has additional liabilities arising from the pension deficits of:

- Strathclyde Fire & Rescue Joint Board
- Strathclyde Police Joint Board
- Dunbartonshire and Argyll & Bute Valuation Joint Board
- Strathclyde Partnership for Transport

In accordance with the accounting regulations, the **Group Financial Statements** include the pension liability of the above boards. Further information regarding these deficits can be found in the Annual Report and Accounts of the relevant bodies and in the **Group Financial Statements** on pages 105-118.

Note 32 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by East Dunbartonshire Council are members of the Teachers Pension Scheme, known as the Scottish Teachers Superannuation Scheme (STSS), which is administered by the Scottish Government. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and all contributions (payable by members and employers) are paid to the Scottish Government, and the Scottish Government then meets the costs of all benefits. A specific account is held by the Scottish Government for this purpose. Although this is a defined benefit scheme, it is not possible to identify each employer's share of the underlying liabilities in the scheme on a consistent and reasonable basis. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2012/13 the Council incurred total employer's contributions of £6.6m based on an employers' contribution rate of 14.9% of pensionable pay for the full year. The comparable figures for 2011/12 were £6.6m and 14.9%. There will be no increase in this rate for 2013/14. The Council paid over £6.05m to the Scottish Government in respect of 2012/13 contributions, leaving a balance of £0.550m to be paid over at the balance sheet date.

Note 33 Contingent Assets and Liabilities

Whilst provision has been made in the accounts for some costs arising from equal pay claims, it remains possible that further claims may be lodged by other employees at some time in the future. Given the nature of equal pay legislation, the uncertainty around further claims, and related tribunal outcomes, it is not possible to be certain of potential future costs in this area.

At 31 March 2013, East Dunbartonshire Council had a number of outstanding Employment Tribunal Cases (not associated with equal pay). The potential maximum financial exposure to the Council from such compensation claims is £0.699m.

The Council recognises an exposure to risk arising from compensation claims for damages and costs for incidents that the Council is not insured against. One such claim is still outstanding, although the Council had challenged this from the outset, and to date has been successful in substantially reducing the claim. There is now a maximum potential exposure of £0.206m (from £2.8m previously).

Officers from the Dunbartonshire and Argyll & Bute Valuation Joint Board have advised of their intention to consider a review of Council Tax bandings in some areas. The Assessor has advised that surveys are required prior to being able to fully determine any financial impact on the Council. The review is likely to cover approximately 1,000 properties over a period back to 1993. In cases where bandings are reduced, any net additional payments made by residents are required to be reimbursed, with the cost borne by the Council. Given the scale of the exercise there could be a significant financial impact, but at this stage it is not possible to make an accurate prediction.

Housing Revenue Account

HRA Income and Expenditure Account

2011/12 £000		2012/13 £000	£000
	Income		
(11,926)	Dwelling Rents	(12,200)	
(113)	Non Dwelling Rents	(109)	
(448)	Other Income	(483)	
(12,487)	**Total Income**		**(12,792)**
	Expenditure		
4,116	Repairs and Maintenance	4,321	
2,502	Supervision and Management	2,499	
6,835	Depreciation, impairment and revaluation of non current assets	7,903	
28	Movement in the allowance for bad debts	171	
982	Other Expenditure	932	
14,463	**Total Expenditure**		**15,826**
1,976	**Net Expenditure**		**3,034**
26	HRA services share of Corporate and Democratic Core		26
2,002	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**3,060**
24	HRA share of other amounts included in the whole authority		27
2,026	**Net Cost of HRA Services**		**3,087**
86	(Gain)/Loss on sale of HRA non current assets		60
913	Interest payable and similar charges		1,092
(11)	Interest and investment income		(7)
(32)	Pension interest cost and expected return on pension assets		30
2,982	**(Surplus)/Deficit for year on HRA services**		**4,262**

Statement of Movement on HRA Balance

This statement takes the outturn on the HRA Income and Expenditure Account and reconciles it to the surplus or deficit for the year on the HRA balance. It allows for the same differences in accounting treatment as outlined in the Statement of Movement in Reserves.

	2012/13 £000	2011/12 £000
(Surplus)/Deficit for the year on the HRA Income and Expenditure Account	4,262	2,982
Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(4,333)	(3,384)
Decrease/(Increase) in Housing Revenue Account Balance	**(71)**	**(402)**
Housing Revenue Account Surplus brought forward	(1,483)	(1,081)
Housing Revenue Account Surplus carried forward	**(1,554)**	**(1,483)**

Note to the Statement of Movement on the HRA Balance

Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year.

	2012/13 £000	2011/12 £000
Depreciation, impairment and revaluation of non current assets	(7,903)	(6,835)
Gain or loss on sale of HRA non current assets	(60)	(86)
Net charges made for retirement benefits in accordance with IAS19	(213)	(144)
Total	**(8,176)**	**(7,065)**
Employer's contributions payable to the Strathclyde Pension Fund and retirement benefits payable direct to pensioners	176	171
Loans fund principal	2,315	2,049
Capital expenditure funded by the HRA	1,352	1,461
Total	**3,843**	**3,681**
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	**(4,333)**	**(3,384)**

Notes to the Housing Revenue Account

1 Number and Type of Dwelling

	Opening Number	Changes in Year	Closing Number
Houses			
Bungalow	12	1	13
Semi-Detached	689	6	695
Detached House	3	1	4
Terraced House	1,093	13	1,106
Total	**1,797**	**21**	**1,818**
Flats			
Maisonette	101	0	101
Four in a Block	848	(20)	828
Tenement Flat	832	18	850
Homeless: 8 apartment	1	0	1
Homeless: 6 apartment	1	0	1
Homeless: 2 apartment	3	0	3
Total	**1,786**	**(2)**	**1,784**
Grand Total	**3,583**	**19**	**3,602**

In 2012/13 there were 61 new properties (including 55 new builds), with 34 demolitions and 8 disposals.

2 Prior Year Adjustments

There are no prior year adjustments.

3 Arrears and Bad Debt Provisions

	2012/13 £000	2011/12 £000
Arrears as at 31 March 2013		
• Former Tenants	508	518
• Current Tenants	373	266
Total	**881**	**784**
Bad Debt Provision at 31 March 2013		
Total provision in respect of uncollectable rents	**566**	**543**

4 Exceptional Items

There are no exceptional items for 2012/13.

5 Void Rent Loss

	2012/13 £000	2011/12 £000
Rent loss arising from void properties	156	189

The above figures include void rent loss in relation to housing and homeless properties as well as garage rent loss

Council Tax Income Account

2011/12 £000		2012/13 £000
59,511	**Gross Council Tax levied and contribution in lieu**	59,922
(4,872)	Less: • Council Tax benefit	(4,784)
4,940	• Council Tax benefit - Government Grant	4,831
(5,703)	• Other discounts and reductions	(5,841)
(1,098)	• Provision for bad and doubtful debts	(1,106)
100	• Prior year adjustments	(30)
(186)	• Transfer to Reserve	(168)
52,692	**Net Council Tax Income**	**52,824**
19	Income from Community Charge	18
52,711	**Net transfer to Income and Expenditure Account**	**52,842**

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the authority.

Calculation of the Council Tax Base (shown as numbers of properties)

	A Disabled	A	B	C	D	E	F	G	H	Total No. of Properties
Properties	n/a	1,233	3,676	8,189	7,510	10,758	6,769	6,081	592	44,808
Exemptions	n/a	(179)	(154)	(239)	(119)	(157)	(89)	(53)	(12)	(1,002)
Chargeable Dwellings	**0**	**1,054**	**3,522**	**7,950**	**7,391**	**10,601**	**6,680**	**6,028**	**580**	**43,806**
Disabled Reductions		(2)	(17)	(62)	(43)	(88)	(56)	(47)	(1)	(316)
Effectively Chargeable	2	17	62	43	88	56	47	1	0	316
Adjusted Chargeable Dwellings	**2**	**1,069**	**3,567**	**7,931**	**7,436**	**10,569**	**6,671**	**5,982**	**579**	**43,806**
Discounts (50% or reduced)		(9)	(40)	(76)	(62)	(75)	(60)	(54)	(11)	(387)
Single Discount (25%)		(712)	(2,097)	(3,631)	(2,664)	(2,850)	(1,396)	(1,014)	(68)	(14,432)
Total Equivalent Dwellings	**2**	**887**	**3,023**	**6,985**	**6,739**	**9,819**	**6,292**	**5,702**	**557**	**40,006**
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	--
Band D Equivalents	**1**	**591**	**2,351**	**6,209**	**6,739**	**12,001**	**9,088**	**9,503**	**1,113**	**47,596**

Contributions in lieu	1
Total	**47,597**
Provision for bad debts	1,071
Council Tax Base	**48,668**

The numbers in the above table reflect the position as at March 2013.

The Nature and Actual Amount of Each Charge Fixed

Dwellings fall within a valuation band from 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 value is then decreased or increased dependent on band of the individual dwelling. The Band D charge for 2012/13 was £1,142.

	A	B	C	D	E	F	G	H
Annual charge	£761	£888	£1,015	£1,142	£1,396	£1,649	£1,903	£2,284

Non-Domestic Rates Income Account

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 Rate 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 Rates pool. The account shows the rates collected from non-domestic ratepayers during the year. Actual rates collected locally are shown below.

2011/12 restated £000		**2012/13 £000**
27,295	**Gross Rates levied and contributions in lieu**	29,898
	Less:	
(6,065)	• Reliefs and other deductions	(6,499)
0	• Payment of interest	1
(300)	• Provision for bad and doubtful debts	(300)
113	• Discretionary Relief due to Pool	120
(130)	• Prior Year Adjustment	(659)
20,913	**Net Non-Domestic Rates Income**	**22,561**
(113)	Discretionary relief above threshold not funded by national pool	(122)
189	Due (to)/from the National Pool	(29)
20,989	**Net NDR Income per the Comprehensive Income and Expenditure Accounts**	**22,410**

The Nature and Actual 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 Scottish Government. The Non-Domestic Rates poundage for 2012/13 was 45p.

Small businesses with cumulative rateable values of £25,000 or less are eligible for a discount on the rate poundage of between 25% and 100%. Properties over £35,000 pay a supplement of 8p on the rate poundage.

Rateable Values and Number of Premises as at 1 April 2012

	Number of Subjects	**Rateable Value £000**
Industrial	290	5,232
Commercial	1,544	37,193
Others	450	25,856
Formula Valued (public undertakings)	4	35
Total	**2,288**	**68,316**

Common Good and Trust Funds

Summary of Trust Funds

The Council administers several Trust funds which relate primarily to legacies left by individuals with connection in the area. These Trusts transferred to the Council from the former authorities of Strathkelvin District Council, Bearsden and Milngavie District Council and Strathclyde Regional Council. The Trusts are specific to certain areas within the former authorities and the income from the Trusts can be used to fund expenditure which is appropriate to the purpose for which the original legacies were donated. Those Trust funds registered with the Office of the Scottish Charity Regulator (OSCR) are included under Charitable Trusts below.

Income and Expenditure Account

	2012/13					2011/12
	Charitable Trusts					
	R Lillie	W Patrick	EDC Charitable Trusts	Various Others	Total	Total
	£000	£000	£000	£000	£000	£000
Income in year	(6)	(2)	0	0	(8)	(5)
Expenditure in year	5	0	0	0	5	12
(Surplus)/Deficit	**(1)**	**(2)**	**0**	**0**	**(3)**	**7**

Balance Sheet

	2012/13					2011/12
	Charitable Trusts					
	R Lillie	W Patrick	EDC Charitable Trusts	Various Others	Total	Total
	£000	£000	£000	£000	£000	£000
Assets						
• External Investments	119	14	3	0	136	136
• Internal Investments	37	82	41	12	172	171
• Debtors	1	1	0	0	2	0
Total Assets	157	97	44	12	310	307
Less Current Liabilities	0	0	0	0	0	0
Net Assets/(Liabilities)	**157**	**97**	**44**	**12**	**310**	**307**
Represented by:						
• Capital balance at 31 March	157	53	23	18	251	250
• Revenue balance at 31 March	0	44	21	(6)	59	57
Total Balance at 31 March	**157**	**97**	**44**	**12**	**310**	**307**

R Lillie Charitable Trust

Trust is for the establishment and upkeep of Lillie Art Gallery, Milngavie.

W Patrick Charitable Trust

Funds gifted in memory of Dr W. Patrick for the purpose of establishment and upkeep of William Patrick Library, Kirkintilloch.

EDC Charitable Trusts

These minor Trust Funds are held by the Council and mainly comprise legacies gifted for the upkeep of war memorials, relief of sick and poor, upkeep of memorial cairns, upkeep of Regent Gardens, Kirkintilloch, and maintenance of lairs.

Various Other Non-Charitable Trusts

These minor Trust Funds are held by the Council, mainly comprising legacies gifted for educational and social work purposes.

Summary of Common Good Funds

Common Good Funds were inherited from former authorities, with the most significant one being the Talbot Crosbie fund, inherited from the former Bearsden and Milngavie District Council. This has a balance of £0.475m as at 31 March 2013. These funds can be used for the common good/benefit of residents of the area and, as such, they are primarily used to give grants to appropriate organisations in the relevant areas. The Common Good Funds held by the Council are currently registered charities regulated by the OSCR.

Income and Expenditure Account

	2012/13		2011/12	
	General £000	**T Crosbie £000**	**General £000**	**T Crosbie £000**
Income during the year	(82)	(18)	0	(24)
Expenditure during the year	0	12	0	16
(Surplus)/Deficit to Balance Sheet	**(82)**	**(6)**	**0**	**(8)**

Balance Sheet

	2012/13		2011/12	
	General £000	**T Crosbie £000**	**General £000**	**T Crosbie £000**
Assets				
• External Investments	0	382	0	380
• Internal Investments	98	91	16	87
• Debtors	0	2	0	2
Total Assets	98	475	16	469
Less Current Liabilities	0	0	0	0
Net Assets/(Liabilities)	**98**	**475**	**16**	**469**
Represented by:				
• Capital balance at 31 March	87	414	5	412
• Revenue balance at 31 March	11	61	11	57
Total Balance at 31 March	**98**	**475**	**16**	**469**

Common Good Property, Plant & Equipment

On 7 February 2012, the Policy & Resources Committee approved a management arrangement whereby the Council operates land and property identified as Common Good. Under this agreement, the Council remains responsible for all costs and income relating to such assets and is entitled to use them.

International Financial Reporting Standards and associated guidance (*IFRIC 4: Determining Whether an Arrangement Contains a Lease*) require arrangements that convey the right to use an asset to be accounted for as a lease, even where they do not have the legal form of a lease. It has been determined that this arrangement has the substance of a finance lease, with the Council assuming the risks and rewards of ownership. The land and buildings are, therefore, disclosed on the Balance Sheet of the Council and not that of the Common Good.

The Common Good has a gross investment in the lease type arrangement which comprises the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the land and buildings when the service agreement comes to an end. The value of the lease debtor and the gross investment is not significant as the agreement and associated peppercorn rentals are expected to remain in place for the foreseeable future.

The *Charities and Trustee Investment (Scotland) Act 2005* and the *Charities Accounts (Scotland) Regulations 2006*

Under the provisions of the 2005 Act and the Accounts Regulations above, all registered charities in Scotland are required to prepare annual accounts which must be externally scrutinised; this will apply to all Trusts registered with OSCR. Although the above information is included in the Council's own accounts, it is recognised that more detailed compliance to the accounting requirements will be required in the near future.

The Council has been reviewing the Trusts it currently holds, and a decision was made in June 2008 to nominate five Members of East Dunbartonshire Council to act as Trustees for all registered Trusts held by the Council. In addition, the Council will be liaising with OSCR over its plans to re-organise the existing Trusts to maximise the potential use that can be made of the assets of the Trusts.

Group Financial Statements

Movement in Group Reserves Statement

This statement shows the movement in the year on the reserves held by the Council plus its share of the reserves of its associates. The Council's reserves are analysed into Usable Reserves, i.e. those that can be applied to fund expenditure or reduce local taxation, and Unusable Reserves. The Council's share of the reserves of Associates is an Unusable Reserve, i.e. it cannot be used to fund expenditure or reduce taxation.

Year ended 31 March 2013	Usable Reserves				Unusable Reserves	*Total Reserves of the Council & Subsidiaries*	Council's Share of Usable Reserves of Associates	Council's Share of Unusable Reserves of Associates	Total Group Reserves
	General Fund Balance	HRA and Capital Reserves	Other Statutory Reserves	Total Usable Reserves					
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	**10,999**	**20,906**	**2,117**	**34,022**	**319,664**	***353,686***	**4,009**	**(166,864)**	**190,831**
Movement in Reserves during 2012/13									
Surplus or Deficit on Provision of Services	(12,816)	(4,262)	835	(16,243)	34	*(16,209)*	(1,750)	(8,220)	**(26,179)**
Other Comprehensive Expenditure and Income	0	0	1	1	(12,668)	*(12,667)*	1	(24,150)	**(36,816)**
Total Comprehensive Expenditure and Income	**(12,816)**	**(4,262)**	**836**	**(16,242)**	**(12,634)**	***(28,876)***	**(1,749)**	**(32,370)**	**(62,995)**
Adjustments between Accounting Basis and Funding Basis under Regulations	13,474	2,333	0	15,807	(15,807)	*0*	0	0	**0**
Net Increase or Decrease before Transfers to Other Statutory Reserves	**658**	**(1,929)**	**836**	**(435)**	**(28,441)**	***(28,876)***	**(1,749)**	**(32,370)**	**(62,995)**
Transfers to and from Other Statutory Reserves	1,433	(2,061)	723	95	(95)	*0*	0	0	0
Increase or Decrease in the Year	**2,091**	**(3,990)**	**1,559**	**(340)**	**(28,536)**	***(28,876)***	**(1,749)**	**(32,370)**	**(62,995)**
Balance at 31 March 2013 Carried Forward	**13,090**	**16,916**	**3,676**	**33,682**	**291,128**	***324,810***	**2,260**	**(199,234)**	**127,836**

Comparative Figures for Year ended 31 March 2012 (Restated)	Usable Reserves				Unusable Reserves	*Total Reserves of the Council & Subsidiaries*	Council's Share of Usable Reserves of Associates	Council's Share of Unusable Reserves of Associates	Total Group Reserves
	General Fund Balance	HRA and Capital Reserves	Other Statutory Reserves	Total Usable Reserves					
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2011	**9,909**	**9,392**	**1,073**	**20,374**	**365,345**	***385,719***	**3,019**	**(154,059)**	**234,679**
Movement in Reserves during 2011/12									
Surplus or Deficit on Provision of Services	9,838	(2,982)	1,043	7,899	98	*7,997*	990	(12,094)	**(3,107)**
Other Comprehensive Expenditure and Income	0	0	1	1	(40,031)	*(40,030)*	0	(711)	**(40,741)**
Total Comprehensive Expenditure and Income	**9,838**	**(2,982)**	**1,044**	**7,900**	**(39,933)**	***(32,033)***	**990**	**(12,805)**	**(43,848)**
Adjustments between Accounting Basis and Funding Basis under Regulations	(9,731)	15,479	0	5,748	(5,748)	*0*	0	0	**0**
Net Increase or Decrease before Transfers to Other Statutory Reserves	**107**	**12,497**	**1,044**	**13,648**	**(45,681)**	***(32,033)***	**990**	**(12,805)**	**(43,848)**
Transfers to and from Other Statutory Reserves	983	(983)	0	0	0	*0*	0	0	0
Increase or Decrease in the Year	**1,090**	**11,514**	**1,044**	**13,648**	**(45,681)**	***(32,033)***	**990**	**(12,805)**	**(43,848)**
Balance at 31 March 2012 Carried Forward	**10,999**	**20,906**	**2,117**	**34,022**	**319,664**	***353,686***	**4,009**	**(166,864)**	**190,831**

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing the Council's services and its share of the results of it associates in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2011/12 (Restated)				2012/13		
Gross Expenditure	Gross Income	Net Expenditure or (Income)		Gross Expenditure	Gross Income	Net Expenditure or (Income)
£000	**£000**	**£000**	**Service Revenue Accounts**	**£000**	**£000**	**£000**
119,979	(2,933)	117,046	Education	117,241	(2,505)	114,736
14,489	(12,487)	2,002	Housing Revenue Account	15,852	(12,792)	3,060
20,734	(19,395)	1,339	Other Housing Services	21,793	(20,024)	1,769
19,410	(6,970)	12,440	Cultural & Related Services	25,615	(6,384)	19,231
16,446	(1,460)	14,986	Environmental Services	17,676	(1,698)	15,978
4,962	0	4,962	Fire Joint Board	4,658	0	4,658
18,575	(7,217)	11,358	Roads & Transport	15,367	(5,238)	10,129
6,727	(374)	6,353	Police Joint Board	5,280	(32)	5,248
8,129	(4,732)	3,397	Planning & Development	13,909	(3,185)	10,724
64,927	(13,435)	51,492	Social Work	66,326	(14,256)	52,070
4,097	(5)	4,092	Corporate and Democratic Core	3,853	0	3,853
6,675	0	6,675	Non Distributable Costs	4,184	0	4,184
3,472	(1,313)	2,159	Central Services to the Public	3,681	(1,275)	2,406
1,673	0	1,673	Share of Operating Results of Associates	1,206	0	1,206
310,295	(70,321)	**239,974**	**Net Cost of Services (1)**	316,641	(67,389)	**249,252**
		(925)	(Gains) / loss on Disposal of Fixed Assets			150
		(925)	**Other Operating (Income) or Expenditure (2)**			**150**
		16,040	Interest Payable and Similar Charges			16,006
		229	Share of Interest Payable by Associates			225
		(1,610)	Pension Interest Cost/ Expected Return on Pension Assets			1,588
		9,273	Share of Pensions Interest Cost/ Expected Return on Pension Assets			8,636
		(82)	Interest Receivable and Similar Income			(214)
		(65)	Share of Interest Receivable by Associates			(88)
		223	(Gain) / Loss on Early Settlement of Borrowing			220
		24,008	**Financing and Investment Income and Expenditure (3)**			**26,373**
		(52,711)	Council Tax and Community Charge			(52,842)
		(20,989)	Non-Domestic Rates			(22,410)
		(164,502)	General Revenue Grant			(163,871)
		(21,748)	Recognised Capital Grants / Contributions			(10,473)
		(259,950)	**Taxation and Non-Specific Grant Income (4)**			**(249,596)**
		3,107	**(Surplus) or Deficit on the Provision of Services (5)** {(1) + (2) + (3) + (4)}			**26,179**
		(7,107)	(Surplus) or Deficit on the Revaluation of Non Current Assets			(13,201)
		47,926	Actuarial (Gains) or Losses on Pensions Assets and Liabilities			49,757
		(78)	Other Unrealised (Gains) or Losses			260
		40,741	**Other Comprehensive Income and Expenditure (6)**			**36,816**
		43,848	**(Surplus)/Deficit for the Year** {(5) + (6)}			**62,995**

Group Balance Sheet

31 March 2012 (Restated) £000		31 March 2013 £000
688	Intangible Assets	1,011
3,204	Heritage Assets	3,204
681,108	Property, Plant and Equipment	681,430
7,857	Investments in Associates	8,151
54	Long-term debtors	48
692,911	**Long-term Assets**	**693,844**
0	Short-term investments	0
876	Inventories	917
9,005	Assets held for sale	10,847
22,595	Short-term debtors	16,993
9,033	Cash and cash equivalents	19,144
41,509	**Current Assets**	**47,901**
(11,287)	Short-term borrowing	(15,636)
(36,130)	Short-term creditors	(40,015)
0	Short-term capital receipts in advance	(1,750)
(1,315)	Provisions	(1,775)
0	Cash and cash equivalents	0
(48,732)	**Current Liabilities**	**(59,176)**
0	Long-term creditors	0
(2,508)	Provisions	(4,367)
(170,712)	Liabilities in Associates	(205,125)
(120,682)	Long-term borrowing	(118,115)
(96,568)	Other long-term liabilities (PPP contract)	(94,407)
(62)	Other long-term liabilities (finance leases)	(48)
(103,986)	Other long-term liabilities (pensions)	(132,104)
(339)	Capital receipts in advance	(567)
(494,857)	**Long-term Liabilities**	**(554,733)**
190,831	**Net Assets**	**127,836**
34,022	Usable Reserves	33,682
319,664	Unusable Reserves	291,128
(162,855)	Group Reserves	(196,974)
190,831	**Total Reserves**	**127,836**

The unaudited accounts were issued on 27 June 2013 and the audited accounts were authorised for issue on 23 September 2013.

I certify that this presents a true and fair view of the financial position of the Council at 31 March 2013, and its income and expenditure for the year ended 31 March 2013.

....

Ian Black
Director of Finance & Shared Services
23 September 2013

Group Cash Flow Statement

2011/12 (Restated) £000		2012/13 £000
3,107	**Net (Surplus) or Deficit on the Provision of Services**	**26,179**
(46,643)	Non-Cash Transactions	(58,221)
26,369	Adjust for Items in Net Surplus or Deficit that are Investing and Financing Activities	11,657
(17,167)	**Net Cash Flows from Operating Activities**	**(20,385)**
14,308	Investing Activities	9,556
2,264	Financing Activities	718
(595)	**Net (increase)/decrease in cash and cash equivalents**	**(10,111)**
(8,438)	Cash and cash equivalents at beginning of the year	(9,033)
(9,033)	**Cash and cash equivalents at the end of the year**	**(19,144)**

31 March 2012 £000	Cash and Cash Equivalents	31 March 2013 £000
(116)	Cash held by officers	(81)
698	Bank current accounts	(2,633)
(9,615)	Short term deposits (Temporary investments)	(16,430)
(9,033)	**Total cash and cash equivalents**	**(19,144)**

Notes to the Group Accounts

The notes required for the Single Entity Accounts of East Dunbartonshire Council are disclosed separately in the preceding pages. The following notes relate to the Group position and reflect any material additional amounts and information in relation to the other combining entities.

Note 1 Statement of Group Accounting Policies

The *Code of Practice on Local Authority Accounting in the United Kingdom 2012-2013* (the Code) requires local authorities to consider their interests in all types of entity. This includes other local authorities or similar bodies defined in Section 106 of the *Local Government (Scotland) Act 1973*, e.g. statutory bodies such as Police, Fire and Rescue and Valuation 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 group accounting policies are those specified for the single entity financial statements. All bodies have the same accounting dates as the Council and generally follow the same accounting policies. The policies and any differences are outlined in the following sections.

1.1 Combining Entities

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

Entity Name	Relationship
• Mugdock Country Park Joint Management Committee	Subsidiary
• East Dunbartonshire Leisure & Culture Trust Ltd	Subsidiary
• Strathclyde Police Joint Board	Associate
• Strathclyde Fire & Rescue Joint Board	Associate
• Strathclyde Partnership for Transport	Associate
• Strathclyde Concessionary Travel Scheme Joint Committee	Associate
• Dunbartonshire and Argyll & Bute Valuation Joint Board	Associate

The Council would class an entity as a subsidiary where it has a majority interest in the entity. The Council would class an entity as an associate where it has a significant influence over the financial and operating policies of the entity.

In addition to the above, the Council has adjusted its single entity accounts for its Common Good and Trust accounts, in line with appropriate accounting guidance for adjusting for directly managed funds.

The Council contributes 87.5% to the financial costs of Mugdock Country Park Joint Management Committee and has the same share of seats on the board. Therefore, the Council holds a majority interest in this Joint Committee and has included this as a subsidiary in its Group Accounts. Stirling Council has a minority interest in this Joint Committee. The agreement between East Dunbartonshire Council and Stirling Council was renewed during financial year 2007/08.

The Council is sole member of East Dunbartonshire Leisure & Culture Trust through direct appointment of board members or through a nominations committee. Therefore it is treated as a subsidiary within the group accounts.

The five Joint Boards per the above table are independent public bodies formed by 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 in the legislation.

Under accounting standards, the Council has a significant influence over these bodies. The nominated members of East Dunbartonshire Council are actively involved and participate in the meetings of the Boards at which the policy and direction of the services are considered. It is under this remit of influence that the Boards are included within Group Accounts.

1.2 Going Concern

For three of the Associates, the Council's share of net worth is a net liability. For Strathclyde Joint Police Board, Strathclyde Joint Fire & Rescue Board, and Dunbartonshire and Argyll & Bute Valuation Joint Board, the net liability is a direct result of the requirement to fully account for *IAS19: Employee Benefits*. All have prepared their accounts on a 'going concern' basis. Statutory arrangements in place with the Scottish Government and constituent authorities for the funding of the deficit on Police and Fire pensions means that the financial position of the Boards remains assured. In common with these public bodies, the Council's Group Accounts have been prepared on a going concern basis as there is no reason to suggest that future funding will not continue.

1.3 Stock

Stock is valued at weighted average cost and the lower of cost or net realisable value as follows. The difference in valuation methods does not have a material effect on the results of the Group given the levels of stockholdings in these organisations.

- Weighted average cost: Strathclyde Police's stock of uniforms
- Net cost or realisable value: Strathclyde Fire & Rescue's, SPT's and Mugdock's stock and Strathclyde Police's stock of vehicle parts, communications equipment and other materials

Note 2 Details of Combining Entities

In addition to the information included in the consolidated Group Accounts, accounting regulations require specific disclosures in relation to combining entities and the nature of their business. This information is set out below. The requirements of *International Accounting Standard (IAS) 28* have been adhered to when compiling the various disclosures and, unless otherwise stated, no debtor or creditor balances are held with any of the associates.

2.1 East Dunbartonshire Leisure & Culture Trust Ltd

East Dunbartonshire Leisure & Culture Trust was incorporated in November 2010 as a charitable company limited by guarantee. The limit of the Council's liability if the company was wound up is £1.

The trust began delivering a range of leisure and cultural services on behalf of East Dunbartonshire Council on 1 April 2011. These services extend to the provision of leisure centres and libraries as well as an art gallery and museum.

The company's Articles of Association state that the Council is the sole member of the company with the power to appoint and remove directors. The Board consists of 11 directors. There are five directors who are Councillors of, and directly appointed by, the Council. Of the remaining directors, five are appointed by the Council based on the recommendation of a nominations committee and one is appointed on the basis of nomination by the Trade Union.

The total net liability position of the company at 31 March 2013 was £0.469m after accounting for *FRS17: Retirement Benefits*. The following additional disclosures are required under accounting regulations for this Company because the Council's share of the net liability exceeds 25%.

East Dunbartonshire Leisure & Culture Trust	2012/13 £000	2011/12 £000
Turnover	10,102	9,676
Profit or (loss) before tax	(286)	(176)
Taxation	0	0
Profit or (loss) after tax	(286)	(176)
Long term assets	184	48
Current assets	3,223	1,942
Current liabilities	1,525	1,356
Long term liabilities	2,350	1,224

The accounts of East Dunbartonshire Leisure & Culture Trust are published separately and can be obtained from:

East Dunbartonshire Leisure & Culture Trust
William Patrick Library
2-4 West High Street
Kirkintilloch
G66 1AD

2.2 Strathclyde Police Joint Board

This is the statutory body established under the *Strathclyde Combined Police Area Amalgamation Scheme Order 1995*, and provides a vast range of policing services on behalf of 12 local authorities in the west of Scotland. The financial year of the Joint Board runs from 1st April to 31st March. In 2012/13 East Dunbartonshire Council contributed £6.353m to the Board's estimated running costs, representing the Council's agreed 3.00% share of costs (3.13% in 2011/12). Given that the Council has membership of the Joint Board, can exercise a degree of influence and contributes financially, it has been treated as an Associate for the purposes of Group Accounts. The Council's share of the net year end liability is £156.768m (3.00%) and this has been reflected in the Group Balance Sheet. Accounts for the Joint Board are published separately and can be obtained from:

The Treasurer
Strathclyde Police Joint Board
Glasgow City Chambers
George Square
Glasgow
G2 1DU

2.3 Strathclyde Fire & Rescue Joint Board

This is the statutory body responsible for the overseeing of the activities of Strathclyde Fire & Rescue, which provides fire and emergency cover for 12 local authorities in the West of Scotland. The financial year of the Joint Board runs from 1 April to 31 March. In 2012/13, East Dunbartonshire Council contributed £4.962m to the Board's estimated running costs, which represents the Council's agreed 4.05% share of costs for the year. Given that the

Council has membership of the Joint Board, can exercise a degree of influence and contributes financially, the Joint Board has been treated as an Associate for the purposes of Group Accounts. The Council's share of the net year end liability is £47.730m (4.05%) and this has been reflected in the Group Balance Sheet. Accounts for the Joint Board are published separately and can be obtained from:

The Treasurer
Strathclyde Fire & Rescue Joint Board
Almada Street
Hamilton
ML3 0AA

2.4 Strathclyde Partnership for Transport

This is the statutory body responsible for formulating the public transport policy for 12 local authorities in the West of Scotland. The financial year of the Partnership runs from 1 April to 31 March. In 2012/13, East Dunbartonshire Council contributed £1.893m to the Partnership's estimated running costs, which represents the Council's agreed 5.06% share of costs for the year. Given that the Council has membership of the Partnership, can exercise a degree of influence and contributes financially, it has been treated as an Associate for the purposes of Group Accounts. The Council's share of the net year end assets is £8.079m (5.06%) and this has been reflected in the Group Balance Sheet. Accounts for the Partnership are published separately and can be obtained from:

The Treasurer
Strathclyde Partnership for Transport
Consort House
12 West George Street
Glasgow
G2 1HN

2.5 Strathclyde Concessionary Travel Scheme Joint Committee

This scheme is provided for 12 local authorities in the West of Scotland. The Joint Committee is responsible for the operation of the concessionary fares scheme for public transport within this area. The costs of the scheme are met by the 12 local authorities and by the Scottish Government. Strathclyde Partnership for Transport administers the scheme on behalf of the Joint Committee. The financial year of the Joint Committee runs from 1 April to 31 March. In 2012/13, East Dunbartonshire Council contributed £0.199m to the Joint Committee's estimated running costs, which represents the Council's agreed 5.14% share of costs for the year. Given that the Council has membership of the Joint Committee, can exercise a degree of influence and contributes financially, the Joint Committee has been treated as an Associate for the purposes of Group Accounts.

The Council's share of the net year end assets is £0.072m (5.14%), and this has been reflected in the Group Balance Sheet. Accounts for the Joint Committee are published separately and can be obtained from:

The Treasurer
Strathclyde Partnership for Transport
Consort House
12 West George Street
Glasgow
G2 1HN

2.6 Dunbartonshire and Argyll & Bute Valuation Joint Board

This is the statutory body formed under the *Valuation Joint Boards (Scotland) Order 1995*, and is responsible for carrying out the valuation responsibilities of the three local authorities within its boundary, namely West Dunbartonshire Council, East Dunbartonshire Council and Argyll & Bute Council. The financial year of the Joint Board runs from 1 April to 31 March. In 2012/13, East Dunbartonshire Council contributed £0.678m to the Board's estimated running costs, which represents the Council's agreed 24.95% share of costs for the year (25.41% in 2011/12). Given that the Council has membership of the Joint Board, can exercise a degree of influence and contributes financially, it has been treated as an Associate for the purposes of Group Accounts. The Council's share of the net year end liabilities is £0.627m (24.95%), and this has been reflected in the Group Balance Sheet. Accounts for the Joint Board are published separately and can be obtained from:

The Treasurer
Dunbartonshire and Argyll & Bute Valuation Joint Board
West Dunbartonshire Council Offices
Garshake Road
Dumbarton
G82 3LG

2.7 Mugdock Country Park Joint Management Committee

This Joint Committee has been appointed to carry out duties under Section 48(4) of the *Countryside (Scotland) Act 1967*, namely to provide, lay and improve, maintain and manage Mugdock Country Park. The Joint Committee is acting on behalf of East Dunbartonshire Council and Stirling Council in this regard. East Dunbartonshire Council provides 87.5% of the membership and support of the Joint Committee and it has, therefore, been viewed as a Subsidiary of the Council for the purposes of Group Accounts. Stirling Council has a minority interest (12.5%) in the Joint Committee. The Joint Committee's financial year runs from 1 April to 31 March and, in 2012/13, East Dunbartonshire Council contributed £0.317m to its running costs.

The net assets of the Joint Committee at 31 March 2013 were nil, and this has been consolidated into the Group Balance Sheet as follows:

Consolidation of Year End Balances	**2012/13 £000**	**2011/12 £000**
Fixed Assets	0	0
Current Assets	18	23
Current Liabilities	(18)	(23)
Total Net Assets	**0**	**0**

IAS19: Employee Benefits sets out the reporting requirements for retirement benefits. The purpose of these pension disclosures is to provide clear information on the impact of an organisation's obligation to fund the retirement benefits of its staff on its financial position and performance. There is, therefore, a requirement to disclose certain information concerning assets, liabilities, income and expenditure related to the pension schemes for employees.

Under the terms of the minute of agreement between East Dunbartonshire Council and Stirling Council, East Dunbartonshire Council is the permanent employer of the staff of Mugdock Country Park and deals with all payments related to the Local Government Superannuation Scheme. For that reason, revenue commitments and balance sheet disclosures for the purposes of *IAS19* are identified within the accounts for East

Dunbartonshire Council rather than those for Mugdock Country Park. The employees of Mugdock Country Park are members of the Local Government Superannuation Scheme and the required accounting treatment is made within the accounts of East Dunbartonshire Council.

Note 3 Non Material Interests in Other Entities

The Council has an interest in various other entities, as summarised below. These entities are part of the Council's group for the purposes of Group Accounts. As such it is recognised that the nature of the relationship with these bodies should be included in these Notes. However, it has been decided that the Council's share of the net worth of these entities on their own, or cumulatively, is not material to the fair understanding of the financial position of the Council. Consequently, they have not been consolidated into the Group Accounts.

3.1 East Dunbartonshire Development Company

The principal business of East Dunbartonshire Development Company Ltd was to provide rental accommodation for businesses located in the East Dunbartonshire area. The Directors of the company include one officer and two Elected Members of the Council. However, the Council has purchased all of the shares and the fixed assets of the company. The company's accounts to 30 September 2012 incorporate these transactions and show a loss for the period of £1.803m and an overall net liability of £6.235m due to the accounting entries for the sale of the properties to the Council. The company will not conduct significant trading in the future, and this position represents the final impact of the asset sale to the Council. The Council has taken on full obligations associated with the purchase of these assets, and since these are already reflected in the Council's own single entity accounts, no further consolidation is required.

The accounts of East Dunbartonshire Development Company Ltd are published separately and can be obtained from:

East Dunbartonshire Development Company Ltd
c/o Scott-Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

3.2 East Dunbartonshire Municipal Bank

The principal business of the Municipal Bank is to accept deposits from private account holders and to invest funds with East Dunbartonshire Council. The chairman and directors of the bank are Elected Members of the Council. As per the bank's unaudited financial records at 31 March 2013, 2,790 accounts were held with the bank, with a total amount on deposit of £2.210m with £2.050m being invested with the Council. Interest paid by the Council to the bank in the year was £0.017m. Copies of the accounts of the Municipal Bank can be obtained by writing to:

The Treasurer
East Dunbartonshire Municipal Bank
William Patrick Library
2-4 West High Street
Kirkintilloch
G66 1AD

3.3 The Lennoxtown Initiative

This company is limited by guarantee and its principal business is to regenerate the village of Lennoxtown, countering the long term decline of the local economy. One elected member of the Council and one officer serve as directors of the company. Due to the current economic conditions, there has been a delay in the disposal of land at the former Lennox Castle Hospital site. The impact on the company's cash flow has meant the Board of Directors have had to 'mothball' the company until the economic climate improves.

The company's accounts for the year to 31 March 2012 are due for completion in August 2013. The company's draft accounts at 31 March 2012 suggest a net liability of £0.139m which will be carried forward into 2012/13. As at 31 March 2013, the Council's accounts include an amount due from Lennoxtown Initiative of £0.242m. Copies of the accounts can be obtained by writing to:

The Lennoxtown Initiative
c/o Burness
120 Bothwell Street
Glasgow
G2 7JL

3.4 Kirkintilloch's Initiative Limited (KI)

This company is limited by guarantee and its principal business is to project manage the local regeneration initiative in Kirkintilloch. This is jointly developed and funded by East Dunbartonshire Council and NHS Greater Glasgow Primary Care. Two council officers serve as directors of the company and a third council officer acts as company secretary.

As at 31 March 2013, the net assets of the company were nil. The company holds no material fixed assets and has no long term liabilities.

Revenue received during the year is used to fund project management costs. As at the end of the financial year, there are no amounts due to or from KI in the accounts of the Council. Copies of the accounts can be obtained by writing to:

Kirkintilloch's Initiative Ltd
c/o East Dunbartonshire Council
Southbank Marina
12 Strathkelvin Place
Kirkintilloch
G66 1TJ

3.5 East Dunbartonshire Enterprise Trust Limited

This company is limited by guarantee and its principal business is to provide support to the local economy by way of promotion of economic activity. This includes the expansion and protection of employment, provision of accommodation services to the small business sector, and the provision of training. Two officers of the Council serve as directors of the company.

As per the company's management accounts at 31 March 2013, the company has reserves of £0.095m to carry forward into 2013/14. Copies of the company's accounts can be obtained by writing to:

East Dunbartonshire Enterprise Trust Ltd
Enterprise House
Southbank Business Park
Kirkintilloch G66 1XQ

3.6 Scotland Excel

Scotland Excel is a centre of procurement expertise for local authorities in Scotland. Its remit is to deliver best value for public services by securing cost reductions, improving best practice in procurement capacity and capability and to create a forum and communication medium for positive engagement with suppliers. Scotland Excel is a non-profit making organisation funded mainly by participating local authorities. East Dunbartonshire Council contributed £0.075m (2.31%) to the consortium in 2012/13.

3.7 Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee

This covers eight Councils in its area, of which East Dunbartonshire Council is one. Under the *Town and Country Planning (Scotland) Act 1997*, each member council not only has responsibilities for local planning matters in its area, but also for strategic issues that cover the wider area of Glasgow and Clyde Valley. Accordingly, the Structure Plan is prepared, monitored and reviewed by the Joint Committee on behalf of member councils. The Joint Committee also liaises with central government, Scottish Enterprise and other bodies. East Dunbartonshire Council contributed £0.072m (12.50%) in 2012/13.

3.8 West of Scotland European Forum

The West of Scotland European Forum is a Joint Committee and its purpose is to develop positive links between the communities of the region and institutions of the European Union. East Dunbartonshire Council contributed £0.002 (4.69%) in 2012/13.

3.9 Continuing Education Gateway

This Joint Committee is formed by a consortium of 11 local authorities in the West of Scotland. Its main purpose is to provide careers and educational guidance services. East Dunbartonshire Council contributed £0.020m (5.00%) to this organisation in 2012/13.

Note 4 Financial Impact of Consolidation

The effect of inclusion of the above subsidiaries and associates on the Group Balance Sheet is to reduce both Reserves and Net Assets by £196.560m, representing the Council's share of the net liabilities of these entities. In the main, this is a reflection of the pension liability associated with the Joint Boards, particularly the Police and Fire Boards. Given that these schemes are unfunded, there are no attributable assets.

However, the Scottish Government effectively underwrites these liabilities through provision within the General Revenue Grant system. This means that the financing of police and fire pensions is raised in the year the pensions are actually paid and offset by recognition within the revenue stream from the Scottish Government.

Note 5 Additional Material Amounts

The notes contained in the single entity accounts for East Dunbartonshire Council are not significantly changed as a result of consolidation with Associates and Subsidiaries. The implications on the Group Balance Sheet have been reflected in the notes above. The only other items of a material nature worth noting are in relation to the Group Comprehensive Income and Expenditure Statement in the following tables.

Pension interest costs and expected return on pension assets	**2012/13 £000**	**2011/12 £000**
East Dunbartonshire Council (per single entity accounts)	1,622	(1,708)
East Dunbartonshire Leisure & Culture Trust	(34)	(98)
Strathclyde Police Joint Board	6,416	7,253
Strathclyde Fire & Rescue Joint Board	2,231	2,430
Strathclyde Partnership for Transport	(17)	(84)
Valuation Joint Board	6	(24)
Totals	**10,224**	**7,769**

(Surplus)/Deficit on Provision of Services In Group Comprehensive Income and Expenditure Statement Attributable to Group Entities	**2012/13 £000**	**2011/12 £000**
East Dunbartonshire Leisure & Culture Trust	(778)	732
Strathclyde Police Joint Board	7,868	(9,364)
Strathclyde Fire & Rescue Joint Board	2,655	(2,707)
Strathclyde Partnership for Transport	(615)	(555)
Strathclyde Concessionary Travel Scheme Joint Committee	11	41
Valuation Joint Board	51	(20)
Totals	**9,192**	**(11,873)**

Note 6 Prior Year Adjustments

Prior year adjustments were made for both East Dunbartonshire Council and the Dunbartonshire and Argyll & Bute Valuation Board. In addition, East Dunbartonshire's share of the assets of Strathclyde Joint Police Board and Dunbartonshire and Argyll & Bute Valuation Board changed in 2012/13 which is reflected in the prior year figures.

Independent Auditor's Report

To the members of East Dunbartonshire Council and the Accounts Commission for Scotland

I certify that I have audited the financial statements of East Dunbartonshire Council and its group for the year ended 31 March 2013 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and authority-only Comprehensive Income and Expenditure Statements, Balance Sheets, Cash Flow Statements and Movement in Reserves Statements, the authority-only Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account Balance, the Council Tax Income Account, the Non-Domestic Rates Income Account, the Common Good and Trust Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the 2012/13 Code).

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

Respective responsibilities of the Director of Finance and Shared Services and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Shared Services; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I will consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2012/13 Code of the state of the affairs of the group and of the body as at 31 March 2013 and of the income and expenditure of the group and the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2012/13 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2012/13 Code; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

....

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

23 September 2013