Bandstand at Peel Park

East Dunbartonshire Council

Audited Accounts

2013 - 14

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

CONTENTS

Main Contents

Notes to the Principal Financial Statements

Notes to the Group Financial Statements

Introduction and Overview of Financial Year 2013/14

Welcome to East Dunbartonshire Council's Statement of Accounts for financial year 2013/14. The presentation is aimed at providing clear, understandable financial information, making the Accounts accessible to stakeholders. To achieve this, the document has been overhauled for 2013/14, with some tables including restated figures due to presentational changes. These adjustments improve readability, and where restatements have occurred, there is an accompanying explanation.

The Statement of Accounts must meet relevant statutory and regulatory requirements. Unfortunately this causes this document to become very technical in parts. I therefore encourage readers to study the Explanatory Foreword, in conjunction with the Financial Statements, as a guide to the most significant matters reported in the Accounts. In addition, a Glossary has been included (page 90) to assist understanding of technical terms, including terms specific to pension schemes.

Financial year 2013/14 has evidenced further constraints to the UK's public sector finances. Despite this limitation, East Dunbartonshire Council continues to deliver the key objectives set out in this area's Single Outcome Agreement through close joint working within the Community Planning Partnership.

Progress by the Council has been achieved through Organisational Planning and Transformation, involving strategic service redesign to achieve improved efficiency. Whilst there has been a restructure, the Council remains committed to a policy of no compulsory redundancy and is implementing initiatives to support the workforce planning strategies.

Operational delivery of priorities and objectives is managed through Business Improvement Plans which track performance and allow transparent scrutiny. Scrutiny arrangements were reviewed in early 2014/15 and improved arrangements are now in place. In particular, work is progressing to develop asset management, procurement and workflow efficiency activities.

Key financial outcomes are analysed in detail within the Accounts, but include the following:-

- Maintaining the Prudential Reserve to underpin operational and borrowing activity;
- Augmenting the Contingency Reserve to provide improved financial resilience;
- Funding of all liabilities and commitments by appropriate provisions and earmarking;
- Capital investment plans remaining affordable and deliverable; and,
- Revenue collection targets still proving to be prudent and attainable.

Legislative changes to social welfare were implemented during 2013/14. Housing tenants were particularly impacted despite mitigation applied by the Council and new regimes for crisis situations and community care were adopted successfully. These changes were particularly challenging for Revenue collection, compounded by a significant banding adjustment in relation to Council Tax (page 10).

Pressures included escalating demographic movements. With no compensating additional resources, these pressures were accommodated, although the new Health & Social Care Partnership provides a platform for progress in an integrated manner. Service reconfigurations and adjustments reprioritised budget allocations, with the Financial Risk Register identifying measures to mitigate financial risks.

The Council has progressed its ambitious investment plans for service improvement in education, transportation, customer services and housing. These plans remain affordable and deliverable, with sound treasury management arrangements minimising cost exposures with minimal financial risk.

Efforts continue to enhance decision making and scrutiny, and assessments of Corporate Governance will consolidate arrangements for policy review, performance management and scrutiny.

Finally, I must express sincere thanks to all officers involved in the preparation of the Accounts, in particular those in the Finance Service who always work diligently and with dedication during the process.

…………………………………………………….

Ian Black CPFA, Director of Finance & Shared Services (Section 95 Officer)

25 September 2014

Explanatory Foreword

The purpose of this foreword is to assist in the interpretation of the financial statements, provide an explanation of the Council's financial position and comment on the major influences affecting the Council's income, expenditure, cash flow and overall financial resources.

The Explanatory Foreword is structured as follows:

1. Introduction to the Statements

The Statement of Accounts summarises the Council's transactions for the year, its year end position at 31 March 2014 and its cash flows. All monetary amounts shown in the statements are rounded to the nearest one thousand pounds (unless otherwise stated) for the purposes of presentation. The Statement of Accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2013/14* (the Code), which is based on International Financial Reporting Standards (IFRSs).

The Council presents statements in respect of:

- **Single entity accounts** – representing the transactions of the Council only (page 21)
- **Group accounts** – where the Council has material interest in other organisations it is required by the Code to consolidate these results of the Council with its share in other entities (page 78)

The Council operates two main Funds in running Council services:

- **General Fund** – which holds all of the expenditure and income associated with the running of all Council services except the provision of Council housing, and is mainly funded from Government grants and council tax; and,
- **Housing Revenue Account** – which holds all of the expenditure and income associated with the provision of Council housing and is funded primarily through rental income from tenants.

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

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

a) Explanatory and Assurance Statements

- **Independent Auditor's Report -** the Independent Auditor's Report to Members of East Dunbartonshire Council (page 88).
- **Statement on the System of Internal Financial Control -** sets out the arrangements which the Council has in place in relation to internal financial controls (page 12).
- **Statement of Responsibilities for the Accounts -** sets out the respective responsibilities of the Council and the Director of Finance and Shared Services for the financial statements (page 14).
- **Remuneration Report -** provides details of remuneration amounts and remuneration policy in relation to Senior Councillors and senior employees of the Council (page 15).

b) Principal Financial Statements of the Single Entity

A description of the purpose of the principal financial statements has been included on page 21, immediately prior to the four statements: the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement. These four Statements are accompanied by Notes to the Accounts which set out the Accounting Policies adopted by the Council and provide more detailed analysis of the figures disclosed on the face of the core financial statements. Where appropriate the statements will reference the notes.

c) Supplementary Financial Statements of the Single Entity

These statements provide additional information on the Housing Revenue Account, the Council Tax Income Account, and the Non-Domestic Rate Income Account.

- **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*. A more detailed explanation has been included immediately prior to each Statement: the HRA Income and Expenditure Statement and the Movement on the HRA Statement. The statements are accompanied by Notes to the Housing Revenue Account which provide more detailed analysis of the figures disclosed on the face of the Statements. The Statements follow the same general principles as the Statements of the single entity, in to which they are consolidated.
- **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 Rate Income Account –** 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 and net income from Non-Domestic Rate and deductions made under statute. It details the amount payable to or by the national non-domestic rate pool, and the resulting net redistribution of non-domestic rate income for the financial year to the Council.

d) Group Financial Statements

As with the single entity accounts the Council prepares four statements in relation to Group accounts: the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement. These four statements are also accompanied by notes which provide more detailed analysis of the figures disclosed on the face of the financial statements.

e) Additional points of information

Public Private Partnership (PPP) – The Council entered into a public private partnership for the provision of six new secondary school facilities which were handed over 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. In accordance with statutory accounting guidance, full details of the agreement are provided within **Note 17** on page 51.

Common Good Funds and Trust Funds - The Council administers several Common Good funds and Trust funds which have been inherited from former authorities. Trust funds relate primarily to legacies left by individuals with connection in the area and can be used to fund expenditure which is appropriate to the purpose for which the legacies were donated. Common Good funds can be used for the common good/benefit of residents of the area. The Income and Expenditure Account and Balance Sheet, along with additional relevant information, have been included from page 76.

2. Underlying Accounting Principles

Four underlying principles have been used in order to prepare the accounts so that they demonstrate:

a) Understandability

The accounts are based on accounting concepts, treatments and terminology that assume that a reader has:

- A reasonable knowledge of the business of Local Authorities and the ways in which services are provided;
- A reasonable knowledge of accounting; and,
- A willingness to study the information required with reasonable diligence.

However, every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the Glossary (page 90).

b) Relevance

The accounts provide information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions. Information is presented so that it will assist readers to understand the Council's current financial position or to make predictions about its financial trends.

The relevance of information contained in the accounts is affected by its nature and materiality (whether its mis-statement or omission might reasonably be expected to influence assessments of the Council's stewardship, economic decisions or comparisons with other organisations based on financial statements) and therefore a judgement has been made about the levels of materiality to ensure that relevant issues are disclosed.

c) Reliability

The financial information within the accounts has been prepared so that it:

- Can be depended upon to represent faithfully what it either purports to represent or could reasonably be expected to represent and therefore reflects the substance of the transactions and other events that have taken place;
- Is free from bias (i.e. it is neutral);
- Is free from material error;
- Is complete within the bounds of materiality and cost; and ,
- Under conditions of uncertainty, it has been prudently prepared (i.e. a degree of caution has been applied in exercising judgement and making the necessary estimates).

d) Comparability

Comparability (i.e. the ability to compare the Council's performance between financial years and with other organisations), is an important mechanism for ensuring the usefulness of financial information (and is an essential of the best value accounting framework).

The application of the terms, accounting policies and requirements of the Code is the way in which the Council has ensured consistency of financial information in the financial statements leading to comparability.

3. Financial Performance for 2013/14

The Council's financial performance is presented in the four principal financial statements. The Comprehensive Income and Expenditure Statement (CIES) presents the full economic cost of providing Council services in 2013/14. This differs from the budgeted outturn position which was reported to East Dunbartonshire Council on 26 June 2014, and which is available on the Council's website.

The reason for this is that CIES includes accounting adjustments required to comply with proper accounting practice, but which under statute do not impact upon local taxation payers. The outturn position reflects only those costs that are required to be met from local taxation. The Net Cost of Services of £224.545m, which is disclosed on the CIES, has been reconciled to the outturn used for management decision making of £231.393m at **Note 27** – Amounts Reported for Resource Allocation Decisions.

It is also important to note that the Council reports its outturn position by individual account – General Fund or Housing Revenue Account - as these are required to be accounted for separately under legislation. The CIES is the consolidation of both of these accounts to reflect the Council's overall financial results for the year.

The Financial Performance section is structured as follows:

- Accounting Ratios – a summary of key performance indicators
- General Fund Performance
- Housing Revenue Account Performance
- Capital Finance
- Borrowing
- Balance Sheet
- Non-Domestic Rate Collection

a) Accounting Ratios

CIPFA Scotland Directors of Finance Section has developed a suite of accounting ratios for incorporation into the statement of accounts. The ratios are intended to assist stakeholders in evaluating the Council's financial sustainability and the affordability of financial plans.

There are four areas covered by the ratios: Reserves, Council Tax, Financial Management and Debt & Borrowing. The ratios are presented here in one table in order to draw together the key indicators that will give the reader of the accounts a summary of performance.

The four areas covered by the ratios are expanded upon further within the Explanatory Foreword and the relevant page numbers have been indicated within the table which follows on the next page.

Accounting Ratio	Page	2013/14 % or £	2012/13 % or £	Explanation
Reserves				
Uncommitted General Fund Reserves as a % of annual budgeted net expenditure	6	2.2%	2.1%	Demonstrates the Council's flexibility to meet unanticipated expenditure.
Movement in the Uncommitted General Fund Balance	6	6.3%	62.0%	There was a significant increase in the uncommitted balance in 2012/13 as a result of additional year end variances. The uncommitted balance in 2013/14 has remained at a similar level to 2012/13, representing a modest increase.
Council Tax				
In-year Collection Rate		96.2%	96.6%	Demonstrates the Council's effectiveness in collection of local taxation.
Council Tax Income as a % of Overall Funding	6	20.8%	22.0%	Demonstrates the funds received from Council Tax as a % of overall funding requirement.
Financial Management				
Actual Outturn as a % of Budget	7	98.1%	96.90%	Demonstrates there has been less expenditure than the budget.
Actual Contribution to/from Uncommitted General Fund Balance		£1.40m	£4.45m	This was the contribution applied and reinstated in 2013/14
Debt & Borrowing				
Capital Financing Requirement	51	£257.0m	£259.4m	This is the amount of unfunded capital expenditure.
External Debt Levels	8	£229.1m	£230.4m	The amount of external debt held by the Council.
Ratio of Financing Costs to Net Revenue Stream - General Fund		11.2%	10.7%	Demonstrates how much of the General Fund revenue budget is tied up in supporting borrowing
Impact of Capital Investment on Council Tax		£2.33	£8.68	This is an illustration of impact of additional borrowing cost (in reality, savings found to ensure council tax not increased)
Impact of Capital Investment on Housing Rents		£1.99	£2.81	This is an illustration of impact of additional borrowing cost on housing rents, and contributed to overall rent increase.
Ratio of Financing Costs to Net Revenue Stream - Housing Revenue		30.0%	26.5%	Demonstrates how much of the housing revenue budget is tied up in supporting borrowing

b) General Fund Performance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. The General Fund is funded by Government Grants, Fees & Charges, Council Tax income, Non-Domestic Rate income (subject to pooling arrangements) and interest/returns on investments, and is split between uncommitted balances (the level of funding available to the Council to manage financial risks and unplanned expenditure) and balances which have been earmarked for specific purposes.

Principal Sources of Finance

The principal sources of finance are the General Revenue Grant, Council Tax income and Non-Domestic Rate income. The table below shows a comparison with the previous financial year.

2012/13	Principal Source of Finance	2013/14
£000		**£000**
52,842	Council Tax & Community Charge	47,099
22,410	Non-Domestic Rate Income	22,380
163,871	General Revenue Grant	156,888
239,123		**226,367**

The Scottish Government set out three year spending plans in 2011 covering the period 2012/13 to 2014/15. This gives certainty in grant funding over the three year period, including the General Revenue Grant, and improved the Council's medium term financial planning.

The level of Council Tax is set by the local authority and is the only funding source over which local authorities have control. In recent years the Scottish Government funding package has included a desired commitment for local authorities to freeze Council Tax rates. East Dunbartonshire Council agreed to meet this commitment and additional grant funding was received to enable this commitment to be delivered. This commitment naturally restricted the opportunity for local authorities to use Council Tax income to meet funding gaps, however, Council Tax income is only about 20.8% of the Council's overall funding and so the capacity to vary expenditure by raising Council Tax income is fairly restricted. From 1 April 2013, council tax benefit (funded by the Department for Work and Pensions) was replaced by the Council Tax Reduction (CTR) Scheme. The funding for the CTR scheme is through General Revenue Grant, and this was increased in 2013/14 to offset the reduction in council tax income. General Revenue Grant in 2013/14 was reduced following the transfer of 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.

General Fund Balances

The 2013/14 General Fund budget included a requirement for the Council to achieve savings of £1.7m. The implementation of service reviews, efficiency initiatives and one-off savings resulted in that being delivered.

The first table on page 7 shows a net underspend of £1.3m on the General Fund, which can be attributed to a drive across services to reduce expenditure. This included one off costs of around £3.1m for redundancy/retirals, and excluding this shows that services actually achieved a positive variance against budget of £4.4m in the year. The positive expenditure variance across the services was partially offset in the year by a shortfall in funding of approximately £1.5m, mainly due to the requirement for a significant number of council tax refunds in the year, following a review of council tax bandings in some areas by Dunbartonshire and Argyll & Bute Valuation Joint Board. In addition, approximately £3.1m was transferred from the capital fund to meet the cost of principal repayments, and assist with overall one off budget pressures. This resulted in the positive in year variance of £2.9m. In addition to this the Council utilised £4.7m of the General Fund balance on approved commitments, resulting in an overall reduction of £1.8m.

In 2013/14, the Council continued to face significant financial pressures largely driven by external factors, which were out with the control of the organisation. The most significant of these were:

- Increased costs across a range of Social Work services, particularly the elderly, due to a growing demand in this area. This has been an increasing pressure for a number of years, and is expected to continue in the future, resulting in ongoing budget challenges.
- The requirement to fund a significant number of council tax refunds in the year resulted in a shortfall in funding, and necessitated the need to review expenditure in year, and manage expenditure downwards when possible.

The Movement in Reserves Statement shows an overall net decrease in General Fund balances of £1.777m for the year, which can be analysed as follows:

General Fund Balances	Uncommitted Balances	Earmarked Balances	Total Balances
	£000	**£000**	**£000**
Balance b/fwd 1 April 2013	**(4,931)**	**(8,159)**	**(13,090)**
Movement in 2013/14:			
Increase in Balances 2013/14	(309)	(2,614)	(2,923)
Use of Balances 2013/14	0	4,700	4,700
Balance c/fwd 31 March 2014	**(5,240)**	**(6,073)**	**(11,313)**

Uncommitted balances of £5.240m represent 2.3% of the General Fund Budget for 2014/15 and exceed the target level of balances.

The movement in Earmarked General Fund balances of £2.086m is outlined in **Note 25** on page 59.

The reason for the movement in the General Fund Balance of £1.777m is shown in the detailed analysis of Net Service Outturns shown in the following table:

Detailed Analysis of Net Service Outturns (General Fund)	Original Budget	Final Budget	Outturn	(Positive) / Adverse Variance
	£000	£000	£000	£000
Governance & Regulation	3,474	3,464	3,408	(56)
Education	82,601	83,531	81,656	(1,875)
Development and Regeneration	21,798	21,609	21,147	(462)
Neighbourhood Services (excl. HRA)	39,109	39,446	37,824	(1,622)
Finance and Shared Services	8,818	4,838	4,554	(284)
Customer Services and Transformation	8,842	9,151	8,813	(338)
Social Work	45,057	45,478	48,524	3,046
Miscellaneous/Joint Boards/Chief Executive	8,135	9,172	7,705	(1,467)
Debt Charges	16,912	15,384	14,028	(1,356)
Redundancy/retiral costs council-wide	0	0	3,066	3,066
Total Net Expenditure	**234,746**	**232,073**	**230,725**	**(1,348)**
Government Grants & Council Tax Income	(230,582)	(227,858)	(226,367)	1,491
Application of capital fund	0	0	(3,066)	(3,066)
Net Surplus for Year	**4,164**	**4,215**	**1,292**	**(2,923)**
Balance 1 April 2013				(13,090)
Use of general fund balance	4,164	4,215		4,700
Net Surplus for Year	-	-		(2,923)
Balance 31 March 2014	**0**	**0**	**0**	**(11,313)**

c) *Housing Revenue Account Performance*

Income generated in the year funded running costs as well as financing £1.515m of capital expenditure. Total income generated from council house and homeless rents was approximately £12.5m (£12.2m 2012/13).

The final outturn position for the year was a reduction in the surplus of £0.710m (increase of £0.071m 2012/13), as shown in the Movement in Reserves Statement. The main reasons for this reduction related to:

- One off costs for redundancy/retirals following implementation of a new structure, which were approved in the year, and agreed to be funded from the surplus carried forward.
- Additional capital costs for affordable housing projects, agreed to be funded from the element of the surplus ear-marked for this purpose.

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 £0.844m.

d) *Capital Finance*

The level of capital spend undertaken by local authorities is governed by the provisions of *The Prudential Code for Capital Finance in Local Authorities* developed by CIPFA. *The Prudential Code* gives the Council responsibility to set its own limits for capital expenditure and sets prudential indicators which are monitored to ensure that borrowing is only incurred for capital expenditure purposes. These indicators support prudent decision-making and assist in securing affordable and financially sustainable investment and borrowing activities undertaken by the Council.

Capital Expenditure and Income 2013/14

The most significant capital projects undertaken during the year included the following:

Detail of Projects	£000
Council house new build	5,848
Roads and footpaths	2,680
New waste collection service	1,502
Transportation projects	1,216
Lairdsland primary school	906
ICT projects	1,086
Hillhead community facility	705
Residential respite facility for children with disabilities	578

The table below shows capital expenditure and income for 2013/14 (additional analysis, **Note 15**).

		Budget £000	Outturn £000	Variance £000	Slippage / Underspend % of budget
Capital Expenditure:					
General Fund		28,336	15,059	13,277	47%
HRA		11,391	10,776	615	5%
		39,727	**25,835**	**13,892**	
Less:	Capital Receipts	(5,879)	(1,951)	(3,928)	
	Grants	(8,831)	(10,433)	1,602	
	Other Contributions	(5,547)	(2,416)	(3,131)	
		(20,257)	**(14,800)**	**(5,457)**	
Balance Funded from Borrowing		**19,470**	**11,035**	**8,435**	

The original 2013/14 budget increased to approximately £48m during the year as a result of slippage being carried forward from 2012/13. However, it was clear early on in 2013/14 that there was going to be significant slippage on a number of the Council's major assets projects, mainly the office accommodation and Hub projects. At that stage slippage in the region of £14m was forecast on the revised budget of £48m (29%). As a result of this anticipated slippage, and an estimated reduction in capital receipts during the year, it was felt necessary to conduct a complete review of the General Fund capital programme. This resulted in the approval of an ambitious new ten-year programme, which involved the re-phasing of a number of major projects over that period. As can be seen above, the final outturn was total capital expenditure of £26m (54% of the £48m budget). A new major capital assets project team has been created as part of the new Council structure, and this team will ensure delivery of the new ten-year programme.

Capital Financing Requirement

The Capital Financing Requirement is a measure of the capital expenditure incurred historically by that authority that can be financed by external debt. This was £256.981m at 31 March 2014. The outturn capital financing requirement compared to the actual external borrowing is detailed in the following table:

	2013/14 £000
Actual External Borrowing	134,723
PPP / Finance Lease Liability	94,425
	229,148
Capital Financing Requirement	256,981
Under-Borrowed	**27,833**

Actual external borrowing and long term liabilities are less than the capital financing requirement, indicating that the Council is currently maintaining its intention to have an under-borrowed position. This means that the Council's capital borrowing requirement has not been fully funded with loan debt. The Council has instead used cash from reserves and balances where available to support capital programmes, being a prudent strategy in the current economic environment where investment returns are low. As the need to utilise the Capital Fund and other reserves 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, and an agreed approach that is set out in the Council's *Treasury Management Strategy*.

e) Borrowing

The operational boundary for external debt for the Council for 2013/14 was £275m. The actual level of outstanding long and short term debt, including long term liabilities at the year-end totalled £229m. At 31 March 2014, the Council had borrowing of £134.7m (2012/13 £133.8m), comprising long term borrowing of £114.5m (2012/13 £118.2m), and short term borrowing of £20.2m (repayable within 12 months) (2012/13 £15.6m). The short term borrowing includes accrued interest on long term loans of £1.9m. The Council paid £8.005m (2012/13 £8.117m) of interest and similar charges in year and received £0.085m (2012/13 £0.077m) of interest and investment income.

f) Balance Sheet as at 31 March 2014

The Balance Sheet (page 24) sets out the total net worth of East Dunbartonshire Council at 31 March 2014. When comparing the net worth of the Council at the date of the last Balance Sheet on 31 March 2013 it can be seen that there has been an overall increase in the net worth of the authority of £15m in the past 12 months.

Movement in year	£m
Long-term Assets	43
Current Assets	(12)
Current Liabilities	2
Long-term Liabilities	(18)
	15

The most significant events that have led to this increase in net worth are as follows:-

- The revaluation of council housing at 31 March 2014, and the implications of capital expenditure on asset values have resulted in a significant increase in long term assets.
- Within long term liabilities, pension liabilities have increased by £23m, mainly as a result of falling real bond yields, partially offset by strong asset returns. **Note 34** provides more detail on pensions.
- Reduction in cash and cash equivalents mainly due to the application of balances in year, and the continued policy of internal borrowing and low cash deposits.

g) Non-Domestic Rate Collection

The net income from Non-Domestic Rate income (NDR), after deduction of reliefs, is retained by the Council in addition to the NDR distributed as grant funding from the national NDR pool. Total NDR raised to support the Council's expenditure in 2013/14 was £22.4m (£22.4m in 2012/13), which was slightly less than anticipated due to the cost of discretionary reliefs during the year. Further details are provided on page 75.

The Scottish Government introduced a Business Rates Incentive Scheme (BRIS) from 1 April 2012. This scheme has the objective of incentivising councils to maximise their existing business rates income (NDR) 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, as at the balance sheet date, the targets for 2012/13 were still to be agreed. The targets for 2013/14 are still to be published. Due to the ongoing uncertainty surrounding the final 2012/13 target, the Council did not recognise any retained income in its 2012/13 Accounts. The view was taken that it was not possible to make a reasonable estimate of retained income given the uncertainty, and it was therefore not appropriate to recognise any income. Given the uncertainty still surrounding this issue, it is felt that this is still an appropriate assessment, and no retained income has been recognised for 2012/13 or 2013/14.

4. 2014/15 Budget and Medium Term Financial Outlook

During the course of the year, the Council faced a number of significant financial pressures, resulting from reduced central government funding, inflationary increases, demand within elderly social care and the overall downturn in the economy. The initial review of financial years 2014/15 to 2017/18 within the Council's Medium Term Finance and Resources Strategy (MTFRS) indicated further savings averaging around £5m annually. This is dependent on factors such as the level of Scottish Government funding, pay awards, inflation and new statutory burdens on employers, such as pensions and national insurance contributions.

The latest projections for public sector expenditure from HM Treasury, as well as various other credible institutions, confirm the likely scenario is one of declining resources over the medium term, at the same time as demand for services continues to increase, driven by demographic change, the economy and policy pressures. The Council will review the MTFRS during the first half of 2014/15, analysing known pressures and undertaking sensitivity analysis to update financial projections over this medium term period. The updated MTFRS will allow the Council to plan ahead during the 2015/16 budget process, taking appropriate action to maintain budgets within expected levels of funding and to minimise service cuts and reactive measures. The Council is conducting a lengthy consultation process on the budget and options for savings.

The Council has approved a challenging budget for 2014/15, incorporating approved savings of approximately £4.5m. Of this total, savings of £3.5m will require to be delivered from the implementation of a new organisational structure for the Council, and this will be challenging given the delivery timescales. The 2014/15 budget allocated across Directorates is shown in the following table.

Department	2014/15 Budget
	£000
Education	99,645
Social Work	45,373
Neighbourhood Services	24,461
Development and Regeneration	14,356
Customer Services and Transformation	10,365
Finance and Shared Services	7,755
Governance and Regulation	3,245
Chief Executive/Miscellaneous/Joint Boards	7,903
Debt Charges	16,510
	229,613

5. Other Significant Information

a) Reporting Cycle

Throughout the financial year, the Council presents a number of reports (including financial reports) to committees. Revenue and Capital financial monitoring reports are routinely submitted to Policy and Resources Committee. The Budget papers for the following financial year are submitted to full Council (Special Council) in February, and the revenue and capital financial outturn is presented to Council in the month of June, following the financial year end.

In addition, 3 reports pertaining to the Council's Treasury and Investment Strategy are submitted to Council throughout the year.

All committee papers are available on the Council's website with the exception of papers which, by regulation, are required to be considered in private. Those regulations do not apply to the financial reports previously mentioned, all of which are publicly available.

b) Sickness Absence

The average number of working days per employee lost through sickness absence for teachers was 6.92 days (2012/13 6.67 days). For all other local government employees the average was 13.07 days (2012/13 13.78 days).

c) Personal Data Incidents

No reportable data protection breaches occurred during 2013/14.

d) Register of Interests

A Register of Interests for each Councillor is available on the Council's website: Home Page / Your council / About your Council / Councillors and Wards

And is also available for public inspection at the Council's headquarters: 12 Strathkelvin Place, Kirkintilloch G66 1TJ

e) Material Items of Income and Expenditure

The Council is required to make an additional disclosure for material items of income and expenditure where these are not disclosed on the face of the Comprehensive Income and Expenditure Statement. The Statements are formatted according to specific income and expenditure groupings as set out in the regulations, and so without this additional disclosure certain items of higher value income and expenditure would not be drawn to the attention of the reader. These items are disclosed in **Note 5**.

f) Pension

The impact of the Local Government Pension Scheme and Scottish Teachers' Superannuation Scheme on the Council's accounts has been disclosed in **Note 33** and **34** to the accounts.

It is worth mentioning that, as at 31 March 2014, the Council's Pension Fund had a net pension liability of £153.1m (2012/13 £129.8m). This figure represents the amount that actuaries estimate that East Dunbartonshire Council will have to pay out in future years for all pension entitlements earned by current and previous staff by 31 March 2014, which is currently unfunded.

We continue to monitor and measure this pension liability and make changes to cash contributions as required, as part of the regular assessment made by an independent actuary.

g) Council Tax Rebanding

During 2012/13 the Council was informed by the Dunbartonshire and Argyll and Bute Valuation Joint Board that it intended to review the Council Tax bandings for a particular property type within a specific area of the Council, with the review covering the period back to 1993. The Joint Board sets the valuation bands for each residential property but the Council sets the rates for each band and collects the income. As a result of the review, 467 properties have had their band revised downwards and consequently a refund was due to them from the Council. This resulted in refunds of £2.083m being paid in 2013/14, including both the council tax and water elements. This matter has been resolved in the year, and there are no significant outstanding issues. Of the 467 tenants due refunds, 39 have not yet been located, with the balance due to them being £0.023m.

h) Business Improvement District (BID)

During 2013/14 a Business Improvement Districts scheme was approved for Milngavie town centre. A BID is a defined area within which businesses pay an additional levy in order to fund projects within the district's boundaries. BIDs provide services, such as street cleaning, making capital improvements, and marketing the area. The services provided by BIDs are supplemental to those already provided by the Council. The Milngavie scheme officially commenced on the 1 May 2014 when a Milngavie Town Centre BID company came into operation to run for a period of five years, with the aim of improving and promoting the town centre and, as a result, increasing footfall to the local businesses. The BID will bill the Council for the cost of the works done, but these costs will be met by the additional levy which will be ring-fenced for that purpose. Collection of the levy from businesses within the BID boundary has also commenced. Further information about this BID scheme can be obtained from its website: *www.milngaviemyway.co.uk*

i) Transfer of Police & Fire to Scottish Government

The *Police and Fire Reform (Scotland) Act 2012* transferred 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, which used to be consolidated as part of the Council's group accounts, were therefore both wound up as at 31 March 2013.

The consolidation of Police and Fire Joint Boards previously had a significant impact on the Group Balance Sheet Statement due to the pension liabilities associated with these Boards. Other Statements which have seen significant variances to the prior year comparator, due to this transfer, have footnotes at the bottom of them to provide an explanation.

j) Landfill and Quarries

During 2013/14 there was significant press coverage regarding restoration costs of abandoned quarries. This was brought to light by the failure of a prominent Scottish coal mining company, and the ensuing court action which discussed the potential liabilities that might fall to the relevant local authority should the site remain inoperative and abandoned.

East Dunbartonshire Council has two operational quarries within its boundary, both of which are in the construction aggregates sector. The quantum of restoration costs in opencast coal is likely to be many times greater than in the construction aggregates sector but the Council still seeks to mitigate against the risk of costs that may be incurred in the event of a financial failure by the operators, and so the operators of both these quarries have restoration obligations placed on them through the planning consent granted by the Council. Both quarries also engage in continuing restoration work, thus reducing the area that would require restoration in the unlikely event of the operators experiencing financial failure. One quarry has an index-linked bond in place which acts as a form of insurance in the unlikely event of such a failure, and the other quarry would incur minimal restoration costs and is part of the Mineral Products Association (MPA) Restoration Guarantee Fund which the Council, as a Planning Authority, could call upon.

In addition, and in response to the recent issues raised, the Council's Planning department has put steps in place to monitor more closely any potential financial risks that would be associated with financial failure followed by abandonment of a quarry by its operator. However, there is currently no legal obligation for the Council to finance restoration work if such an event were to occur and, as such, it is likely that at worst the Council would incur minimal cost to ensure the site was made safe (e.g. erecting a fence).

……………………………………..

Ian Black

Director of Finance and Shared Services

25 September 2014

Statement on the System of Internal Financial Controls

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;
- formal project management responsibilities and disciplines for major transformational asset and ICT projects; and
- the presentation to, and the consideration of external and internal audit reports at 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. During 2013/14 the Audit & Risk Team operated in accordance with the Public Sector Internal Audit Standards. The annual Audit & 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. Internal audit action plans are delegated to officers with six monthly reviews being undertaken to ensure on going progress and improvement. In addition the Council has initiated the development of its performance management system, Covalent, to monitor all risks identified by external auditors and, whilst not in place during the year, such developments will support the ongoing improvement process. The Council's key corporate risks continue to be assessed using the Corporate Risk Management Strategy with the Corporate Risk Register being reviewed during the course of the financial year and reported to Council at the start of 2014/15. In addition Risk Registers are now in place for all Council Directorates having been mapped from the historic service structures and refreshed to take account of the changing risk exposures facing the Council.

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; and,
- External Audit work, including their report on the annual accounts.

The Council has provided evidence to demonstrate that it has an adequate System of Internal Financial Control which is supported by mechanisms to identify and report upon areas of weakness. Such controls have highlighted weaknesses in key financial areas with associated risks being reported via the Annual Assurance Statement prepared by the Audit & Risk Manager. The statement highlights risks associated with organisational change including the need to ensure that staff are fully prepared to deal with the immediate demands of changed responsibilities as well as the need for adequate handovers, robust procedural documentation and the management of risks identified through audit work and other internal processes. Examples of these weaknesses include, but are not limited to, areas such as in year reconciliations between some finance systems and the ledger, authorised signatories for requisitions and invoicing, stock counts, inventories and imprest certificates.

During 2013/14 planned developments to implement additional key controls to support the reconciliation of operational systems to the financial ledger were not realised. Improvement plans and activities were put in place during the course of the year however the continuation of current activities needs to be accelerated to ensure that an enhanced suite of financial controls are in place that provide evidence to support the frequency, completeness and management review of debtors, cash, non-domestic rates and council tax reconciliations. Project team requirements and development plan actions have been assessed and will be progressed over 2014/15.

Continued focus on improving the overall control environment will continue to be monitored and reported through the regular cycle of internal audit follow up reporting highlighting the extent to which issues and areas of risk have been mitigated within agreed timescales. These issues have been reported to relevant senior managers with an agreed action plan being used to support planned improvements in this area.

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 supporting Corporate and Directorate Risk Registers; and
- a Medium-Term Finance & Resources Strategy and Financial Risk Register

....

Ian Black

Director of Finance & Shared Services

25 September 2014

Statement of Responsibilities for the Accounts

The Council's Responsibilities

The Council is required under section 95 of the Local Government (Scotland) Act 1973 to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance and Shared Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts at a meeting held within two months of receipt of the Auditor's certificate.

The Director of Finance and Shared Services' Responsibilities

The Director of Finance and 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 the United Kingdom,* is required to give a true and fair view of the financial position of the authority at 31 March 2014 and its income and expenditure for the year to that date.

In preparing this Statement of Accounts, the Director of Finance and Shared Services has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code of Practice.

The Director of Finance and Shared Services has also:

- Kept proper accounting records which are up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Submitted the Unaudited Statement of Accounts to the Authority and the Controller of Audit by 30 June 2014 and submitted the Audited Statement of Accounts to the Authority by 30 September 2014.

Remuneration Report

1. Introduction

The Remuneration Report has been prepared in accordance with the *Local Authority Accounts (Scotland) Regulations 1985* (as amended by *the Local Authority (Scotland) Amendment Regulations 2011*). These Regulations require various disclosures about the remuneration and pension benefits of Senior Councillors and senior employees, together with details of the Council's remuneration policy or the role it has in determining such a policy.

2. Remuneration of Council Leader, Provost and Senior 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 purposes of remuneration arrangements, as either the Leader of the Council, the 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, such as the Chair or Vice-Chair of a committee, sub-committee or board.

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.

For 2013/14 the salary for the Leader of East Dunbartonshire Council as set out in the Regulations was £32,795 (2012/13 £32,470). The Regulations permit the Council to remunerate one Provost and set out the maximum salary that may be paid to the Provost which for 2013/14 was £24,596 (2012/13 £24,352).

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 the Council for all of its Senior Councillors shall not exceed £225,457 for 2013/14 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 those maximum limits.

The positions for which the Council provides remuneration (Leader, Provost and 11 Senior Councillors) and their incumbents at 31 March 2014 are:

• Leader of the Council, Convener of Policy and Resources	R Geekie
• Provost	U Walker
• Depute Leader, Convener of Neighbourhood Services	A Ghai
• Depute Provost	A Jarvis
• Convener of Planning Board	W Hendry
• Convener of Development and Regeneration	A Moir
• Convener of Education	E Gotts
• Convener of Licensing Board	J Dempsey
• Vice Convener of Development and Regeneration	V Moody
• Vice Convener of Education	M Henry
• Vice Convener of Neighbourhood Services	S MacDonald
• Vice Convener of Social Work	M Shergill
• Opposition Group Leader, Convener of Audit and Risk	I Mackay

The Convener of Social Work is also the Council's representative on Greater Glasgow and Clyde Health Board and receives remuneration from the NHS for that position. This position was held by Councillor M O'Donnell at 31 March 2014.

Excluding the Leader of the Council and the Provost, the additional remuneration paid to these Senior Councillors in 2013/14 totalled £222,967 (2012/13 equivalent figure for the structure agreed at 5 March 2013 was £220,760 on an annual basis).

The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme. The original policy, following the regulations, which encompasses the salaries of all elected members including the Provost, the Leader of the Council and Senior Councillors was agreed at a meeting of the full Council on 28 June 2012, in a report entitled *Members' Allowances and Expenses*, subsequently amended by a report to Council of 5

March 2013 entitled *Scheme of Members' Allowances*. Both of these reports are available to view on the Council's website.

Remuneration of Council Leader, Provost, and Senior Councillors

Total 2012/13		Office held as at 31 March 2014	Salary and Allowances	Taxable Expenses	Total 2013/14	Annualised Salary
£			£	£	£	£
32,110	R Geekie	Leader of the Council	32,795	168	**32,963**	**32,795**
24,009	U Walker	Provost	24,596	194	**24,790**	**24,596**
23,351	A Ghai	Depute Leader	24,596	0	**24,596**	**24,596**
20,813	A Jarvis	Depute Provost	20,904	251	**21,155**	**20,904**
20,881	W Hendry	Convener	20,904	0	**20,904**	**20,904**
20,327	A Moir	Convener	20,904	0	**20,904**	**20,904**
21,275	E Gotts	Convener	20,904	440	**21,344**	**20,904**
20,188	J Dempsey	Convener	20,211	190	**20,401**	**20,211**
18,349	V Moody	Vice Convener	18,410	0	**18,410**	**18,410**
14,885	M Henry	Vice Convener	18,410	0	**18,410**	**18,410**
18,162	S MacDonald	Vice Convener	18,410	0	**18,410**	**18,410**
16,541	M Shergill	Vice Convener	18,410	0	**18,410**	**18,410**
20,569	I Mackay	Opposition Group Leader	20,904	338	**21,242**	**20,904**
271,460	**Total**		**280,358**	**1,581**	**281,939**	**280,358**

Total Councillors' Remuneration

The total remuneration of all the Council's elected members (including Senior Councillors above) and including all business expenses is as follows:

2012/13 Restated		2013/14
£		£
450,360	Salaries – Council Duties	460,714
0	Salaries – Joint Board Duties	0
31,494	Expenses	34,116
481,854	**Total**	**494,830**

Business expenses include non-taxable expenses such as mileage and the costs met by the Council of support to members including training, travel and mobile phones. Detailed figures for these costs are on the Council's website. The 2012/13 figures are restated to include mobile phone costs.

Conveners and Vice Conveners of Joint Boards

In addition to the Senior Councillors of the Council the Regulations also set out the remuneration payable to Councillors with the responsibility of being Convener or Vice-Convener of a Joint Board, such as the Dunbartonshire and Argyll and Bute Valuation Joint Board. The Regulations require the remuneration to be paid by the Council of which the Convener or Vice-Convener 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. Councillor Moody is Vice Convener of the Dunbartonshire and Argyll and Bute Valuation Joint Board but receives no remuneration from the Council for this role.

3. Pension Entitlements of Council Leader, Provost and Senior Councillors

Councillors' pension benefits are based on career average pay and are provided through the Local Government Pension Scheme (LGPS). The Councillors' salaries 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.

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; 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.

		Pension Contributions		Accrued Pension Benefits			
	Office held at 31 March 2014	Year to 31 March 2014	*Year to 31 March 2013*	As at 31 March 2014 Pension	Lump Sum	*As at 31 March 2013 Pension*	*Lump Sum*
		£	£	£	£	£	£
R Geekie	Leader of the Council	6,331	*6,172*	4	3	*4*	*3*
U Walker	Provost	4,748	*4,585*	2	1	*2*	*1*
A Ghai	Depute Leader	4,748	*4,507*	1	0	*1*	*0*
A Jarvis	Depute Provost	4,035	*3,966*	2	1	*2*	*1*
A Moir	Convener	4,035	*3,923*	1	0	*1*	*0*
E Gotts	Convener	4,035	*4,030*	3	2	*2*	*2*
V Moody	Vice Convener	3,554	*3,541*	2	2	*2*	*2*
M Henry	Vice Convener	3,558	*2,873*	0	0	*0*	*0*
S MacDonald	Vice Convener	3,554	*3,505*	2	1	*2*	*1*
M Shergill	Vice Convener	3,554	*3,187*	1	0	*0*	*0*
I Mackay	Opposition Group Leader	4,035	*3,296*	1	0	*0*	*0*
Total		**46,187**	***43,585***	**19**	**10**	***16***	***10***

Note: Membership of the pension scheme is not compulsory

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.

4. *Remuneration of Senior Employees*

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the chief executives 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 (85.647% of the Chief Executive's salary) and Heads of Service on point 36 (65.96%). This was 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, a process that is currently ongoing.

Other benefits received by senior employees included an essential user's car allowance which was 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 2012 Local Government Election and a local government by-election are included in the 2012/13 figures in the table on page 18. There were no elections in 2013/14.

Senior employees, as defined by the *Local Authority Accounts (Scotland) Amendment Regulations 2011*, 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 person;
- 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 any remuneration from a local authority subsidiary body, is £150,000 or more.

East Dunbartonshire Council are including, within this report, the members of the Strategic Management Team and these are listed below. Local authorities in Scotland are required by various statutes to make, and subsequently maintain, appointments to a number of specified offices. Those individuals who are appointed to those offices are commonly referred to as 'statutory officers'. Where applicable, these designations have been given below in square brackets:

Strategic Management Team

- Chief Executive [Head of Paid Service]
- Director of Customer Services and Transformation (CST)
- Director of Development and Regeneration (D&R)
- Director of Education and Social Work - *(post removed, Special Council 17 December 2013)*
- Director of Education and Children's Services (ECS) - *(post added, Special Council 17 December 2013)*

- Director of Finance and Shared Services (FSS) [Chief Financial Officer (Section 95 officer)]
- Director of Governance and Regulation (G&R) [Monitoring Officer]
- Director of Neighbourhood Services (NS)
- Director of Integrated Health and Social Care Transition (IHSCT) - *(temporary role, 6 Jan 2014 – Sept 2015, agreed at Special Council 17 December 2013)*
- Chief Officer – Integrated Health and Social Care Partnership (IHSCP) (Joint role reporting to Shadow Board) - (*post added, Special Council 17 December 2013*)
- Chief Education Officer
- Chief Social Work Officer [Post title is statutory officer] - *(post accountabilities changed, Special Council 17 December 2013)*

Although the position of Chief Officer – IHSCP was filled on 5 February 2014 until the end of the shadow year (2014/15), this role is remunerated by the NHS rather than the Council and so the position is not included in the tables below. The posts of Director of ECS, Chief Education Officer and Chief Social Work Officer were not filled as at 31 March 2014 and so are also not included in the tables below. The Head of Social Work fulfilled the statutory requirement for a Chief Social Work Officer until their employment ceased (see table below). The statutory role of Chief Social Work Officer was then filled in an acting up capacity until the recruitment process for this role was completed.

Other roles that were formerly in the Strategic Management Team and are reported below include:

- Director of Development and Infrastructure (D&I)
- Head of Education
- Head of Housing and Community Services (HCS)
- Head of Legal and Democratic Services (LDS)
- Head of Roads and Neighbourhood Services (RNS)
- Head of Social Work (SW)

			Salary, Fees & Allowances	Taxable Expenses	Compensation for Loss of Employment	2013/14 Total Remuneration	*2012/13 Total Remun. Restated*
			£	£	£	£	£
G Cornes	Chief Executive		119,223	37	0	**119,260**	*121,693*
A Davie	Director of CST		78,639	18	0	**78,657**	*79,595*
T Glen	Director of D&R		78,639	23	0	**78,662**	*79,439*
I Black	Director of FSS		78,639	41	0	**78,680**	*79,595*
D Campbell	Director of G&R		102,111	37	0	**102,148**	*104,616*
G Irvine	Director of NS		78,639	18	0	**78,657**	*79,439*
J Simmons	Director of IHSCT	*1	102,111	0	0	**102,111**	*102,981*
G Currie	Head of Education		78,639	0	0	**78,639**	*79,473*
T Keogh	Head of SW to 29/12/13	*2	57,762	18	78,962	**136,742**	*79,500*
D Devine	Head of RNS to 14/7/13	*2	28,051	37	43,263	**71,351**	*79,475*
D Cunningham	Director D&I to 5/5/13	*3	13,708	18	85,305	**99,031**	*102,947*
K Simpson	Head of HCS to 5/5/13	*2	9,049	18	51,023	**60,090**	*79,475*
A Crighton	Head of LDS to 7/4/13	*2	4,838	37	71,193	**76,068**	*79,595*
Totals			**830,048**	**302**	**329,746**	**1,160,096**	**1,147,823**

*1 Director of Education and Social Work to 2/2/2014 Director of IHSCT from 3/2/2014
*2 Salary £78,639 on an annual basis
*3 Salary £102,111 on an annual basis

East Dunbartonshire Council is also required to report the amount received by the senior employees above in respect of other remuneration, bonuses and non-cash benefits. None received these types of remuneration in 2013/14.

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.

5. Pension Entitlements of Senior Employees

Pension benefits for Councillors and most local government employees are provided through the Local Government Pension Scheme (LGPS). This is a final salary pension. 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 IHSCT, John Simmons, and the Head of Education, Gordon Currie, are members of the Scottish Teachers' Superannuation Scheme which is also a final salary pension scheme but has a different contribution rate.

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

		Pension Contributions		Accrued Pension Benefits			
		Year to 31 March 2014	*Year to 31 March 2013*	As at 31 March 2014		*As at 31 March 2013*	
				Pension	Lump Sum	*Pension*	*Lump Sum*
		£	£	£	£	£	£
G Cornes	Chief Executive	23,010	*23,325*	45	106	*43*	*106*
A Davie	Director of CST	15,177	*15,177*	9	7	*8*	*7*
T Glen	Director of D&R	15,177	*15,177*	25	0	*24*	*0*
I Black	Director of FSS	15,177	*15,177*	29	69	*28*	*69*
D Campbell	Director of G&R	19,707	*19,707*	37	86	*35*	*86*
G Irvine	Director of NS	15,177	*15,177*	28	65	*27*	*65*
J Simmons	Director of IHSCT	15,215	*15,215*	52	156	*51*	*152*
G Currie	Head of Education	11,717	*11,717*	33	99	*32*	*96*
T Keogh	Head of SW to 29/12/13	47,813	*15,177*	31	181	*30*	*75*
D Devine	Head of RNS to 14/7/13	199,045	*15,177*	40	79	*30*	*74*
D Cunningham	Director D&I to 5/5/13	146,385	*19,707*	53	137	*46*	*116*
K Simpson	Head of HCS to 5/5/13	56,768	*15,177*	32	212	*40*	*105*
A Crighton	Head of LDS to 7/4/13	121,672	*15,059*	33	199	*35*	*90*
Total		**702,040**	***210,969***	**447**	**1,396**	***429***	***1,041***

6. Local Government Pension Scheme Contribution Rates

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. Part-time workers' contribution rates are worked out on whole-time pay rate for the job, with actual contributions paid on actual pay earned.

The tiers and members' contribution rates for 2013/14 (*2012/13*) whole time pay are as follows:	Contribution rate	
	2013/14	*2012/13*
On earnings up to and including £19,800 (*£19,400*)	5.50%	*5.50%*
On earnings above £19,800 (*£19,400*) and up to £24,200 (*£23,700*)	7.25%	*7.25%*
On earnings above £24,200 (*£23,700*) and up to £33,200 (*£32,500*)	8.50%	*8.50%*
On earnings above £33,200 (*£32,500*) and up to £44,200 (*£43,400*)	9.50%	*9.50%*
On earnings above £44,200 (*£43,300*)	12.00%	*12.00%*

7. Remuneration of Other Employees

The number of Council employees (excluding Senior Employees, and 12/13 has been restated for this presentational change) receiving more than £50,000 remuneration for the year (excluding pension contributions) is shown in the following table. These figures include payments for redundancy and early retirement that relate to an on-going restructuring of the Council's services.

Remuneration	No. of Employees	
	2013/14	*2012/13 Restated*
£50,000 - £54,999	61	*65*
£55,000 - £59,999	11	*12*
£60,000 - £64,999	7	*1*
£65,000 - £69,999	4	*5*
£70,000 - £74,999	4	*3*
£75,000 - £79,999	4	*2*
£80,000 - £84,999	1	*1*
£85,000 - £89,999	1	*1*
£90,000 - £94,999	4	*0*
£95,000 - £114,999 (extended band - no employees in range)	0	*0*
£115,000 - £119,999	1	*1*
Total Employees	**98**	***91***

8. *Exit Packages*

The table below shows the number of employees who received exit packages in the bands indicated and the total cost of those packages in those bands. The figure includes: redundancy costs, strain on the fund, lump sums, actuarial benefit of pension added years, pay in lieu, and retiral awards.

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. On average the exit packages have had a payback period of 16 months, and the overall result is savings for the Council in future financial years. None of the departures were compulsory redundancies.

	2013/14		*2012/13*	
	Number	Cost	*Number*	*Cost*
		£		*£*
£0 - £20,000	18	188,213	*32*	*416,423*
£20,001 - £40,000	10	267,685	*21*	*591,763*
£40,001 - £60,000	13	620,658	*12*	*579,595*
£60,001 - £80,000	11	782,922	*5*	*330,653*
£80,001 - £100,000	10	887,134	*2*	*173,455*
£100,001 - £150,000	7	870,643	*9*	*1,020,845*
£150,001 - £200,000	4	697,961	*4*	*720,718*
£200,001 - £250,000	5	1,099,980	*4*	*878,881*
£250,001 - £300,000	1	257,031	*1*	*276,073*
£300,001 - £350,000	0	0	*0*	*0*
£350,001 - £400,000	0	0	*1*	*374,207*
£400,001 - £450,000	1	413,817	*0*	*0*
Total	**80**	**6,086,044**	***91***	***5,362,613***

9. *Subsidiary Entities – Remuneration and Pension Entitlement*

The Council includes 2 subsidiary entities within its Group Accounts (excluding Common Good and Trust Funds):

- **Mugdock Country Park Joint Management Committee** - Under the agreement between East Dunbartonshire Council and Stirling Council, East Dunbartonshire Council 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. Responsibility for Mugdock Country Park lies with the Director of Development and Regeneration whose remuneration is disclosed under **Remuneration of Senior Employees**. Six East Dunbartonshire Councillors serve on the Joint Committee and no remuneration is received for serving.
- **East Dunbartonshire Leisure and Culture Trust** – On 1 April 2011, East Dunbartonshire Leisure & Culture Trust (EDLCT) came into operation. The most senior manager is the General Manager, M. Grant. Remuneration of EDLCT staff is determined by the job evaluation process used for Council staff. Five East Dunbartonshire Councillors serve on the board of EDLCT and no remuneration is received for serving.

The following tables show the remuneration, pension contributions and accrued pension benefits of the most senior manager of EDLCT. No employees of EDLCT or Mugdock Country Park receive remuneration of over £150,000.

	2013/14				*2012/13*
	Salary, Fees & Allowances	Expenses	Other Remuneration	Total Remuneration	*Total Remuneration*
M Grant - General Manager	65,967	800	0	66,767	*65,576*

	Pension Contributions		Accrued Pension Benefits			
	Year to 31 March 2014	*Year to 31 March 2013*	As at 31 March 2014		*As at 31 March 2013*	
			Pension	Lump Sum	*Pension*	*Lump Sum*
	£	*£*	£	£	*£*	*£*
M Grant - General Manager	10,181	*10,077*	19	42	*18*	*42*

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
25 September 2014

Gerry Cornes
Chief Executive
25 September 2014

Principal Financial Statements of Single Entity

The four principal statements and their relationships are explained in more detail below:

- **Movement in Reserves Statement –** this shows the movement in the year on the different reserves held by the Council, analysed in to 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and those that the authority is not able to use to provide services but must set aside under statute and accounting regulations.

  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 and Housing Revenue Account for the purposes of setting Council Tax and dwelling rents.

  The 'Net Increase/Decrease before Transfers to Reserves' shows the statutory General Fund balance and Housing Revenue Account before any discretionary transfers to or from earmarked reserves are undertaken by the Council.

- **Comprehensive Income and Expenditure Statement** – this 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. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement, as explained above, and the adjustments made between the accounting basis and the funding basis to reflect the amount available to the Council to meet future capital and revenue expenditure is disclosed at **Note 9**.

- **Balance Sheet** – this 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 – 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 – reserves that the Council is not able to use to provide services. This includes reserves, such as the Revaluation Reserve, which hold unrealised gains and losses, and 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** – this shows the change 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 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.

Movement in Reserves Statement

	Usable Reserves: Main Revenue Reserves: General Fund Balance	Usable Reserves: Main Revenue Reserves: Housing Revenue Balance	Usable Reserves: Capital and Other Reserves: Capital Receipts & Capital Fund	Usable Reserves: Capital and Other Reserves: Other Statutory Funds	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	**10,999**	**1,483**	**19,423**	**283**	**32,188**	**320,888**	**353,076**
Movement in reserves during 2012/13:							
Surplus or (Deficit) on the Provision of Services	(12,545)	(4,298)	0	0	(16,843)	0	(16,843)
Other Comprehensive Income and (Expenditure)	0	0	0	1	1	(8,379)	(8,378)
Total Comprehensive Income and (Expenditure)	**(12,545)**	**(4,298)**	**0**	**1**	**(16,842)**	**(8,379)**	**(25,221)**
Adjustments between accounting basis and funding basis under regulations (**Note 9**)	13,203	4,369	(2,000)	0	15,572	(15,572)	0
Net Increase of (Decrease) before Transfers to Other Statutory Reserves	**658**	**71**	**(2,000)**	**1**	**(1,270)**	**(23,951)**	**(25,221)**
Transfers to and from Other Statutory Reserves (**Note 10**)	1,433	0	(2,061)	628	0	0	0
Increase or (Decrease) in the year	**2,091**	**71**	**(4,061)**	**629**	**(1,270)**	**(23,951)**	**(25,221)**
Balance at 31 March 2013 Restated	**13,090**	**1,554**	**15,362**	**912**	**30,918**	**296,937**	**327,855**
Movement in reserves during 2013/14:							
Surplus or (Deficit) on the Provision of Services	(11,343)	3,229	0	0	(8,114)	0	(8,114)
Other Comprehensive Income and (Expenditure)	0	0	0	2	2	22,883	22,885
Total Comprehensive Income and (Expenditure)	**(11,343)**	**3,229**	**0**	**2**	**(8,112)**	**22,883**	**14,771**
Adjustments between accounting basis and funding basis under regulations (**Note 9**)	7,026	(3,897)	200	0	3,329	(3,329)	0
Net Increase of (Decrease) before Transfers to Other Statutory Reserves	**(4,317)**	**(668)**	**200**	**2**	**(4,783)**	**19,554**	**14,771**
Transfers to and from Other Statutory Reserves (**Note 10**)	2,540	(42)	(3,066)	568	0	0	0
Increase or (Decrease) in the year	**(1,777)**	**(710)**	**(2,866)**	**570**	**(4,783)**	**19,554**	**14,771**
Balance at 31 March 2014	**11,313**	**844**	**12,496**	**1,482**	**26,135**	**316,491**	**342,626**

Comprehensive Income & Expenditure Statement

2012/13 Restated				2013/14			
Gross Expend. £000	Gross Income £000	Net Expend. or (Income) £000		Gross Expend. £000	Gross Income £000	Net Expend. or (Income) £000	*Notes*
			Service Revenue Accounts:				
113,782	(2,505)	111,277	Education	120,919	(2,481)	118,438	
15,852	(12,792)	3,060	Housing Revenue Account	8,411	(12,957)	(4,546)	
21,793	(20,024)	1,769	Other Housing Services	21,613	(19,741)	1,872	
20,912	(954)	19,958	Cultural and Related Services	11,708	(1,274)	10,434	
17,676	(1,698)	15,978	Environmental Services	17,421	(1,691)	15,730	
4,658	0	4,658	* Fire Joint Board	0	0	0	
15,367	(5,238)	10,129	Roads and Transport	11,894	(454)	11,440	
5,280	(32)	5,248	* Police Joint Board	0	0	0	
13,909	(3,185)	10,724	Planning and Development	7,625	(2,856)	4,769	
66,326	(14,256)	52,070	Social Work	70,567	(15,181)	55,386	
3,853	0	3,853	Corporate and Democratic Core	2,969	0	2,969	
4,184	0	4,184	Non Distributable Costs	5,707	0	5,707	
3,681	(1,275)	2,406	Central Services to the Public	3,486	(1,140)	2,346	
307,273	**(61,959)**	**245,314**	**Net Cost of Services (1)**	**282,320**	**(57,775)**	**224,545**	*27*
		159	(Gains) / Loss on Disposal of Non-current Assets			(211)	
		159	**Other Operating (Income) or Expenditure (2)**			**(211)**	
		16,006	Interest Payable and Similar Charges			15,839	
		5,066	Pension Interest Cost/Expected Return on Pension Assets			5,940	*34*
		(106)	Interest Receivable and Similar Income			(85)	
		0	(Gain) / Loss on early settlement of Borrowing			0	
		20,966	**Financing and Investment (Income) and Expenditure (3)**			**21,694**	
		(52,842)	Council Tax and Community Charge			(47,099)	
		(22,410)	Non-Domestic Rates			(22,380)	
		(163,871)	General Revenue Grant			(156,888)	
		(10,473)	Recognised Capital Grants / Contributions			(11,547)	*29*
		(249,596)	**Taxation and Non-Specific Grant Income (4)**			**(237,914)**	
		16,843	**(Surplus) or Deficit on the Provision of Services (5)** {(1) + (2) + (3) + (4)}			**8,114**	
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services:				
		(12,904)	(Surplus) or Deficit on the Revaluation of Property, Plant and Equipment assets			(35,802)	*26*
		0	Impairment losses on non-current assets charged to the Revaluation Reserve			0	
		21,282	Actuarial (Gains) or Losses on Pensions Assets and Liabilities			12,917	*34*
		0	Other Unrealised (Gains) or Losses			0	
		8,378	**Other Comprehensive (Income) and Expenditure (6)**			**(22,885)**	
		25,221	**Total Comprehensive (Income) and Expenditure {(5) + (6)}**			**(14,771)**	

* Police and Fire & Rescue Services transferred to the Scottish Government at 1 April 2013

Balance Sheet

31 March 2013 Restated £000		31 March 2014 £000	Notes
681,246	Property, Plant and Equipment	723,850	*11*
3,204	Heritage Assets	3,204	*12*
1,011	Intangible Assets	1,073	*13*
48	Long-term Debtors	47	*21*
685,509	**Long-term Assets**	**728,174**	
10,847	Assets Held for Sale	9,662	*14*
900	Inventories	850	*20*
17,724	Short-term Debtors	14,231	*21*
15,345	Cash and Cash Equivalents	7,876	*22*
44,816	**Current Assets**	**32,619**	
(15,636)	Short-term Borrowing	(20,177)	*18*
(36,051)	Short-term Creditors	(32,721)	*23*
(1,775)	Provisions	0	*24*
(1,750)	Short-term Grants Receipts in Advance	(332)	*23*
(55,212)	**Current Liabilities**	**(53,230)**	
(118,115)	Long-term Borrowing	(114,546)	*18*
(94,407)	Other Long-term Liabilities (PPP contract)	(92,077)	*17*
(48)	Other Long-term Liabilities (Finance Leases)	0	*31*
(129,754)	Other Long-term Liabilities (Pensions)	(153,134)	*34*
(4,367)	Provisions	(4,334)	*24*
(567)	Long-term Grants Receipts in Advance	(846)	*23*
(347,258)	**Long-term Liabilities**	**(364,937)**	
327,855	**Net Assets**	**342,626**	
30,918	Usable Reserves	26,135	*25*
296,937	Unusable Reserves	316,491	*26*
327,855	**Total Reserves**	**342,626**	

The unaudited annual accounts were issued on 26 June 2014 and the audited accounts were authorised for issue on 25 September 2014.

I certify that this presents a true and fair view of the financial position of the Council at 31 March 2014, and its income and expenditure for the year ended 31 March 2014.

…………………………………………..

Ian Black

Director of Finance and Shared Services

25 September 2014

Cash Flow Statement

An analysis of the components of cash and cash equivalents follows the statement.

Restated £000		2013/14 £000	2013/14 £000	Notes
16,843	**Net (Surplus) or Deficit on the Provision of Services**		**8,114**	**CIES**
	Adjust for Non-Cash Transactions			
(26,659)	Depreciation and Impairment	(18,953)		
(13,423)	Revaluations	975		
(306)	Amortisation	(451)		
1,246	(Increase)/Decrease in Provision for Bad Debts	(448)		
2,313	Increase/(Decrease) in Debtors	(2,338)		
(850)	(Increase)/Decrease in Creditors	3,469		
43	Increase/(Decrease) in Inventories	(50)		
(5,710)	Movement in Pension Liability	(10,463)		
(1,343)	Carrying Amount of Fixed and Intangible Assets Sold	(1,940)		
(2,318)	Other Non-Cash Transactions	2,020		
(47,007)			**(28,179)**	
	Adjust for Items in Net Surplus or Deficit that are Investing and Financing Activities			
0	Proceeds from Short-term and Long-term Investments	0		
1,184	Sale of Fixed and Intangible Assets	1,951		
10,473	Other Financing and Investment Activities	11,547		
11,657			**13,498**	
(18,507)	**Net Cash Flows from Operating Activities**		**(6,567)**	
	Investing Activities			
32,041	Purchase of Fixed and Intangible Assets	25,794		
0	Purchase of Short-term and Long-term Investments	0		
0	Other Payments for Investing Activities	0		
(1,421)	Sale of Fixed and Intangible Assets	(1,751)		
0	Sale of Short-term and Long-term Investments	0		
(21,176)	Other Receipts from Investing Activities	(11,241)		
9,444			**12,802**	
	Financing Activities			
(8,558)	Cash Receipts from Short-term and Long-term Borrowing	(23,887)		
0	Other Receipts from Financing Activities	0		
2,281	Reducing Liabilities on Finance Leases and PPP	2,205		
6,775	Repayment of Short-term and Long-term Borrowing	22,916		
0	Other Payments for Financing Activities	0		
498			**1,234**	
(8,565)	**Net (Increase) / Decrease in Cash and Cash Equivalents**		**7,469**	
(6,780)	Cash and Cash Equivalents at 1 April 2013		(15,345)	
(15,345)	**Cash and Cash Equivalents at 31 March 2014**		**(7,876)**	**22**

31 March 2013 £000	Cash and Cash Equivalents	31 March 2014 £000	
(81)	Cash Held by Officers	(63)	
283	Bank Current Accounts	609	
(15,547)	Short-term Deposits (Temporary Investments)	(8,422)	
(15,345)	**Total Cash and Cash Equivalents**	**(7,876)**	**22**

2012/13 £000	Cash Flow Statement: Interest Paid and Received	2013/14 £000	
(106)	Interest Received	(85)	**CIES**
16,006	Interest Paid	15,839	**CIES**

Notes to the Principal Financial Statements

1. Accounting Policies

a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year end of 31 March 2014. The Council is required to prepare an annual Statement of Accounts by the *Local Authority Accounts (Scotland) Regulations 1985*. Section 12 of the *Local Government in Scotland Act 2003* requires these be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2013/14* and the *Service Reporting Code of Practice 2013/14*, supported by International Financial Reporting Standards (IFRS).

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

b) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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 (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

2013/14 Changes in Accounting Policies

1) The adoption of the 2011 amendments to IAS19: Employee Benefits in the Code is a change of accounting policy, and these changes are required 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*. 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).

   A number of the 2012/13 comparators have been restated according to these changes. Where the change has a material impact on the Council's accounts, a third balance sheet is required to outline these changes. This restatement has not resulted in changes to the totals of reserves, however a third balance sheet is required due to a change in the calculation of the Short-Term Accumulated Compensating Absences accrual, and so the pension changes have also been reflected in this third balance sheet.

   The effect on the Movement in Reserves Statement, restated for 2012/13, is an increase of £3.444m in the *Deficit on Provision of Services* and *Adjustments between Accounting Basis and Funding Basis under Regulation,* with a nil net effect on the balance carried forward at 31 March 3013.

   Similarly, the effect on the Comprehensive Income and Expenditure Statement is to increase *Pension Interest Cost / Expected Return on Pension Assets* by £3.444m and decrease, by the same amount, the *Actuarial Losses on Pensions Assets and Liabilities,* with no change to the *Surplus or Deficit for the Year.*

   There is a nil net effect on the Balance Sheet Statement as the *Pensions Reserve* (within *Unusable Reserves*) will be decreased by £3.444m for the change in actuarial losses, and increased by the same amount for the increase in retirement benefits charged to the *Surplus or Deficit on Provision of Services*.

2) At the Scottish Negotiating Committee for Teachers (SNCT) of 26 May 2011, revised pay and conditions were set and these resulted in a substantial decrease in the number of days leave due at 31 March, the impact of which would be 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, and so the Council agreed to return to the previous annual leave calculations until further COSLA guidance was received to help resolve this issue. The 2012/13 Short-Term Accumulated Compensating Absences accrual was therefore calculated in line with the previous annual leave calculations.

At the LNCT of 25 June 2013, it was agreed that the SNCT changes to pay and conditions would be implemented for the 2013/14 school year. This resulted in a substantial decrease in the number of days leave due at 31 March 2014, and the impact of this is reflected in a substantial decrease in the Employee Statutory Adjustment Account. In order to present a true and fair view of the costs, the Council is restating the 2012/13 accounts on the same basis.

2012/13 Presentational Change

3) A presentational error appeared in the 2012/13 accounts in relation to the premium incurred on early settlement of debt which does not affect the bottom line and is therefore not considered to be material. However, given the restatements required due to changes in accounting policies, the presentational error has also been corrected in the restated 2012/13 statements.

The fully restated closing balance for 2012/13 is on page 24. The adjustments that have been made to the financial statements over the version published in 2012/13 are as follows:

Effect on Opening Balance Sheet 31 March 2013	Previously Stated 31 March 2013	1) IAS19	2) Absence Accrual	3) Premium	Restated 31 March 2013
	£000	£000	£000	£000	£000
Short-term Creditors	(39,510)	0	3,459	0	(36,051)
Current Liabilities	(58,671)	0	3,459	0	(55,212)
Net Assets	324,396	0	3,459	0	327,855
Unusable Reserves	(293,478)	0	(3,459)	0	(296,937)
Total Reserves	(324,396)	0	(3,459)	0	(327,855)

Movement in Reserves Statement	Previously Stated 31 March 2013	1) IAS19	2) Absence Accrual	3) Premium	Restated 31 March 2013
	£000	£000	£000	£000	£000
Surplus or (Deficit) on the Provision of Services:					
General Fund	(12,816)	(3,381)	3,459	193	(12,545)
HRA	(4,262)	(63)	0	27	(4,298)
Other Comprehensive Expenditure and Income	(11,602)	3,444	0	(220)	(8,378)
Adjustment between Accounting Basis and Funding Basis (note 9):					0
General Fund	13,474	3,381	(3,459)	(193)	13,203
HRA	4,333	63	0	(27)	4,369
Balance at 31 March 2013:					0
General Fund	13,090	0	0	0	13,090
HRA	1,554	0	0	0	1,554

Comprehensive Income and Expenditure Statement	Previously Stated 31 March 2013	1) IAS19	2) Absence Accrual	3) Premium	Restated 31 March 2013
	£000	£000	£000	£000	£000
Net Expenditure: Education	114,736	0	(3,459)	0	111,277
Net Cost of Services	248,773	0	(3,459)	0	245,314
Financing and Investment (Income) and Expenditure	17,742	3,444	0	(220)	20,966
(Surplus) or Deficit on the Provision of Services	17,078	3,444	(3,459)	(220)	16,843
Other Comprehensive (Income) and Expenditure	11,602	(3,444)	0	220	8,378
Total Comprehensive (Income) and Expenditure	28,680	0	(3,459)	0	25,221

Cash Flow Statement

IAS19 - there is a nil net effect with equal and opposite adjustments to 'Net (Surplus) or Deficit on the Provision of Services' and 'Movement in Pension Liability'.

Absence accrual - there is a nil net effect with equal and opposite adjustments to 'Net (Surplus) or Deficit on the Provision of Services' and '(Increase)/decrease in creditors'.

Premium - there is a nil net effect with equal and opposite adjustments to 'Other Payments for Financing Activites' and 'Other Non-Cash Transactions' lines.

The following supporting notes to these Statements have been restated accordingly:

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

Note 23 Creditors – Absence accrual only

Note 25 Unusable Reserves

Note 27 Amounts Reported for Resource Allocation Decisions

Note 34 Pension Schemes – IAS19 only

HRA Income and Expenditure Statement – IAS19 and Premium

Statement of Movement on HRA Balance – IAS19 and Premium

Group Accounts

c) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership 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 there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

d) 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.

e) Charges to Revenue for Non-Current Assets

Services and support services 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; and
- Amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to loans fund principal charges. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution 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.

f) Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement (specifically the Accumulating Compensated Absences Adjustments Account) so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for pension enhancement termination 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.

Post-employment Benefits

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

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

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

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

The Local Government Pension Scheme

The Local Government Pension Scheme 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 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 (CIES) 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 or Deficit on the Provision of Services in the CIES 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 CIES.
    - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the CIES.
    - gains or 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 or credited to the Surplus or Deficit on the Provision of Services in the CIES 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 – charged 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 to 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.

Discretionary Benefits

The Council also 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 are accounted for using the same policies as are applied to the Local Government Pension Scheme.

g) Events after the Reporting Period

Events after the Balance Sheet date 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 event 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 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.

h) Financial Instruments

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 are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 CIES 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 CIES 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 CIES 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 CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or 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 CIES 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.

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

<u>Loans and Receivables</u>

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 subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES 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 CIES 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 CIES. 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 derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

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 CIES 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 CIES 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 or Deficit on Revaluation of Available-for-Sale Financial Assets line in the CIES. The exception is where impairment losses have been incurred; these are debited to the Financing and Investment Income and Expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the Available-for-Sale 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 CIES. 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 or debited to the Financing and Investment Income and Expenditure line in the CIES, along with any accumulated gains or 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).

i) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the CIES.

j) 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, and
- the grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement (CIES) until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of 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 creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, 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 reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

k) Heritage Assets

The Council has five main types of collections of Heritage Assets and these are held at numerous locations within the Council's boundary, unless specified below:

- Artwork & Exhibits - held at galleries and museums including Lillie Art Gallery and Auld Kirk Museum
- Archives - held at William Patrick Library
- Civic Regalia - held at Civic offices
- Memorials/Monuments
- Listed Buildings and Scheduled Ancient Monuments

Heritage Assets are tangible or intangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Council's collections of heritage assets are accounted for as follows:

Artworks and Exhibits

Artworks and exhibits are the responsibility of the Museums Service - currently managed by East Dunbartonshire Leisure and Culture Trust - 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'.

The art collection includes paintings, sketches and engravings. Exhibits include sculptures, antique furniture and pottery. Acquisitions are made by purchase or donation. Acquisitions are initially recognised in the Balance Sheet at cost, and donations are recognised at valuation where that value is estimated to be greater than £10,000.

Assets are subsequently reported in the Balance Sheet at insurance valuation which is based on market values. Further formal valuations will be commissioned, from an external valuer, 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.

The Council holds a civic art collection of around 80 works. These are not considered to meet the definition of a Heritage Asset, and the cost of obtaining a valuation would be significant in comparison to the value of the items which range in value from around £50 - £800. These artworks are usually on display throughout Council offices and public buildings.

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

Archives

The Archives Service - currently managed by East Dunbartonshire Leisure and Culture Trust - 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.

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 Council believes that the benefits of obtaining valuations for these items would not justify the cost. The majority of the items are believed to have an immaterial value.

Most items within the collections have been donated over time.

Civic Regalia

The Civic Regalia relates to the chains of office worn by office bearers, such as the Provost and Deputy Provost, at ceremonial and civic events. These are reported in the Balance Sheet at insurance valuation which is based on market values. Following an initial full valuation of civic regalia, by an external valuer, further formal valuations will be commissioned where it is considered that there could 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 a Council-specific Provost's chain on reorganisation at 1 April 1996. Other assets held relate to chains of office for predecessor authorities.

Memorials and Monuments

Memorials and monuments are the responsibility of Neighbourhood Services. These assets include memorial structures (e.g. tributes to the war dead) and buildings as well as bandstands, statues and fountains. These are recognised, at cost, on the Balance Sheet only where there has been expenditure to improve or refurbish the assets. For those assets that have not incurred capital expenditure the Council does not consider that reliable cost or valuation information can be obtained for the items held. This is because of the diverse nature of the assets held and lack of comparable values. Consequently the Council does not recognise these assets on the Balance Sheet.

Listed Buildings and Scheduled Ancient Monuments

The Council holds listed buildings and ancient monuments of historic significance. These assets are not recognised on the balance sheet as it is considered that there is a lack of available, comparable market values to establish a 'fair value'. It is unlikely that the Council would procure such assets but is more likely to refurbish or enhance existing structures. In this respect, the cost of these works will be capitalised at cost.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see **Note 1q** in the summary of significant accounting policies. It is likely that disposals of heritage assets will be made only very occasionally. Where this does occur, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (**Note 1q** in the summary of significant accounting policies).

l) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential 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 is restricted to that incurred during the development phase (research expenditure cannot be 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. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. 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 (CIES). 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 CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

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 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.

m) 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.

n) Inventories and Long-term Contracts

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.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Work in progress, in relation to construction contracts, is calculated using the percentage completion method. Contract revenue is matched with contract costs incurred in reaching the state of completion at the balance sheet date.

o) Leases

There are two types of lease classification, and they have different accounting treatments which are outlined below:

- Finance Lease – 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.
- Operating Lease – all other types of lease (the ownership of the non-current asset remains with the lessor).

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 which 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.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is 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 periods in which they are incurred.

Lease payments are apportioned between:

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

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 (where ownership of the asset does not transfer to the Council at the end of the lease period).

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 contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution 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.

The Council has entered into a management agreement 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 assets, in return for 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.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service 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 (where 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 (CIES) 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 CIES 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 (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES 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 out of 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 Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore 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.

p) Overheads and Support Services

The costs of overheads and support services are charges to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2013/14* (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 impairment losses chargeable on Assets Held for Sale.

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.

q) 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, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

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

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 when it is incurred.

Measurements

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.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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 (CIES), 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 CIES, 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 – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as 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 (e.g. schools), depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Examples of such assets are computers, vehicles, and other plant and equipment.

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. The revaluation programme is set out in **Note 11b**. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value 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 an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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 an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

Depreciation

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 useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). No depreciation is charged in the year of acquisition but a full year's depreciation is charged in the year of disposal.

Depreciation is calculated on the following basis:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture 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.

Disposals and Non-Current Assets Held for Sale

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 Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES). Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Deprecation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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 Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES 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 required to be 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 non-current 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.

r) Public Private Partnerships (PPP) and Similar Contracts

PPP and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the 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) was 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 was 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 (CIES)
- **finance cost –** a contractual interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES
- **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 CIES
- **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.

s) Provisions, Contingent Liabilities and Contingent Assets

Provisons

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority 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 or service potential.

t) 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 or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

u) Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that 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 out the amounts charged so that there is no impact on the level of council tax.

v) Significant Trading Organisations (STO)

The Council annually reconsiders the classification of its activities in terms of STOs as defined by the Local Government in Scotland Act 2003, and has nothing to report for financial year 2013/14.

w) Value Added Tax (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.

2. Accounting Standards Issued, Not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new, or amended, standards within the 2014/15 Code:

- IFRS 10 Consolidated Financial Statements (May 2011)
- IFRS 11 Joint Arrangements (May 2011)
- IFRS 12 Disclosure of Interests in Other Entities (May 2011)
- IAS 27 Separate Financial Statements (as amended in May 2011)
- IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)
- IAS 32 Financial Instruments: Presentation (as amended in December 2011)
- Annual Improvements to IFRS 2009-2011 Cycle

The Code requires implementation from 1 April 2014 and there is therefore no impact on the 2013/14 financial statements.

IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 relate specifically to the group accounts. These new or amended standards include a change to the definition of control and will require consideration of joint arrangements, a reassessment of the group boundary and potentially further disclosure. IAS 32 outlines disclosure requirements in respect of offsetting financial assets and liabilities. IFRS improvements are generally minor, principally providing clarification. Overall, these new or amended standards are not expected to have a significant impact on the financial statements.

3. Critical Judgements in Applying Accounting Policies

The following are significant management judgements in applying the accounting policies of the Council that have the most significant effect on the financial statements. Critical estimation uncertainties are described in **Note 4**.

Leases

The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

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 as Property, Plant and Equipment on the Council's balance sheet.

Public Private Partnership

The Council has entered in to a 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.

Investment Property

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 purposes of economic regeneration.

Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

4. Future Assumptions and Estimation Uncertainties

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 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Estimation of the fair values and useful lives of assets are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate may require the Council to review current spending levels on asset repairs and maintenance, bringing into doubt fair values and useful lives assigned to assets.	If the useful lives of assets are reduced, depreciation will increase and the carrying value of assets will fall. 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.
Provision - Equal Pay	The Council has made a provision of £3.9m 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 2014/15 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 £0.390m to the provision needed.
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount 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 pension liability of changes in individual assumptions can be measured. Note 34(i) 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 £16.645m.
Collection Levels of Arrears	At 31 March 2014 the Council had a balance of sundry debtors of £5.9m. A review of significant balances suggested that an allowance for doubtful debts of £2.5m 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 £0.250m to be set aside as an allowance.
Restructuring Process	The Council commenced a comprehensive Organisational Planning process as part of the 2013/14 Budget, and budgeted savings were projected for 2013/14 and 2014/15. There is a programme of detailed service reviews, and the restructuring of services took place throughout 2013/14. This process is still ongoing, resulting in continuing uncertainty over the achievement of savings in 2014/15.	A saving of £3.5m has been built into the 2014/15 budget. If new service structures do not achieve this target, then the shortfall will place pressure on the Council's reserves. Monitoring of this will take place throughout 2014/15.

5. Material Items of Income and Expense

Where material items of income and expenditure are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES), or contained within other notes, they are detailed below:

Item	Nature	(Income) / Expenditure
		£000
Unitary Charge Payment	PPP agreement for the provision of six secondary schools	14,129
Employee Payments	Cost of redundancies and early retirals	3,714
Insurances	Insurance premiums for all policies, including the cost of policy excesses	1,075
Landfill Tax	A tax paid on the disposal of waste, payable to Her Majesty's Revenue and Customs (HMRC).	1,667
Housing Benefit Paid	Beneift paid to support customers on low incomes with housing rent costs	18,572
Net Care Home Costs	Payments made by the Council to care home providers	11,974

Material items of income credited to service revenue accounts within the CIES largely relate to grants and contributions and these are disclosed in **Note 29** Grant Income. Subsidy income in relation to the payments of Housing Benefit and Council Tax Benefit (included in the table above), and NHS Resource Transfer are also disclosed in **Note 29**.

6. Events After the Balance Sheet Date

The Director of Finance & Shared Services issued the Unaudited Statement of Accounts on 26 June 2014 and the Audited Statement of Accounts was authorised for issue on 25 September 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

It has been agreed that there are no non-adjusting events after the balance sheet date.

7. 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 2013/14 were £0.275m (2012/13 £0.259m).

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

8. Contingent Assets and Liabilities

Whilst provision has been made in the accounts for potential 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 2014, East Dunbartonshire Council had a number of outstanding employment tribunal cases. The potential maximum financial exposure to the Council from such compensation claims and associated costs is in the region of £0.192m.

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, and the Council has challenged this claim from the outset and has to date been successful in reducing this claim. Final conclusion has not yet been reached, and there is still potential exposure for the Council of £0.308m (previously £0.206m).

Following significant case law developments in recent months relating to the payment of allowances and overtime when paying holiday pay, the Council recognises an exposure to risk arising from compensation claims. The Council is reviewing local terms and conditions and relevant policies and practices to assess the potential financial implications. Given the uncertainties still surrounding this issue, it is not yet possible to be certain on potential future costs. An assessment of the implications and any required resolution strategy will be reported to Council in 2014/15.

9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council 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. The 2012/13 figures have been restated according to the new structure implemented in 2013/14, to aid prior year comparison.

The following sets out a description of the reserves that the adjustments are made against, and the 2013/14 and 2012/13 tables of adjustments follow on the next two pages:

General Fund Balance

The statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Housing Revenue Account Balance

Reflects that statutory obligation to maintain a revenue account for local authority council housing provision in accordance with part VI of the *Local Government and Housing Act 1989*. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

Holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Fund

Can be used to defray any expenditure of the Council to which capital is properly applicable, or in providing money for repayment of the principal of loans (but not any payment of interest on loans), subject to the provisions of Schedule 3, Section 22 (1) of the *Local Government (Scotland) Act 1975*.

Renewal and Repair Fund

Can be used to defray expenditure to be incurred from time to time in repairing, maintaining, and renewing any buildings, works, plant, equipment or articles belonging to the Council, subject to the provisions of Schedule 3, Section 22 (1) of the *Local Government (Scotland) Act 1975*.

2013/14	Usable Reserves General Fund	Housing Revenue Account	Capital Receipts Reserve	Capital Fund	Movements in Unusable Reserves
	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the CIES*:					
Charges for Depreciation and Impairment of Non-Current Assets	16,386	2,638	0	0	(19,024)
Charges for Impairment of Assets Held for Sale	(71)	0	0	0	71
Revaluation losses on Property, Plant and Equipment	1,488	(2,565)	0	0	1,077
Revaluation losses on Assets Held for Sale	102	0	0	0	(102)
Amortisation of Intangible Assets	417	34	0	0	(451)
Capital grants and contributions applied	(11,547)	0	0	0	11,547
Capital fund applied to fund capital expenditure	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	995	945	0	0	(1,940)
Insertion of items not debited or credited to the CIES:					
Statutory provision for the financing of capital investment	(10,799)	(2,610)	0	0	13,409
Capital expenditure charged against the General Fund and HRA balances	0	(1,515)	0	0	1,515
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the CIES	0	0	0	0	0
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES.	(999)	(1,152)	200	0	1,951
Use of the Capital Receipts Reserve to finance new capital expenditure.	0	0	0	0	0
Adjustments primarily involving the Financial Instrument Adjustment Account:					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(188)	(32)	0	0	220
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	22,698	535	0	0	(23,233)
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,595)	(175)	0	0	12,770
Adjustments primarily involving the Employee Statutory Adjustment Account:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	1,139	0	0	0	(1,139)
Total Adjustments	**7,026**	**(3,897)**	**200**	**0**	**(3,329)**

* CIES - Comprehensive Income and Expenditure Statement

2012/13 RESTATED	Usable Reserves				Movements in Unusable Reserves
	General Fund	Housing Revenue Account	Receipts Reserve	Capital Fund	
	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the CIES*:					
Charges for Depreciation and Impairment of Non-Current Assets	18,832	7,672	0	0	(26,504)
Charges for Impairment of Assets Held for Sale	155	0	0	0	(155)
Revaluation losses on Property, Plant and Equipment	13,221	202	0	0	(13,423)
Amortisation of Intangible Assets	277	29	0	0	(306)
Capital grants and contributions applied	(10,473)	0	0	0	10,473
Capital fund applied to fund capital expenditure	0	0	0	(2,000)	2,000
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	946	397	0	0	(1,343)
Insertion of items not debited or credited to the CIES:					
Statutory provision for the financing of capital investment	(10,671)	(2,315)	0	0	12,986
Capital expenditure charged against the General Fund and HRA balances	(133)	(1,352)	0	0	1,485
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the CIES	0	0	0	0	0
Adjustments primarily involving the Capital Receipts Reserve:					0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES.	(847)	(337)	0	0	1,184
Use of the Capital Receipts Reserve to finance new capital expenditure.	0	0	0	0	0
Adjustments primarily involving the Financial Instrument Adjustment Account:					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(193)	(27)	0	0	220
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	18,299	276	0	0	(18,575)
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,689)	(176)	0	0	12,865
Adjustments primarily involving the Employee Statutory Adjustment Account:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(3,521)	0	0	0	3,521
Total Adjustments	**13,203**	**4,369**	**0**	**(2,000)**	**(15,572)**

* CIES - Comprehensive Income and Expenditure Statement

10. 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 expenditure plans and the amounts transferred back to meet General Fund expenditure in 2013/14.

	General Fund	Housing Revenue Account	Transfers (to)/from Other Statutory Reserves		
			Capital Receipts Reserve	Capital Fund	Other Statutory Funds
2013/14 TRANSFER	**£000**	**£000**	**£000**	**£000**	**£000**
Capital Fund applied to meet cost of principal repayments	3,066	0	0	(3,066)	0
Agreed contribution for vehicle repairs & renewals	(600)	0	0	0	600
Transfer of funds created to PC replacement expenditure	32	0	0	0	(32)
Capital receipt transferred to Capital Fund	0	0	(200)	200	0
Approved use of HRA balance	42	(42)	0	0	0
Total Transfers 2013/14	**2,540**	**(42)**	**(200)**	**(2,866)**	**568**
2012/13 TRANSFER					
Transfer contribution to Repairs & Renewals Reserve	(400)	0	0	0	400
Transfer to Education Replacement Fund, as permitted by scheme of delegation	(228)	0	0	0	228
Transfer to fund Principal Repayments	2,061	0	0	(2,061)	0
Total Transfers 2012/13	**1,433**	**0**	**0**	**(2,061)**	**628**

11. Property, Plant and Equipment

a) *Effects of Changes in Estimates*

In 2013/14 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

b) *Revaluation*

The Council carries out a rolling programme which ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. All valuations are carried out internally by the Council's valuer, who holds a qualification from the Royal Institute of Chartered Surveyors (RICS) and works within the authority's Corporate Asset Management team. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the 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 and equipment. Councils may elect to adopt this approach for non-property assets that have short useful lives or low values (or both).
- Where there is no market-based evidence of fair value, due to the specialist nature of the property and the fact the asset is rarely sold, the Council 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
Land and Property Type:		
Council Dwellings (excl. Lock ups)	31/03/2014	31/03/2019
Other Land and Buildings (Phase 2)	31/03/2013	31/03/2018
Lock ups	31/03/2013	31/03/2018
Other Land and Buildings (Phase 1)	31/03/2012	31/03/2017
Commercial and Industrial Property	31/03/2011	31/03/2016

Other land and 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. Where applicable, 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 extent the useful life of the asset but not increase the carrying value, an impairment adjustment will be made against the assets concerned.

c) Movements in Balances

Movements in 2013/14	Assets Under Construction	Infrastructure Assets	Community Assets	Vehicles, Plant, Furniture and Equipment	Other Land and Buildings	Council Dwellings	Surplus Assets	Total Property, Plant and Equipment	*PPP assets (1)*
Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	***£000***
At 1 April 2013	8,078	151,802	2,986	20,740	412,090	164,162	3,617	**763,475**	*126,465*
Additions	3,570	6,753	0	2,694	2,191	9,495	598	**25,301**	*0*
Donations	0	0	0	0	213	0	0	**213**	*0*
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	1,329	21,792	(5)	**23,116**	*0*
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	(1,865)	(10,306)	(46)	**(12,217)**	*0*
Derecognition - Disposals	0	0	0	(1)	(43)	(1,166)	0	**(1,210)**	*0*
Derecognition - Other	0	0	0	0	0	0	0	**0**	*0*
Assets reclassified (to)/from Held for Sale	0	0	0	0	(67)	0	247	**180**	*0*
Other reclassifications	(6,737)	0	0	(1)	1,678	5,015	45	**0**	*0*
Other movements in cost or valuation	0	0	0	0	0	0	0	**0**	*0*
At 31 March 2014	**4,911**	**158,555**	**2,986**	**23,432**	**415,526**	**188,992**	**4,456**	**798,858**	***126,465***
Accumulated Depreciation and Impairment									
At 1 April 2013	0	(35,346)	0	(11,026)	(8,850)	(26,428)	(579)	**(82,229)**	*(3,832)*
Depreciation charge	0	(3,432)	0	(2,365)	(11,029)	(6,031)	(43)	**(22,900)**	*(3,832)*
Depreciation written out to the Revaluation Reserve	0	0	0	0	64	12,622	0	**12,686**	*0*
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	416	12,870	8	**13,294**	*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	3,876	0	**3,876**	*0*
Derecognition - Disposals	0	0	0	0	43	222	0	**265**	*0*
Derecognition - Other	0	0	0	0	0	0	0	**0**	*0*
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	**0**	*0*
Other movements in depreciation and impairment	0	0	0	0	9	(1)	(8)	**0**	*0*
At 31 March 2014	**0**	**(38,778)**	**0**	**(13,391)**	**(19,347)**	**(2,870)**	**(622)**	**(75,008)**	***(7,664)***
Net Book Value									
At 31 March 2014	**4,911**	**119,777**	**2,986**	**10,041**	**396,179**	**186,122**	**3,834**	**723,850**	***118,801***
At 31 March 2013	**8,078**	**116,456**	**2,986**	**9,714**	**403,240**	**137,734**	**3,038**	**681,246**	***122,633***

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

Movements in 2012/13	Assets Under Construction	Infrastructure Assets	Community Assets	Vehicles, Plant, Furniture and Equipment	Other Land and Buildings	Council Dwellings	Surplus Assets	Total Property, Plant and Equipment	*PPP assets [1]*
Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	***£000***
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 reclassifications	(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 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***

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

d) Depreciation

The depreciation methods applied by the Council are disclosed separately in **Note 1 Accounting Policies** within section **(q) Property, Plant and Equipment.**

e) Nature of Asset Holding

Within Other Land and Buildings there are assets which the Council does not own but which, due to the nature of agreements, accounting standards require the Council to recognise these as assets within its balance sheet. The nature of these asset holdings is as follows:

Nature of Other Land and Buildings asset holdings	Owned	Shared Equity	Common Good	Finance Lease	PPP	Total - Other Land and
	£000	£000	£000	£000	£000	£000
As at 31 March 2014	275,585	213	1,507	73	118,801	396,179
As at 31 March 2013	278,952	0	1,579	76	122,633	403,240

Shared Equity

The Shared Equity Scheme is a Scottish Government initiative which aims to help people on low to moderate incomes to purchase a property. The individual(s) owns the property outright, but the interests of the Council are secured by way of a standard security on the property. The Council has shown this in its Accounts by including the value of the security within Other Land and Buildings, as a donated asset, and recognising a contribution within Capital Grants and Contributions (**Note 29**).

f) Capital Commitments

As at 31 March 2014, the Council has commitments on capital contracts for the construction or enhancement of property, plant and equipment for housing and non-housing projects in 2013/14 and future years, with contracted costs of £4.829m (2012/13 £6.551m) and £7.976m (2012/13 £1.297m) respectively. The commitments are:

Details	£000
Housing New Build Project - Townhead Development	567
Housing New Build Project - Southbank Development	2,780
Housing New Build Project - Thomas Muir Development	990
Housing New Build Project - Adamslie Development	492
Lairdsland Primary School New Build	6,475
Hillhead Community Hub New Build	1,501
Total	**12,805**

12. Heritage Assets

a) Reconciliation of the Carrying Value of Heritage Assets Held by the Authority:

	Artworks & Exhibits	Civic Regalia	Monuments & Memorials	Total
Cost or Valuation	£000	£000	£000	£000
1 April 2013	2,023	605	576	3,204
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Reclassifications	0	0	0	0
Impairment	0	0	0	0
Depreciation	0	0	0	0
31 March 2014	**2,023**	**605**	**576**	**3,204**
Cost or Valuation				
1 April 2012	2,023	605	576	3,204
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	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**

Archives

In keeping with Council policy (page 33) these assets are not included in the Council's Balance Sheet. The Council holds and maintains archives relating to, amongst others, schools and local business and industry (including Lion

Foundry Co. Ltd. and J & J Hay Ltd., Boatbuilders) , as well as official records of East Dunbartonshire Council and its predecessor authorities.

Artworks and Exhibits

Much of the Council's artwork collection is located at the Lillie Art Gallery, which houses around 450 works including paintings, prints, drawings and a small collection of sculpture and ceramics. Since the Gallery opened in 1962, the founding bequest of artworks from Robert Lillie has been developed to form a collection of Scottish art dating from the 1880s to the present day.

Collections include work from several of the 'Glasgow Boys' and the Scottish Colourists (incl. Francis Cadell and Leslie Hunter), as well as renowned works by Joan Eardley.

The Auld Kirk Museum reflects the rich history of the local area, from Roman artefacts to innovations of the 20th century, and houses around 13,000 objects which reveal the social, industrial and everyday activities of people who lived or worked in East Dunbartonshire. Some highlights of the collection are: watercolour by Robert Macaulay Stevenson; counter advert for Sister Laura's Baby Food; Kirkintilloch Temperance Society cup and saucer; and a K6 red Telephone Kiosk.

Civic Regalia

The Council holds 29 chains of office relating to the current and predecessor authorities. A small number of these items are worn by office bearers at ceremonial and civic events.

Listed Buildings and Scheduled Ancient Monuments

In keeping with Council policy (page 34) these assets are not included in the Council's Balance Sheet. The Council has numerous Scheduled Ancient Monuments within its boundaries, the most famous of which would be the Antonine Wall.

Monuments and Memorials

This category includes statues, bandstands fountains as well as memorial structures. Peel Park Bandstand, Kirkintilloch, is an example of structures that are included in this category.

13. Intangible Assets

The Council accounts for purchased software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include software licences, warranties and internally generated assets.

The carrying amount of intangible assets is amortised on a straight line basis over the expected life of the asset. There have been no changes to the estimated useful life of any intangible assets during the year.

The amortisation of £0.451m in 2013/14 has been charged across various services and included in the Net Expenditure of Services within the Comprehensive Income and Expenditure Statement.

2012/13	Movement in Intangible Assets	2013/14
£000		**£000**
	Balance at start of year:	
1,348	Gross carrying amounts	1,977
(660)	Accumulated amorisation	(966)
688	**Net carrying amount at 1 April**	**1,011**
629	Purchases	513
0	Disposals	0
(306)	Amortisation for the year	(451)
1,011	**Net carrying amount at end of year**	**1,073**
	Comprising:	
1,977	Gross carrying amounts	2,490
(966)	Accumulated amortisation	(1,417)
1,011	**Total**	**1,073**

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

14. Assets Held for Sale (Current)

2012/13		2013/14
£000		£000
9,005	**Balance outstanding at start of year**	**10,847**
24	Additions	21
	Assets newly classified as held for sale:	
7,574	Property, Plant and Equipment	99
0	Revaluation gain / (losses) reflected in Revaluation Reserve	0
(4,612)	Revaluation gains / (losses) reflected in Surplus or Deficit on Provision of Services	(102)
(155)	Impairment (losses) / reversal reflected in Surplus or Deficit on Provision of Services	71
	Assets declassified as held for sale:	
(50)	Property, Plant and Equipment	(279)
(939)	Assets sold	(995)
10,847	**Balance outstanding at year end**	**9,662**

15. Capital Expenditure and Capital Financing

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

2012/13			2013/14
£000			£000
256,234	**Opening Capital Financing Requirement**		**259,355**
	Capital Investment:		
30,596	Property, Plant and Equipment		25,301
629	Intangible Assets		513
24	Assets Held for Sale		21
0	Revenue Expenditure Funded from Capital Under Statute		0
31,249	**Total Capital Investment**		**25,835**
	Sources of Finance:		
1,184	Capital Receipts	1,951	
10,473	Government Grants and Other Contributions	11,334	
2,000	Contribution from Capital Fund	0	
1,485	Capital from Current Revenue	1,515	
	Total Capital Receipts, Grants & Other Contributions		14,800
10,684	Loans Fund Principal Repayments		11,203
2,302	PPP / Finance Lease Principal Repayments		2,206
28,128	**Total Sources of Finance**		**28,209**
259,355	**Closing Capital Financing Requirement**		**256,981**
3,121	**Movement in Year**		**(2,374)**
	Explained by:		
3,121	Increase in underlying need to borrow (supported by Government financial assistance)		(2,374)
0	Increase in underlying need to borrow (unsupported by Government financial assistance)		0
0	Assets acquired under finance leases		0
0	Assets acquired under PPP contracts		0
3,121	**Increase / (decrease) in Capital Financing Requirement**		**(2,374)**

16. Impairment Losses

During 2013/14, the Council has reversed previous accumulated impairment losses of £3.947m. The majority of this relates to the revaluation of housing stock and is required by the Code, which expects that accumulated depreciation and impairment will be eliminated when an asset is revalued. This is because these measures are accounting estimates of changes in value relating to the consumption of the assets and are therefore made redundant by the ensuing valuation.

17. Schools Public Private Partnership

2013/14 was the fourth year of a 30-year PPP contract for the construction and maintenance of six secondary schools and related facilities. The schools became operational in summer 2009, and the Council makes annual payments under the PPP agreement to InspirED Education (East Dunbartonshire) Limited who operate the PPP schools on behalf of the Council, and who are required to ensure the availability of these buildings to a pre-agreed standard.

When the agreement ends in 2039 ownership of the buildings will transfer to the Council for nil consideration, and with a guarantee of no major maintenance requirements for a five-year period.

a) Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed.

Payments remaining at 31 March 2014:	Payments for Services (incl. lifecycle maintenance)	Repayment of Liability	Finance Interest	Total
	£000	£000	£000	£000
Payable within 1 year	3,493	2,330	7,828	**13,651**
Payable within 2 to 5 years	16,678	9,805	30,586	**57,069**
Payable within 6 to 10 years	25,509	15,121	36,730	**77,360**
Payable within 11 to 15 years	43,063	10,838	30,973	**84,874**
Payable within 16 to 20 years	40,975	20,762	31,636	**93,373**
Payable within 21 to 25 years	37,524	35,551	29,898	**102,973**
Total	**167,242**	**94,407**	**167,651**	**429,300**

b) Liabilities from PPP Arrangements

Although the payments to the provider are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

2012/13		2013/14
£000		£000
98,858	**Balance outstanding at start of year**	**96,569**
0	Additions during the year	0
(2,289)	Payments during the year	(2,162)
0	Capital contributions in the year	0
96,569	**Balance outstanding at year-end**	**94,407**
Included in Balance Sheet		
2,162	Current (included within Short Term Creditors)	2,330
94,407	Non-Current (shown separately on Balance Sheet)	92,077
96,569	**Total**	**94,407**

c) 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 on the Property, Plant and Equipment in **Note 11**.

18. Financial Instruments

a) Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

31 March 2013			31 March 2014	
Long-term	*Current*		Long-term	Current
£000	*£000*		£000	£000
		Financial Assets:		
0	*0*	**Investments:** Loans and Receivables	0	0
48	*14,756*	**Debtors:** Loans and Receivables	47	12,404
		Financial Liabilities:		
		Borrowings		
118,115	*15,636*	Financial liabilities at amortised cost	114,546	20,177
		Other Long-term Liabilities		
94,455	*2,176*	PPP and finance lease liabilities	92,077	2,348
		Creditors		
0	*37,334*	Financial liabilities at amortised cost	0	30,086

b) Income, Expense, Gains and Losses

2012/13				2013/14		
Financial Liabilities at Amortised Cost	Financial Assets: Loans and Receivables	Total		Financial Liabilities at Amortised Cost	Financial Assets: Loans and Receivables	Total
£000	£000	£000		£000	£000	£000
(7,957)	0	(7,957)	Interest Expense	(7,884)	0	(7,884)
0	0	0	Losses on early repayment of debt	0	0	0
0	0	0	Impairment losses	0	0	0
(7,957)	**0**	**(7,957)**	**Total expense in Surplus or Deficit on Provision of Services**	**(7,884)**	**0**	**(7,884)**
0	106	106	Interest income	0	85	85
0	**106**	**106**	**Total income in Surplus or Deficit on Provision of Services**	**0**	**85**	**85**
(7,957)	**106**	**(7,851)**	**Net gain / (loss) for the year**	**(7,884)**	**85**	**(7,799)**

c) Reclassifications and Soft Loans

The Council did not reclassify any financial assets or liabilities between categories during the year. A Soft Loan is a loan made by the Council to another entity at an interest rate significantly below market interest rates. There are no 'soft' loans for consideration in 2013/14.

d) 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. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- the valuation date is 31 March 2014
- 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 Loan Board debt (PWLB), the premature repayment rate at 31 March 2014 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

Expert professional assistance from the Council's treasury advisers has been used in the assessment of the fair values. The fair values are calculated as follows:

31 March 2013		Fair Value of Financial Assets	31 March 2014	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
0	0	Financial assets	0	0
48	48	Long-term debtors	47	47

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		Fair Value of Financial Liabilities	31 March 2014	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
133,751	182,496	Financial liabilities	134,723	171,291
0	0	Long-term creditors	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 loans.

Where an instrument will mature within the next 12 months, the carrying amount is assumed to approximate to 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 tables above.

19. Nature and Extent of Risks Arising from Financial Instruments

a) Management of Treasury Risk

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*
- 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
- 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 and Shared Services
- continuing professional development by all staff involved in treasury management in line with *TMP10 Training and Qualifications*
- 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

b) 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.

c) 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.

This risk is minimised through the Annual Treasury Management and Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as independently assessed by the Council's treasury advisers. The Annual Treasury Management and Investment Strategy also imposes a prudent maximum sum to be invested with a particular financial institution or category of financial institutions.

For 2013/14, 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 at least 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 three agencies.

  - Short-term - F1
  - Long-term - A
  - Individual/Financial Strength- BB (Moody's) / C (Fitch)
  - 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 Group**

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.

- **Building Societies**

The Council will use all Societies which meet the ratings for banks outlined above.

- **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 2014 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 adjusted to reflect current market conditions.

Estimated maximum exposure to default and uncollectability		Amount	Historical experience of non-payment adjusted for market conditions	Estimated maximum exposure to default and uncollectability
£000		**£000**	**%**	**£000**
		(A)	**(B)**	**(A x B)**
0	Deposits wth banks, building societies and local authorities	0	0.0%	0
630	Customers (trade debtors excl. Council Tax)	5,921	10.5%	622

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 £5.921m was due from sundry debtor income billed to customers and housing benefit overpayments as shown in the table above. However, only £3.808m 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 2014
£000		£000
169	Less than three months	631
262	Three to six months	322
536	Six months to one year	507
2,040	More than one year	2,348
3,007	**Total**	**3,808**

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 £2.5m for 2013/14, based on an assessment of sundry debtors and the Council's history of collectability within various categories of customers.

Housing rent arrears of £1.092m existed at the year end. The Council has processes in place to pursue these arrears and has a bad debt provision of £0.733m to recognise impairment.

d) 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		31 March 2014
£000		£000
15,636	Less than one year	22,177
5,570	Between one and two years	4,816
15,187	Between two and five years	16,638
15,217	Between five and 10 years	11,340
6,489	Between 10 and 15 years	8,122
17,164	Between 15 and 20 years	17,142
19,506	Between 20 and 25 years	15,506
2,000	Between 25 and 30 years	2,000
36,982	Over 30 years	36,982
133,751	**Total**	**134,723**
Analysed as:		
15,636	Current	22,177
118,115	Non-Current	112,546
133,751	**Total**	**134,723**

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

e) 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 2014, with all other variables held constant.

31 March 2013		31 March 2014
£000		£000
	Impact on taxpayer	
21	Increase on interest payable on variable rate borrowings	17
(121)	Increase on interest receivable on variable rate lending	(119)
(100)	**Net effect on Comprehensive Income and Expenditure Statement**	**(102)**
	Other presentational changes	
18,489	Decrease in the "fair value" of fixed rate borrowing (no impact on the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	16,177

The impact of a 1% fall in interest rates would be as above but with the movements 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

20. Inventories

2012/13				2013/14		
Consumable Stores	Maintenance Materials	Total		Consumable Stores	Maintenance Materials	Total
£000	£000	£000		£000	£000	£000
690	**167**	**857**	**Balance outstanding at start of year**	**715**	**185**	**900**
4,096	1,439	5,535	Purchases	3,859	1,088	4,947
(4,071)	(1,421)	(5,492)	Recognised as an expense in the year	(3,886)	(1,098)	(4,984)
0	0	0	Written off balances	(13)	0	(13)
715	**185**	**900**	**Balance outstanding at the year-end**	**675**	**175**	**850**

21. Debtors

31 March 2013			31 March 2014	
Current	Long-term		Current	Long-term
£000	£000		£000	£000
4,714	0	Central government bodies	3,841	0
2,652	0	Other local authorities	895	0
319	0	NHS bodies	500	0
78	0	Public corporations and trading funds	929	0
9,961	48	External to general government	8,066	47
17,724	**48**	**Total**	**14,231**	**47**

22. Cash and Cash Equivalents

31 March 2013		31 March 2014
£000		£000
81	Cash held by the Council	63
(283)	Bank current accounts	(609)
15,547	Deposits up to three months with UK banks, building societies and local authorities	8,422
15,345	**Total**	**7,876**

23. Creditors

31 March 2013 Restated				31 March 2014		
Current		Long-term		Current		Long-term
Creditors	Receipts in Advance	Creditors		Creditors	Receipts in Advance	Creditors
£000	£000	£000		£000	£000	£000
(4,943)	0	0	Central government bodies	(4,285)	(318)	0
(1,613)	0	0	Other local authorities	(2,933)	(14)	0
(1,117)	0	0	NHS bodies	(306)	0	0
(4)	0	0	Public corporations and trading funds	(649)	0	0
(28,374)	(1,750)	(567)	External to general government	(24,548)	0	(846)
(36,051)	**(1,750)**	**(567)**		**(32,721)**	**(332)**	**(846)**

24. Provisions

	Current Provisions					
	Restructuring Costs	Single Status	Teachers' Maternity Leave	Dilapidations	Insurance	Total
Notes	(1)	(2)	(3)	(4)	(5)	
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013	**1,419**	**106**	**100**	**150**	**0**	**1,775**
Additional provisions made in 2013/14	0	0	0	0	0	0
Amounts used in 2013/14	(1,372)	0	(35)	(140)	0	(1,547)
Unused amounts reversed in 2013/14	(47)	(106)	(65)	(10)	0	(228)
Balance at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**

	Long-term Provisions		
	Equal Pay	Insurance	Total
Notes	(6)	(5)	
	£000	£000	£000
Balance at 1 April 2013	**3,899**	**468**	**4,367**
Additional provisions made in 2013/14	0	0	0
Amounts used in 2013/14	0	0	0
Unused amounts reversed in 2013/14	0	(33)	(33)
Balance at 31 March 2014	**3,899**	**435**	**4,334**

Notes:

(1) At 31 March 2013, there was an assessed liability of £1.419m associated with the implementation of the Council's approved new structure. The provision was utilised to meet the redundancy and early retiral cost of members of staff approved prior to 31 March 2013, and costs amounting to £1.372m were utilised in 2013/14. The unutilised balance of £0.047m was written back to revenue in the year, with no balance remaining on this provision at 31 March 2014.

(2) The assessed liability for backdated pay in respect of job evaluation appeals and related cases is no longer required and has been written back to revenue.

(3) 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. A sum of only £0.035m was required in 2013/14, and the balance has been written back to revenue in year.

(4) An assessment of identified liabilities for dilapidation costs as a result of the Council's approved asset management strategy for office accommodation. Costs of £0.140m were incurred in 2013/14, with the balance of £0.010m being written back to revenue.

(5) 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

were notified of the inability for a solvent run off of the former Municipal Mutual Insurance, and this triggered a claw back of previously settled costs, resulting in the potential for increased costs to be met by the Council in future years. This has been assessed at a maximum of £0.435m at 31 March 2014, a marginal reduction on the prior year assessment. The change has been written back to revenue.

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

25. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 22. A significant proportion of the General Fund balance, shown in the Movement in Reserves Statement, has been earmarked to fund specific projects in future years. The amounts set aside for earmarked reserves are shown in the following table:

31 March 2013		31 March 2014
£000		**£000**
1,342	Modernisation, Efficiency and Reform initiatives	849
1,906	External funding carried forward to complete projects	885
1,228	Debt charges	0
587	Miscellaneous Education/Social Work/General fund housing	405
207	Miscellaneous Corporate & Customer Services	571
405	Miscellaneous Development and Infrastructure projects	0
600	Contribution to Repairs & Renewals Fund	500
205	Welfare Reform initiatives	0
750	Social Work pressures	2,219
404	Miscellaneous budget pressures	644
121	Equal Pay Team	0
404	New Waste Management service	0
8,159	**Total Earmarked Reserves**	**6,073**
4,931	**Total Non-Earmarked Reserves**	**5,240**
13,090	**Total General Fund Balance**	***11,313***

26. Unusable Reserves

This note provides details of the balances on the reserves that form 'Unusable Reserves' on the Balance Sheet.

£000		**£000**
(4,289)	Financial Instruments Adjustment Account	(4,071)
311,315	Capital Adjustment Acount	321,527
125,638	Revaluation Reserve	159,281
(129,754)	Pensions Reserve	(153,134)
(5,973)	Employee Statutory Adjustment Account	(7,112)
296,937	**Total Unusable Reserves**	**316,491**

a) 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. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

31 March 2013			31 March 2014
£000			**£000**
(4,508)	**Balance at 1 April**		(4,289)
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement (CIES)	(2)	
219	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	220	
219	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		218
(4,289)	**Balance at 31 March**		**(4,071)**

b) 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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

31 March 2013			31 March 2014
£000			**£000**
322,432	**Balance at 1 April**		**311,315**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
(26,659)	Charges for depreciation and impairment of assets	(18,953)	
(13,423)	Valuation movements on Property, Plant and Equipment	975	
(306)	Amortisation of intangible assets	(451)	
0	Revenue expenditure funded from capital under statute	0	
(1,343)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(1,940)	
(41,731)			**(20,369)**
2,486	**Adjusting amounts written out of the Revaluation Reserve**		2,159
(39,245)	Net written out amount of the cost of non-current assets consumed in the year		**(18,210)**
	Capital financing applied in the year:		
1,184	Use of the Capital Receipts Reserve to finance new capital expenditure	1,951	
10,473	Capital grants and contributions credited to the CIES that have been applied to capital financing	11,547	
2,000	Use of the Capital fund to finance capital expenditure	0	
12,986	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	13,409	
1,485	Capital expenditure charged against the General Fund and HRA balance (CFCR)	1,515	
28,128			**28,422**
311,315	**Balance at 31 March**		**321,527**

c) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31 March 2013 Restated		31 March 2014
£000		£000
115,220	Balance at 1 April	125,638
12,904	Revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services	35,802
(2,120)	Difference between fair value depreciation and historical cost depreciation	(1,742)
(366)	Accumulated gains on assets sold or scrapped	(417)
125,638	**Balance at 31 March**	**159,281**

d) *Pensions Reserve*

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement (CIES) as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31 March 2013 Restated		31 March 2014
£000		£000
(102,762)	**Balance at 1 April**	(129,754)
(21,282)	Actuarial gains or (losses) on pension assets and liabilities	(12,917)
(18,575)	Reversal of items relating to net charges for retirement benefits charged to Surplus or Deficit on the Provision of Services in the CIES	(23,233)
12,865	Employer's pension contributions paid to Strathclyde Pension Fund	12,770
(129,754)	**Balance at 31 March**	**(153,134)**

e) *Employee Statutory Adjustment Account*

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31 March 2013 Restated			31 March 2014
£000			£000
(9,494)	**Balance at 1 April**		(5,973)
9,494	Settlement or cancellation of accrual made at the end of the preceding year	5973	
(5,973)	Amounts accrued at the end of the current year	(7,112)	
3,521	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(1,139)
(5,973)	**Balance at 31 March**		**(7,112)**

27. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by Service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, resource allocation decisions are taken by the Council on the basis of budget reports analysed across all of the Council's Service areas.

These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, amortisations and revaluation and impairment losses in excess of the balance on the Revaluation Reserve are charged to Services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits is based on cash flows (payment of employer's contributions) rather than current service cost of benefits accrued in year.
- Expenditure on support services is budgeted for centrally and is not recharged to Services.

The income and expenditure of the Council's Services for the year, as reported to Management, is as follows:

Service Income & Expenditure 2013/14	Committees					Total
	Education £000	Social Work £000	Development & Regeneration £000	Neighbourhood Services* £000	Other £000	£000
Fees, charges and other service income	(2,315)	(14,933)	(2,880)	(32,943)	(3,244)	(56,315)
Government Grants	(192)	(357)	(20)	(930)	(18,771)	(20,270)
Total Income	**(2,507)**	**(15,290)**	**(2,900)**	**(33,873)**	**(22,015)**	**(76,585)**
Employee Expenses	72,862	20,886	4,154	27,542	20,468	145,912
Other service expenses	11,301	42,927	19,892	44,823	43,123	162,066
Support service recharges	0	0	0	0	0	0
Total Operating Expenses	**84,163**	**63,813**	**24,046**	**72,365**	**63,591**	**307,978**
Net Expenditure	**81,656**	**48,523**	**21,146**	**38,492**	**41,576**	**231,393**

* HRA net expenditure included in Neighbourhood Services is £0.668m and the total for General Fund is £230.725m.

Service Income & Expenditure 2012/13 Restated*	Committees					Total
	Education £000	Social Work £000	Development & Regeneration £000	Neighbourhood Services £000	Other £000	£000
Fees, charges and other service income	(1,916)	(13,650)	(2,292)	(31,766)	(12,183)	(61,807)
Government Grants	(77)	(55)	0	(944)	(23,926)	(25,002)
Total Income	**(1,993)**	**(13,705)**	**(2,292)**	**(32,710)**	**(36,109)**	**(86,809)**
Employee Expenses	68,730	20,398	4,233	25,991	25,425	144,777
Other service expenses	10,144	38,844	20,236	45,515	65,869	180,608
Support service recharges	0	0	0	0	0	0
Total Operating Expenses	**78,874**	**59,242**	**24,469**	**71,506**	**91,294**	**325,385**
Net Expenditure	**76,881**	**45,537**	**22,177**	**38,796**	**55,185**	**238,576**

* Restated according to the new structure implemented in 2013/14

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

This reconciliation shows how the figures in the analysis of Service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement (CIES).

2012/13 Restated £000		2013/14 £000
238,576	**Net expenditure in the Service Analysis**	**231,393**
0	Net expenditure of services and support services not included in the Analysis	33
37,511	Amounts in the CIES not reported to management in the Analysis	24,092
(30,773)	Amounts included in the Analysis not included in the CIES (Net Cost of Services)	(30,973)
245,314	**Cost of Services in the Comprehensive Income and Expenditure Statement**	**224,545**

b) Reconciliation to Subjective Analysis

The following reconciliation shows how the figures in the analysis of Service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the CIES:

Reconciliation of Sevice Income and Expenditure to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (CIES)

2013/14	Service Income and Expenditure reported to Management	Amounts included in CIES not reported to Management	Amounts reported to Management not included in CIES	Reconciled to Net Cost of Services	Amounts Reported Below Net Cost of Services in CIES	(Surplus) / Deficit on the CIES
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(56,315)	0	0	**(56,315)**	0	**(56,315)**
Interest and investment income	0	0	0	**0**	(85)	**(85)**
Taxation and Non-Specific Grant Income	(20,270)	0	0	**(20,270)**	(237,914)	**(258,184)**
Total Income	**(76,585)**	**0**	**0**	**(76,585)**	**(237,999)**	**(314,584)**
Employee costs	145,913	5,663	0	**151,576**	0	**151,576**
Other service costs	162,065	32	(30,973)	**131,124**	5,940	**137,064**
Support Service recharges	0	0	0	**0**	0	**0**
Capital Accounting	0	18,430	0	**18,430**	0	**18,430**
Interest Payments	0	0	0	**0**	15,839	**15,839**
Gain or Loss on Disposal of Fixed Assets	0	0	0	**0**	(211)	**(211)**
Total Expenditure	**307,978**	**24,125**	**(30,973)**	**301,130**	**21,568**	**322,698**
(Surplus)/Deficit on the Provision of Services	**231,393**	**24,125**	**(30,973)**	**224,545**	**(216,431)**	**8,114**

Reconciliation of Sevice Income and Expenditure to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (CIES)

2012/13 RESTATED	Service Income and Expenditure reported to Management	Amounts included in CIES not reported to Management	Amounts reported to Management not included in CIES	Reconciled to Net Cost of Services	Amounts Reported Below Net Cost of Services in CIES	(Surplus) / Deficit on the CIES
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(61,807)	0	20,019	**(41,788)**	0	**(41,788)**
Interest and investment income	0	0	0	**0**	(106)	**(106)**
Taxation and Non-Specific Grant Income	(25,002)	0	4,831	**(20,171)**	(249,596)	**(269,767)**
Total Income	**(86,809)**	**0**	**24,850**	**(61,959)**	**(249,702)**	**(311,661)**
Employee costs	144,777	(2,877)	0	**141,900**	0	**141,900**
Other service costs	180,608	0	(55,623)	**124,985**	5,066	**130,051**
Support Service recharges	0	0	0	**0**	0	**0**
Capital Accounting	0	40,388	0	**40,388**	0	**40,388**
Interest Payments	0	0	0	**0**	16,006	**16,006**
Gain or Loss on Disposal of Fixed Assets	0	0	0	**0**	159	**159**
Total Expenditure	**325,385**	**37,511**	**(55,623)**	**307,273**	**21,231**	**328,504**
(Surplus)/Deficit on the Provision of Services	**238,576**	**37,511**	**(30,773)**	**245,314**	**(228,471)**	**16,843**

28. Agency Services

Agency income earned in the year is as follows:

2012/13		2013/14
£000		**£000**
619	**East Dunbartonshire Leisure and Culture Trust** - for provision of miscellaneous corporate support services, facilities management, property and grounds maintenance, refuse collection, fleet management and pest control	704
273	**Scottish Water** - in return for billing and collection of water charges	253
16	**North Glasgow College** - for the provision of a payroll service	16
908	**Total**	**973**

29. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement (CIES) in 2013/14:

2012/13	Credited to Taxation and Non-Specific Grant Income		2013/14
£000			£000
239,123	**General Revenue Grant, Council Tax and Non-Domestic Rates**		226,367
	Capital Grants and Contributions:		
6,043	General Services Capital Grant (excl. elements transferred)	5,987	
122	Scottish Government - Cycling, Walking and Safer Streets grant	112	
78	Energy Saving Trust grant	0	
500	Scottish Futures Trust funding	1,190	
389	Zero Waste grant	125	
513	SPT	513	
77	Sustrans	327	
1,400	Scottish Government - Council house new build funding	2,122	
435	Kirkintilloch Initiative - Affordable Housing contribution	500	
0	Donated Assets - Shared Equity Home Purchase Scheme	213	
916	Other capital grants and contributions	458	
10,473	**Total Capital Grants and Contributions**		**11,547**
249,596	**Total Taxation and Non-Specific Grant Income in the CIES**		**237,914**

2012/13	Credited to Services (within Net Cost of Services in the CIES)	2013/14
£000	**Grants**	£000
	Scottish Government	
398	Private Sector Housing Grant	385
493	Education Maintenance Allowances	440
464	Universal Home Insulation Scheme	239
73	Sustainable Transport	20
70	Gaelic Grant	68
40	West Hub Housing Options	66
123	Opportunities for All/16+ Learning Choices	106
302	Police Grant	0
63	Business Gateway	0
30	Self Directed Support Transformation Funding	348
	Creative Scotland 2009 Ltd (replaced the Scottish Arts Council)	
163	Youth Music Initiative	162
	Contributions	
	Department of Work & Pensions	
18,152	Housing Benefit Payment Subsidy	18,193
4,831	Council Tax Benefits Payments Subsidy	0
529	Benefits Administration Subsidy	481
	NHS Greater Glasgow and Clyde	
10,206	Resource Transfer All Categories	11,212
611	Change Fund	739
	Scottish Government	
94	Funding for Local Government Election - Election Counting	0
	West Dunbartonshire Council	
695	Criminal Justice Partnership	688
110	Emergency Response Service	113
0	Business Gateway	185
	Scottish Prison Service	
248	Low Moss Prison	324
	Other Organisations	
69	European Union - Fit for Growth	0
166	Ogier - AAIM Bishopbriggs	163
51	WREN - Playparks	141
0	WRAP - Zero Waste Scotland	196
26	The Wise Group - Flexible New Deal	0
72	Big Lottery - Positive Achievements Funding	121
41	Big Lottery - Cedar Project	61
45	Stirling Council - Mugdock Country Park	56
571	**Other Various Grants & Contributions**	161
38,736	**Total**	**34,668**

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

- Short-term Grants Receipts in Advance £0.332m
- Long-term Grants Receipts in Advance £0.846m

30. Related Parties

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

- Central Government
- Members
- Officers
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

a) Central Government

Central government, in the form of 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 Rate Pool (NDR). The figures for GRG and NDR are disclosed in **Note 29** Grant Income. The Scottish Government also prescribes the terms of many of the transactions the Council has with other parties, e.g. council tax rebates.

b) Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2013/14 is shown in the Remuneration Report.

During 2013/14, one member was employed by another local authority to which the Council paid £1.204m, mainly in respect of joint services and placements for social work and education services. In 2013/14, further services to the value of £2.069m were commissioned from charitable, community and educational organisations in which 6 members had an interest. Contracts were entered into in full compliance with the Council's standing orders. In addition, grants totalling £0.188m were paid to voluntary, community and charitable organisations in which 3 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.

c) Officers

Senior Officers have not disclosed any material transactions with related parties during 2013/14.

d) Other Public Bodies (subject to common control by Central Government)

In accordance with Scottish Government protocols, the Council receives substantial funding in resource transfer from the National Health Service Greater Glasgow and Clyde, mainly in relation to the community care costs incurred as a result of the historic closure of NHS facilities. The amounts are reflected in **Note 29** Grant Income. The Council is also working with NHS Greater Glasgow and Clyde to prepare for the implementation of integrated health and social care.

e) Entities Controlled or Significantly Influenced by the Council

The Council has subsidiaries over which it has control and associate companies over which it exerts significant influence. These entities and material transactions with them in financial year 2013/14 are detailed below. Further disclosure of these entities is made within the Group Accounts at page 78.

The Council's subsidiaries are as follows:

- East Dunbartonshire Leisure and Culture Trust – expenditure £6.070m, income £0.908m
- Mugdock Country Park Joint Management Committee – expenditure £0.391m

The Council's associated bodies are as follows:

- Strathclyde Partnership for Transport – expenditure £1.893m

- Strathclyde Concessionary Travel Joint Board – expenditure £0.219m
- Dunbartonshire and Argyll and Bute Valuation Joint Board – expenditure £0.592m
- East Dunbartonshire Municipal Bank
- East Dunbartonshire Development Company (DevCo)
- Kirkintilloch's Initiative
- SEEMIS LLP – expenditure £0.090m
- Scotland Excel – expenditure £0.080m
- Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee – expenditure £0.060m
- West of Scotland European Forum
- Gateway Shared Services
- Hub West Scotland Limited – expenditure £1.789m

31. Leases

Council as Lessee

Finance Leases

The Council has a finance lease-type agreement in respect of one property as at 31 March 2014. The fixed asset value within the Balance Sheet for property held under finance lease is as follows:

31 March 2013 Net Book Value		31 March 2014 Net Book Value
£000		**£000**
76	Property, Plant and Equipment: Other Land and Buildings	73

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 2013/14 are made up of the following amounts:

31 March 2013		31 March 2014
£000		**£000**
	Finance lease liabilities (excluding finance costs):	
14	Current (included within Short-term Creditors)	18
48	Non-current (shown separately on Balance Sheet)	0
62		**18**
13	Finance costs payable in future years	2
75	**Total rentals payable in future years**	**20**

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

31 March 2013			31 March 2014	
Future Rental Payments	Finance Lease Liabilities		Future Rental Payments	Finance Lease Liabilities
£000	**£000**		**£000**	**£000**
20	14	Not later than one year	20	18
55	48	Later than one year and not later than five years	0	0
0	0	Later than five years	0	0
75	**62**	**Total**	**20**	**18**

Operating Leases

The Council leases vehicles on a variety of lease terms that are accounted for as operating leases. The rentals payable in 2013/14 were £1.507m (2012/13 £1.350m) 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.

31 March 2013		31 March 2014
£000		£000
971	Not later than one year	1,195
1,001	Later than one year and not later than five years	2,329
0	Later than five years	0
1,972	**Total**	**3,524**

32. Termination Benefits

The Council approved the termination of the contracts of a number of employees in 2013/14, incurring costs of £3.7m (2012/13 £2.8m). Some of these contract terminations related to Senior Officers and these are detailed in the **Remuneration Report** on page 15. The termination benefits were payable to 79 employees who were made redundant as part of the Council's approved budget savings measures.

33. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme which is administered by the Scottish Government. The Scheme provides teachers with specified 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 multi-employer defined benefit scheme and consequently the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The Scheme is unfunded and all contributions (payable by members or employers) are paid to the Scottish Government, and the Scottish Government then meets the costs of all benefits. A specific amount is held by the Scottish Government for this purpose. As a proportion of the total contributions into the Scottish Teachers' Superannuation Scheme during the year ended 31 March 2013, the Authority's own contributions equate to approximately 2.0%.

In 2013/14, the Council paid £6.74m in respect of teachers' retirement benefits, representing 14.9% of pensionable pay. The figures for 2012/13 were £6.6m and 14.9%. There will be no increase in this rate for 2014/15. The Council paid over £6.17m to the Scottish Government in respect of 2013/14 contributions, leaving a balance of £0.57m to be paid over at the balance sheet date.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in **Note 34**.

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

34. Defined Benefit Pension Schemes

a) Participation in 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 schemes:

- The Local Government Pension Scheme, operated as Strathclyde Pension Fund and administered by Glasgow City Council (in accordance with the *Local Government Pension (Scotland) Regulations 1998*). This is a funded defined benefit statutory scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The employer's contribution rate is set by the Fund actuaries following valuation.
- Unfunded teachers' pension schemes were in existence prior to the Local Government Reorganisation of 1996. These are defined benefit schemes and are 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.

b) Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /

retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The table below provides detail on the pension costs charged to the CIES 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.

2012/13 restated £000		2013/14 £000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
10,166	Current service cost	14,082
3,343	Past service costs (incl. curtailments)	6,498
0	(Gain)/loss from settlements	0
	Financing and Investment Income and Expenditure	
5,066	Net interest expense	5,940
18,575	**Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services**	**26,520**
	Other Post-employment Benefits charged to Other Comprehensive Income and Expenditure	
(33,472)	Expected return on scheme assets	(8,575)
0	Actuarial (gains) and losses arising on changes in demographic assumptions	0
54,181	Actuarial (gains) and losses arising on changes in financial assumptions	21,127
573	Other (if applicable)	365
21,282		**12,917**
39,857	**Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement**	**39,437**

2012/13 restated £000	Movement in Reserves Statement	2013/14 £000
(5,710)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(10,463)
	Actual amount charged against the General Fund Balance for pensions in the year	
12,865	Employers' contributions payable to scheme	16,057

The current service cost was provided as a total for the 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.

c) Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

At the balance sheet date	31 March 2014 £000	31 March 2013 Restated £000
Fair Value of Employer Assets	411,195	382,080
Present Value of Defined Benefit Liability*	(564,329)	(511,834)
Net liability arising from defined benefit obligation	**(153,134)**	**(129,754)**
*Unfunded liabilities included in the figure for present value of liabilities:		
Unfunded liabilities for Pension Fund	25,764	22,036
Teachers' unfunded pensions	23,086	21,013
Unfunded liabilities prior to 1996 local government reorganisation	9,480	9,629
	58,330	**52,678**

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment benefits. The total liability of £153.134m has a substantial impact on the net worth of the authority, resulting in a deterioration of £23.380m 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 2014, with the next one being due at 31 March 2017.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

There has been an increase of £23.380m 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 a reduction in the net discount rate
- the deficit has been partially offset by slightly higher than expected asset returns

d) Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2012/13 restated		2013/14
£000		£000
435,458	**Opening Balance at 1 April**	**511,834**
10,166	Current Service Cost	14,082
20,918	Interest Cost	23,206
3,069	Contributions by Scheme Participants	3,324
	Remeasurement (gains) and losses:	
54,181	Change in financial assumptions	21,127
573	Other experience	365
3,343	Past Service Costs / (Gains)	6,498
0	Liabilities extinguished on Settlement	0
(2,785)	Estimated Unfunded Benefits Paid	(3,287)
(13,089)	Estimated Benefits Paid	(12,820)
511,834	**Closing Balance at 31 March**	**564,329**

e) Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

2012/13 restated		2013/14
£000		£000
332,696	**Opening Balance at 1 April**	**382,080**
15,852	Interest Income on Plan Assets	17,266
	Remeasurement gain / (loss):	
33,472	Expected Rate of Return on Pension Fund Assets	8,575
3,069	Contributions by Scheme Participants	3,324
10,080	Contributions by the Employer	12,770
2,785	Contributions re Unfunded Benefits	3,287
0	Assets distributed on Settlement	0
(2,785)	Unfunded Benefits Paid	(3,287)
(13,089)	Benefits Paid	(12,820)
382,080	**Closing Balance at 31 March**	**411,195**

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 2013.

f) Sensitivity Analysis

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

Sensitivities at 31 March 2014	Approximate % Increase to Employer Obligation	Approximate Monetary Amount £'000
0.5% decrease in Real Discount Rate	12%	66,945
1 year increase in member life expectancy	3%	16,645
0.5% increase in the Salary Increase rate	5%	28,150
0.5% increase in the Pension Increase rate	8%	47,127

g) Local Government Pension Scheme assets comprised:

2012/13 Restated	Fair Value of Scheme Assets	2013/14
£000		£000
13,855	**Cash and Cash Equivalents**	19,666
	Equity Securities:	
	By industry type	
33,368	Consumer	37,878
30,652	Manufacturing	33,275
15,591	Energy and Utilities	15,060
26,171	Financial Institutions	27,512
13,878	Health and Care	14,102
19,142	Information Technology	22,407
2	**Debt Securities**: Corporate Bonds (non-investment grade)	3
36,890	**Private Equity**	38,781
24,509	**Real Estate**: UK Property	28,806
	Investment Funds and Unit Trusts	
116,388	Equities	125,155
51,468	Bonds	47,717
232	Commodities	163
0	Infrastructure	583
1	Other	0
(67)	**Derivatives**: Other	87
382,080	**TOTAL**	**411,195**

h) Basis for Estimating Assets and Liabilities

The Council's share of the liabilities of The Strathclyde Pension Fund is an estimated figure based on actuarial assumptions about the future and is a snapshot at the end of the financial year. The net obligation has been assessed using the 'projected unit method', that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. It should be noted that these pension disclosures also include the pension liabilities for Mugdock Country Park Management Committee which cannot be separately identified from the actuarial valuations obtained.

The Fund's liability has been assessed by Hymans Roberston, an independent firm of actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2014. The significant assumptions used by the actuary are shown in the tables below. **Note 4** includes a sensitivity analysis for the pension obligation based on reasonably possible changes of these assumptions occurring at the reporting date.

31 March 2013	Long-term expected rate of return on assets in the scheme:	31 March 2014
4.5%	Equities	4.3%
4.5%	Bonds	4.3%
4.5%	Property	4.3%
4.5%	Cash	4.3%
4.5%		**4.3%**
	Longevity at 65 for current pensioners (years):	
21.0	Men	21.0
23.4	Women	23.4
	Longevity at 65 for future pensioners (years):	
23.3	Men	23.3
25.3	Women	25.3
	Other assumption rates:	
5.1%	Rate of increase in salaries (1)	5.1%
2.8%	Rate of increase in pensions / inflation	2.8%
4.5%	Rate for discounting scheme liabilities	4.3%

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

31 March 2013	Commutations - % allowance of future retirements to elect to take additional tax-free cash up to HMRC limits	31 March 2014
50.0%	pre-April 2009 service	50.0%
75.0%	post-April 2009 service	75.0%

31 March 2013	Pension Fund assets by Category	31 March 2014
76%	Equities	76%
14%	Bonds	12%
7%	Property	7%
3%	Cash	5%
100%		**100%**

i) Impact on the Council's Cash Flows

The objectives of the Fund are to keep employer's contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating local authorities. Employer's contributions have been set at 19.3% for 2014-15. The next three years will be set following completion of the triennial valuation as at 31 March 2014.

The Fund will need to take account of impending national changes to the Local Government Pension Scheme in Scotland such as the move from 1 April 2015 to a new career average revalued earning scheme (CARE) for future accruals.

The total employer's contributions expected to be made by the Council to Strathclyde Pension Fund in the year to 31 March 2015 is £10.441m.

The assumed weighted average duration of the defined benefit obligation is 17.8 years (this is different from the mortality assumptions quoted in the table above in *"Basis for Estimating Assets and Liabilities").*

j) 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:

- Dunbartonshire and Argyll and 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 page 78.

35. Financial Guarantees

As sponsoring authority, East Dunbartonshire Council has guaranteed to accept liability for any unfunded costs which may arise with regard to East Dunbartonshire Council Leisure and Culture Trust, relating to their membership of the Local Government Pension Scheme (LGPS) administered by Glasgow City Council, should they cease to exist, withdraw from the LGPS or otherwise become unable to continue covering any unfunded liabilities with regard to the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008, the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008, the Local Government (Transitional Provisions) (Scotland) Regulations 2008 and (if applicable) the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998.

Housing Revenue Account

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

2012/13 Restated	HRA Income and Expenditure Statement		2013/14
£000		£000	£000
	Income		
(12,200)	Dwelling Rents	(12,506)	
(109)	Non Dwelling Rents	(108)	
(483)	Other Income	(343)	
(12,792)	**Total Income**		**(12,957)**
	Expenditure		
4,321	Repairs and Maintenance	4,006	
2,499	Supervision and Management	3,262	
7,903	Depreciation, impairment and revaluation of non-current assets	107	
171	Movement in the allowance for bad debtors	269	
932	Other Expenditure	741	
15,826	**Total Expenditure**		**8,385**
3,034	**Net Expenditure**		**(4,572)**
26	HRA services share of Corporate and Democratic Core		26
3,060	**Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**		**(4,546)**
0	HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		205
3,060	**Net Cost of HRA Services**		**(4,341)**
	HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:		
60	(Gain) or Loss on sale of HRA non-current assets		(207)
1,092	Interest payable and similar charges		1,229
(7)	Interest and investment income		(8)
93	Pension interest cost and expected return on pension assets		98
4,298	**(Surplus) or deficit for the year on HRA services**		**(3,229)**

Movement on the HRA Statement - The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the *1987 Act*.

2012/13	Movement on the HRA Statement		2013/14
£000		£000	£000
(1,483)	**Balance on the HRA at end of the previous reporting period**		**(1,554)**
4,298	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(3,229)
	Adjustments between accounting basis and funding basis under statute:		
(7,903)	*Depreciation, impairment and revaluation of non-current assets*	(107)	
(60)	*Gain or loss on sale of HRA non-current assets*	207	
27	*Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements*	32	
(276)	*Net charges made for retirement benefits in accordance with IAS19*	(535)	
176	*Employer's contributions payable to the Strathclyde Pension Fund and retirement benefits payable direct to pensioners*	175	
2,315	*Loans fund principal*	2,610	
1,352	*Capital expenditure funded by the HRA*	1,515	
(4,369)	Total Adjustments between accounting basis and funding basis under statute:		3,897
(71)	**Net decrease or (increase) before transfers to or from reserves**		**668**
0	Transfers to or (from) earmarked reserves		42
(71)	**(Increase) or decrease in year on the HRA**		**710**
(1,554)	**Balance on the HRA at the end of the current reporting period**		**(844)**

Notes to the Housing Revenue Account

1. Number and Type of Dwelling

	Opening Number	Changes in Year	Closing Number
Houses			
Bungalow	13	0	13
Semi-Detached	695	1	696
Detached House	4	0	4
Terraced House	1,106	2	1,108
Total Houses	**1,818**	**3**	**1,821**
Flats			
Maisonette	101	0	101
Four in a Block	828	-43	785
Tenement Flat	850	32	882
Homeless: 8 apartment	1	0	1
Homeless: 6 apartment	1	0	1
Homeless: 2 apartment	3	0	3
Total Flats	**1,784**	**-11**	**1,773**
Grand Total	**3,602**	**-8**	**3,594**

In 2013/14 there were 66 new properties (including 51 new builds), with 45 demolitions and 29 disposals, totalling 8 changes in year, as shown in the above table.

2. Prior Year Adjustments

There are no prior year adjustments.

3. Arrears and Bad Debt Provisions

2012/13		2013/14
£000	**Arrears as at 31 March**	**£000**
508	Former Tenants	641
373	Current Tenants	451
881	**Total**	**1,092**
	Bad Debt Provision as at 31 March:	
566	Total provision in respect of uncollectable rents	**733**

4. Exceptional Items

There are no exceptional items for 2013/14.

5. Void Rent Loss

The figures below include void rent loss in relation to council housing.

2012/13		2013/14
£000		**£000**
80	Rent loss arising from void properties	95

Council Tax Income Account

a) Statutory Background

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.

Council tax is payable on any dwelling which is not an exempt dwelling (prescribed by an order made by the Scottish Government). The amount of council tax payable depends on the valuation band of the dwelling.

The Council Tax benefit scheme was abolished by the Government from 1 April 2013 and replaced with a Council Tax Reduction Scheme. The table below shows Council Tax benefit scheme figures for 2012/13 only, and Council Tax Reduction Scheme for 2013/14 only.

b) Council Tax Income Account

2012/13		2013/14
£000		£000
59,922	**Gross Council Tax levied and contribution in lieu**	**60,314**
	Less:	
(4,784)	Council Tax benefit (scheme ceased to exist 1 April 2013)	na
na	Council Tax Reduction Scheme (applicable from 1 April 2013)	(4,755)
4,831	Council Tax benefits [net of Government Grant] (scheme ceased to exist 1 April 2013)	na
(5,841)	Other discounts and reductions	(5,861)
(1,106)	Provision for bad and doubtful debts	(1,118)
(30)	Prior year adjustments	(1,332)
(168)	Transfer to Reserve	(161)
52,824	**Net Council Tax Income**	**47,087**
18	Income from Community Charge	12
52,842	**Net Council Tax Income Transferred to General Fund**	**47,099**

c) 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	na	1,161	3,689	8,219	8,021	10,332	6,816	6,238	599	45,075
Exemptions	na	(113)	(132)	(191)	(120)	(151)	(83)	(58)	(9)	(857)
Chargeable Dwellings	**0**	**1,048**	**3,557**	**8,028**	**7,901**	**10,181**	**6,733**	**6,180**	**590**	**44,218**
Disabled Reductions		(2)	(15)	(65)	(41)	(84)	(57)	(45)	(2)	(311)
Effectively Chargeable	2	15	65	41	84	57	45	2	0	311
Adjusted Chargeable Dwellings	**2**	**1,061**	**3,607**	**8,004**	**7,944**	**10,154**	**6,721**	**6,137**	**588**	**44,218**
Discounts (50% or reduced)		(10)	(46)	(70)	(44)	(79)	(59)	(44)	(10)	(362)
Single Discount (25%)	(1)	(708)	(2,155)	(3,687)	(2,817)	(2,766)	(1,403)	(1,001)	(74)	(14,612)
Total Equivalent Dwellings	**2**	**879**	**3,045**	**7,047**	**7,218**	**9,423**	**6,341**	**5,865**	**564**	**40,384**
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**	**586**	**2,368**	**6,264**	**7,218**	**11,517**	**9,159**	**9,775**	**1,129**	**48,017**
				Contributions in lieu						0
				Total						**48,017**
				Provision for bad debts						(1,080)
				Council Tax Base						**46,937**

The numbers in the above table reflect the position as at March 2014.

d) 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 the band of the individual dwelling. The Band D charge for 2013/14 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 Rate Income Account

a) *Statutory Background*

Occupiers of non-domestic property pay rates based on the valuation of the property within the valuation roll for the area. The non-domestic rate poundage is determined by the Scottish Government.

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

b) *Non-Domestic Rate Income Account*

2012/13 restated		2013/14
£000		**£000**
30,423	**Gross Rates levied and contributions in lieu**	**31,257**
	Less:	
(7,068)	Reliefs and other deductions	(7,400)
0	Payment of interest	0
(347)	Provision for bad and doubtful debts	(331)
122	Discretionary Relief due to Pool	126
(569)	Prior year adjustment	(1,961)
22,561	**Net Non-Domestic Rates Income**	**21,691**
(122)	Discretionary relief above threshold not funded by national pool	(126)
(29)	Due (to)/from the National Pool	815
22,410	**Net NDR Income per the Comprehensive Income and Expenditure Account**	**22,380**

c) *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 Rate poundage for 2013/14 was 46.2p.

Small businesses with cumulative rateable values of £25,000 or less are eligible for a discount on the rate of poundage of between 25% and 100%. Properties over £35,000 pay a supplement of 0.9p on the rate poundage.

d) *Rateable Values and Number of Premises as at 1 April 2013*

	Number of Subjects	Rateable Value
		£000
Industrial	293	5,207
Commercial	1,568	37,217
Others	459	26,076
Formula Valued (public undertakings)	5	36
Total	**2,325**	**68,536**

Common Good and Trust Funds

1. 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 in Charitable Trusts below.

a) Income and Expenditure Account

2012/13		2013/14				
Total		Charitable Trusts (CTs)			Other CTs	Total
		R Lillie	W Patrick	EDC CTs		
£000		**£000**	**£000**	**£000**	**£000**	**£000**
(8)	Income in year	(22)	(1)	0	0	**(23)**
5	Expenditure in year	6	0	0	0	**6**
(3)	**(Surplus)/Deficit**	**(16)**	**(1)**	**0**	**0**	**(17)**

b) Balance Sheet

2012/13		2013/14				
Total		Charitable Trusts (CTs)			Other CTs	Total
		R Lillie	W Patrick	EDC CTs		
£000		**£000**	**£000**	**£000**	**£000**	**£000**
	Assets:					
136	External Investments	135	14	0	0	**149**
172	Internal Investments	36	82	28	28	**174**
2	Debtors	2	2	0	0	**4**
310	**Total Assets**	**173**	**98**	**28**	**28**	**327**
0	Less Current Liabilities	0	0	0	0	**0**
310	**Net Assets / (Liabilities)**	**173**	**98**	**28**	**28**	**327**
	Represented by:					
251	Capital balance at 31 March	173	53	15	34	**275**
59	Revenue balance at 31 March	0	45	13	(6)	**52**
310	**Total Balance at 31 March**	**173**	**98**	**28**	**28**	**327**

c) Additional Fund Information

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. The balances on these funds are generally too small to generate enough income to accomplish anything that would further the aims of the Trusts. The Trustees have therefore agreed a plan of action to utilise the balances on these funds for their original aims.

Various Other Non-Charitable Trusts – These minor Trust Funds are held by the Council, mainly comprising legacies gifted for educational and social work purposes.

2. 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 £0.506m as at 31 March 2014. 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.

Common Good funds do not represent assets of the Council and are not included in the Council's Balance Sheet, but are included in the Council's Group Accounts.

a) *Income and Expenditure Account*

2012/13			2013/14	
General	T Crosbie		General	T Crosbie
£000	**£000**		**£000**	**£000**
(82)	(18)	Income in year	0	(43)
0	12	Expenditure in year	0	12
(82)	**(6)**	**(Surplus)/Deficit**	**0**	**(31)**

b) *Balance Sheet*

2012/13			2013/14	
General	T Crosbie		General	T Crosbie
£000	**£000**		**£000**	**£000**
		Assets:		
0	382	External Investments	0	406
98	91	Internal Investments	98	96
0	2	Debtors	0	4
98	**475**	**Total Assets**	**98**	**506**
0	0	Less Current Liabilities	0	0
98	**475**	**Net Assets / (Liabilities)**	**98**	**506**
		Represented by:		
87	414	Capital balance at 31 March	87	438
11	61	Revenue balance at 31 March	11	68
98	**475**	**Total Balance at 31 March**	**98**	**506**

c) *Common Good – Property, Plant & Equipment*

On 7 February 2012, the Policy & Resources Committee approved a management agreement 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.

d) *Regulations*

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 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

a) Introduction

The *Code of Practice on Local Authority Accounting in the United Kingdom 2013/14* requires the Council to prepare group accounts where the authority has interests in subsidiaries, associates and/or jointly controlled entities, subject to the consideration of materiality.

1. Group Boundary

East Dunbartonshire Council considers all entities in which it has an interest for consolidation into the group accounts. The following criteria are used for determining whether an entity falls within the group accounts and, if so, on what grounds:

Materiality

Where the financial impact of omitting an entity from the group accounts would not cause a user of the accounts to form a different view of the accounts, the Council has opted not to include these entities within the group boundary. These entities are detailed under **Note 5** Non-Consolidation Interests in Other Entities.

Subsidiary

The Code defines a subsidiary as an entity which the authority has the ability to control through the power to govern their financial and operating policies so as to obtain benefits from the entity's activities. Control is usually presumed where an authority owns more than half the voting power of the entity.

The Council has identified two entities, which fall under the criteria of subsidiaries at 31 March 2014:

- East Dunbartonshire Leisure and Culture Trust Limited
- Mugdock Country Park Joint Management Committee

Both of these organisations have been consolidated in to the Group Statements as subsidiaries.

Associates

The Code defines an associate as an entity for which the authority is an investor that has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity. The Council has identified three entities that meet the definition of an associate and, as such, have been included in the group accounts as associates. These are:

- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Dunbartonshire and Argyll and Bute Valuation Joint Board

2. Method of Consolidation

In accordance with the Code, the subsidiaries have been fully consolidated and have a financial year end of 31 March 2014. This means that the financial statements of the subsidiary are consolidated by adding like items of assets, liabilities, reserves, income and expenses together line by line to those of the Council's financial statements. All intra-group balances and transactions are eliminated upon consolidation.

The three associates have been consolidated at their financial year ends of 31 March 2014 using the equity method, which is in compliance with the Code. This approach involves consolidating the Council's share of the net surplus or deficit for the year, as well as a share of the net assets of the entities. These results are expressed as a separate line with the Group Comprehensive Income and Expenditure Statement and Group Balance Sheet. The Council's share of the results is deemed to be equal to the share of the funding that the Council contributed to each entity. In 2013/14 that share was as follows:

- Strathclyde Partnership for Transport – In 2013/14 the Council contributed 5.06% of budgeted operating costs (5.06% in 2012/13);
- Strathclyde Concessionary Travel Scheme Joint Committee – In 2013/14 the Council contributed 5.14% of estimated operating costs (5.14% in 2012/13);
- Dunbartonshire and Argyll and Bute Valuation Joint Board – In 2013/14 the Council contributed 24.95% of estimated operating costs (24.95% in 2012/13)

All material group entities prepared their financial statements in accordance with the Code.

Group Movement in Reserves Statement

The Group Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council, together with the movement in the Council's share of those entities in which it has a financial interest.

	Usable Reserves			Unusable Reserves			Total Group Reserves
	East Dunbartonshire Council	Group Entities	Total Group	East Dunbartonshire Council	Group Entities	Total Group	
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012 Restated	32,188	5,843	38,031	320,888	(168,088)	152,800	190,831
Movement in reserves during 2012/13:							
Surplus or (Deficit) on the Provision of Services	(16,843)	(915)	**(17,758)**	0	(8,287)	**(8,287)**	(26,045)
Other Comprehensive Income and (Expenditure)	1	0	**1**	(8,379)	(25,113)	**(33,492)**	(33,491)
Total Comprehensive Income and (Expenditure)	(16,842)	(915)	(17,757)	(8,379)	(33,400)	(41,779)	(59,536)
Adjustments between accounting basis and funding basis under regulations	15,572	0	**15,572**	(15,572)	0	**(15,572)**	0
Net Increase of (Decrease) before Transfers to Other Statutory Reserves	(1,270)	(915)	(2,185)	(23,951)	(33,400)	(57,351)	(59,536)
Transfers to/from Other Statutory Reserves	0	95	**95**	0	(95)	**(95)**	0
Increase or (Decrease) in the year	(1,270)	(820)	(2,090)	(23,951)	(33,495)	(57,446)	(59,536)
Balance at 31 March 2013 Restated	30,918	5,023	35,941	296,937	(201,583)	95,354	131,295
Less: Police and Fire & Rescue reserve balances transferred on 1 April 2013*	0	0	**0**	0	(204,498)	**(204,498)**	(204,498)
Adjusted balance at 1 April 2013	30,918	5,023	35,941	296,937	2,915	299,852	335,793
Movement in reserves during 2013/14:							
Surplus or (Deficit) on the Provision of Services	(8,114)	267	**(7,847)**	0	(376)	**(376)**	(8,223)
Other Comprehensive Income and (Expenditure)	2	0	**2**	22,883	(1,233)	**21,650**	21,652
Total Comprehensive Income and (Expenditure)	(8,112)	267	(7,845)	22,883	(1,609)	21,274	13,429
Adjustments between accounting basis and funding basis under regulations	3,329	0	**3,329**	(3,329)	0	**(3,329)**	0
Net Increase of (Decrease) before Transfers to Other Statutory Reserves	(4,783)	267	(4,516)	19,554	(1,609)	17,945	13,429
Transfers to/from Other Statutory Reserves	0	124	**124**	0	(124)	**(124)**	0
Increase or (Decrease) in the year	(4,783)	391	(4,392)	19,554	(1,733)	17,821	13,429
Balance at 31 March 2014	26,135	5,414	31,549	316,491	1,182	317,673	349,222

* Police and Fire & Rescue Services transferred to Scottish Government at 1 April 2013

Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement combines the Income and Expenditure figures of the Council with the Council's share of the operating results of those entities in which it has a financial interest.

2012/13 Restated				2013/14		
Gross Expend. £000	Gross Income £000	Net Expend. or (Income) £000		Gross Expend. £000	Gross Income £000	Net Expend. or (Income) £000
			Service Revenue Accounts:			
113,782	(2,505)	111,277	Education	120,927	(2,481)	118,446
15,852	(12,792)	3,060	Housing Revenue Account	8,616	(12,957)	(4,341)
21,793	(20,024)	1,769	Other Housing Services	21,613	(19,741)	1,872
25,615	(6,384)	19,231	Cultural and Related Services	15,082	(4,497)	10,585
17,676	(1,698)	15,978	Environmental Services	17,421	(1,691)	15,730
4,658	0	4,658	* Fire Joint Board	0	0	0
15,367	(5,238)	10,129	Roads and Transport	11,894	(454)	11,440
5,280	(32)	5,248	Planning and Development	7,625	(2,856)	4,769
13,909	(3,185)	10,724	* Police Joint Board	0	0	0
66,326	(14,256)	52,070	Social Work	70,559	(15,181)	55,378
3,853	0	3,853	Corporate and Democratic Core	2,969	0	2,969
4,184	0	4,184	Non Distributable Costs	5,502	0	5,502
3,681	(1,275)	2,406	Central Services to the Public	3,486	(1,140)	2,346
1,205	0	1,205	Share of Operating Results of Associates	(39)	0	(39)
313,181	**(67,389)**	**245,792**	**Net Cost of Services (1)**	**285,655**	**(60,998)**	**224,657**
		150	(Gains) / Loss on Disposal of Non-current Assets			(211)
		150	**Other Operating (Income) or Expenditure (2)**			**(211)**
		16,006	Interest Payable and Similar Charges			15,839
		225	Share of Interest Payable by Associates			(38)
		5,066	Pension Interest Cost/Expected Return on Pension Assets			5,940
		8,704	Share of Pension Interest Cost/Expected Return on Pension Assets			101
		(214)	Interest Receivable and Similar Income			(151)
		(88)	Share of Interest Receivable by Associates			0
		0	(Gain) / Loss on early settlement of Borrowing			0
		29,699	**Financing and Investment Income and Expenditure (3)**			**21,691**
		(52,842)	Council Tax and Community Charge			(47,099)
		(22,410)	Non-Domestic Rates			(22,380)
		(163,871)	General Revenue Grant			(156,888)
		(10,473)	Recognised Capital Grants / Contributions			(11,547)
		(249,596)	**Taxation and Non-Specific Grant Income (4)**			**(237,914)**
		26,045	**(Surplus) or Deficit on the Provision of Services (5)** {(1) + (2) + (3) + (4)}			**8,223**
		(13,201)	(Surplus) or Deficit on the Revaluation of Property, Plant and Equipment assets			(36,080)
		0	Impairment losses on non-current assets charged to the Revaluation Reserve			0
		46,211	Actuarial (Gains) or Losses on Pensions Assets and Liabilities			14,211
		481	Other Unrealised (Gains) or Losses			217
		33,491	**Other Comprehensive Income and Expenditure (6)**			**(21,652)**
		59,536	**Total Comprehensive Income and Expenditure {(5) + (6)}**			**(13,429)**

* Police and Fire & Rescue Services transferred to the Scottish Government and are no longer part of the authority's group arrangements. The 2013/14 figures shown reflect the movement in the year between the adjusted opening group balance sheet at 1/4/13 and the closing balance sheet.

Group Balance Sheet

The Group Balance Sheet shows as at 31 March the assets and liabilities of the Group, and combines the Council's assets and liabilities with its share of the assets and liabilities of those entities in which it has a financial interest.

31 March 2013 Restated £000	Note 1	Adjusted Opening Balance 01/04/13		31 March 2014 £000
681,430		681,430	Property, Plant and Equipment	724,054
3,204		3,204	Heritage Assets	3,204
1,011		1,011	Intangible Assets	1,073
8,151		8,151	Investments in Associates	8,072
48		48	Long-term Debtors	47
693,844	**0**	**693,844**	**Long-term Assets**	**736,450**
10,847		10,847	Assets Held for Sale	9,662
917		915	Inventories	862
16,993		16,995	Short-term Debtors	14,323
19,144		19,144	Cash and Cash Equivalents	11,279
47,901	**0**	**47,901**	**Current Assets**	**36,126**
(15,636)		(15,636)	Short-term Borrowing	(20,177)
(36,556)		(36,556)	Short-term Creditors	(33,602)
(1,775)		(1,775)	Provisions	0
(1,750)		(1,750)	Short-term Grants Receipts in Advance	(332)
(55,717)	**0**	**(55,717)**	**Current Liabilities**	**(54,111)**
(118,115)		(118,115)	Long-term Borrowing	(114,546)
(205,125)	204,498	(627)	Liabilities in Associates	(793)
(94,407)		(94,407)	Other Long-term Liabilities (PPP contract)	(92,077)
(48)		(48)	Other Long-term Liabilities (Finance Leases)	0
(132,104)		(132,104)	Other Long-term Liabilities (Pensions)	(156,647)
(4,367)		(4,367)	Provisions	(4,334)
(567)		(567)	Long-term Grants Receipts in Advance	(846)
(554,733)	**204,498**	**(350,235)**	**Long-term Liabilities**	**(369,243)**
131,295	**204,498**	**335,793**	**Net Assets**	**349,222**
35,941		35,941	Usable Reserves	31,549
95,354	204,498	299,852	Unusable Reserves	317,673
131,295	**204,498**	**335,793**	**Total Reserves**	**349,222**

Note 1: On the 1 April 2013, Police and Fire & Rescue Services transferred to the Scottish Government. The joint board arrangements have ceased and are no longer part of the authority's group arrangements. Consequently the opening balance sheet has been adjusted to reflect the assets, liabilities and reserves transferred to the relevant new bodies on 1 April.

The unaudited accounts were issued on 26 June 2014 and the audited accounts were authorised for issue on 25 September 2014.

I certify that this presents a true and fair view of the financial position of the Council at 31 March 2014, and its income and expenditure for the year ended 31 March 2014.

……………………………………………..

Ian Black

Director of Finance and Shared Services

25 September 2014

Group Cash Flow Statement

The Group Cash Flow Statement shows the change in the year of cash and cash equivalents of the Council and those entities in which it has a financial interest.

2012/13 Restated £000		2013/14 £000
26,045	**Net (Surplus) or Deficit on the Provision of Services**	**8,223**
(58,087)	Adjust for Non-Cash Transactions	(27,968)
11,657	Adjust for Items in Net Surplus or Deficit that are Investing and Financing Activities	13,498
(20,385)	**Net Cash Flows from Operating Activities**	**(6,247)**
9,556	Investing Activities	12,878
718	Financing Activities	1,234
(10,111)	**Net (Increase) / Decrease in Cash and Cash Equivalents**	**7,865**
(9,033)	Cash and Cash Equivalents at 1 April 2013	(19,144)
(19,144)	**Cash and Cash Equivalents at 31 March 2014**	**(11,279)**

31 March 2013	Cash and Cash Equivalents	31 March 2014
£000		**£000**
(81)	Cash Held by Officers	(76)
(2,633)	Bank Current Accounts	(1,850)
(16,430)	Short-term Deposits (Temporary Investments)	(9,353)
(19,144)	**Total Cash and Cash Equivalents**	**(11,279)**

Notes to the Group Accounts

1. Statement of Group Accounting Policies

The Financial Statements in the Group Accounts have been prepared in accordance with the Council's accounting policies. Where group members are not required to prepare their financial statements on an IFRS basis, consolidation adjustments have been made where applicable. The Council has adopted the recommendations of the Code, which requires local authorities to consider their interests in all types of entity to incorporate into Group Accounts. A full set of Group Accounts, in addition to the Council's accounts, has been prepared which incorporates material balances from identified associated entities.

The Council has accounted for its interest in each Subsidiary using the acquisition method of accounting. The Council's interest in each Associate has been accounted for using the equity method of accounting. With regard to the Joint Boards, the Council's interest reflects the requisition share paid by the Council.

2. Going Concern

For one of the Subsidiaries and one of the Associates, the Council's share of net worth is a net liability. For East Dunbartonshire Leisure and Culture Trust Limited and Dunbartonshire and Argyll and Bute Valuation Joint Board, the net liability is a direct result of the requirement to fully account for pension liabilities. Both have prepared their accounts on a 'going concern' basis. Statutory arrangements are in place with the other constituent authorities for the funding of the Valuation Joint Board. 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 be available for these bodies.

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.

- Net cost or realisable value: Strathclyde Partnership for Transport and Mugdock Country Park's stock.

4. Combining Entities

Recognition has been made of the Council's controlling interest in two Subsidiary companies. The Council has effective control over the Common Good and Trust Funds, which it administers and these are also treated as subsidiaries in the Group Accounts. The Council also consolidates its interests in three Associates. The accounting period end for all entities is the 31 March 2014.

The % share of each combining entity's financial results (excluding Minority interests) is as follows:

2012-13 Group Share	2012-13 Net Exp / (Inc)	2012-13 Net Assets / (Liabilities)		Consolidation Basis	2013-14 Group Share	2013-14 Net Exp / (Inc)	2013-14 Net Assets / (Liabilities)
%	£000	£000			%	£000	£000
			Subsidiaries:				
100.0	287	(469)	East Dunbartonshire Leisure & Culture Trust	Voting Rights	100.0	1,145	(1,614)
100.0	0	0	Mugdock Country Park Joint Management Committee	Voting Rights	100.0	0	0
100.0	(3)	310	EDC Trust Funds	Trustees	100.0	(17)	327
100.0	(88)	573	EDC Common Good	Trustees	100.0	(31)	604
			Associates:				
5.06	(305)	8,079	Strathclyde Partnership for Transport	Requisition	5.06	90	7,989
5.14	11	72	Strathclyde Concessionary Travel Scheme Joint Committee	Requisition	5.14	(11)	83
24.95	288	(627)	Dunbartonshire and Argyll and Bute Valuation Joint Board	Requisition	24.95	166	(793)
	190	**7,938**	**Total Consolidated Group Entities**			**1,342**	**6,596**
	25,221	327,855	**East Dunbartonshire Council**			(14,903)	342,626
	34,125		**Adj: Police & Fire**				
	59,536	**335,793**	**Group Financial Statements**			**(13,561)**	**349,222**

a) *Subsidiaries*

East Dunbartonshire Leisure and Culture Trust Limited

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 2014 was £1.614m 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%:

2012/13		2013/14
£000		**£000**
10,102	Turnover	10,005
(286)	Profit or (loss) before tax	(1,145)
0	Taxation	0
(286)	Profit or (loss) after tax	(1,145)
184	Long term assets	204
3,223	Current assets	2,946
1,525	Current liabilities	1,251
2,350	Long term liabilities	3,513

The accounts of the 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

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 support to the Joint Committee, with Stirling Council retaining the remaining minority interest of 12.5%. In 2013/14 the Council contributed £0.391m to its operating costs.

The net assets of the Joint Committee at 31 March 2014 were nil.

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, and income and expenditure related to the pension schemes for employees.

Under the terms of the Minute of Agreement between the Council and Stirling Council, the 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 the 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 with the accounts of the Council.

b) Associates

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. In 2013/14, the Council contributed £1.893 m to the Partnership's estimated operating costs, which represents the Council's agreed share of costs of the year (5.06%).

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

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. In 2013/14, the Council contributed £0.219m to the Joint Committee's estimated operating costs, which represents the Council's agreed share of costs for the year (5.14%).

Accounts for the Joint Committee are published separately and can be obtained from Strathclyde Partnership for Transport at the address given above.

Dunbartonshire and Argyll and 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 East Dunbartonshire Council, West Dunbartonshire Council and Argyll and Bute Council. In 2013/14 the Council contributed £0.592m to the Board's estimated operating costs, which represents the Council's 24.95% agreed share of costs for the year net of a return of £0.073m from the Valuation Board's accumulated reserves.

Accounts for the Joint Board are published separately and can be obtained from:

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

5. Non-Consolidation 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 and, 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 is not material to a fair understanding of the financial position of the Council, and so they have not been consolidated into the Group Accounts.

East Dunbartonshire Development Company – The principal business was to provide rental accommodation for businesses located with the Council area. Following disposal of the property portfolio, the directors are considering other development opportunities for the company. Additionally, the company is in negotiations with its former banking partner with regards to the mis-selling of interest-based hedging products. The Directors of the company include one officer and two Elected Members of the Council. The Council has purchased all the shares and fixed assets of the company. The company's accounts to 30 September 2013 show a loss for the period of £0.025m and an overall net liability of £6.260m, almost entirely a loan from the Council. 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 as these are already reflected in the Council's accounts no further consolidation is required.

The accounts of the company are published separately and can be obtained from:

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

East Dunbartonshire Municipal Bank – The principal business of the Bank is to accept deposits from private account holders and to invest funds with the Council. The chairman and directors of the Bank are Elected Members of the Council. As per the Bank's unaudited financial records at 31 March 2014, 2,770 accounts were held with the bank, with a total amount on deposit of £1.841m with £1.700m being invested with the Council. Interest paid by the Council to the Bank in the year was £0.015m. Copies of the accounts of the Bank can be obtained by writing to:

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

Kirkintilloch's Initiative Limited – 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 the 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 2014, 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 the company in the accounts of the Council. Copies of the accounts can be obtained by writing to:

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

Scotland Excel – 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. The Council contributed £0.074m (2.3%) to the consortium in 2013/14.

Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee – comprises the eight councils within its area who work together on strategic development planning matters. The principal role of the Joint Committee is to prepare and maintain an up to date Strategic Development Plan for the area. This process involves engagement through joint working and consultation with a number of key stakeholder organisations and the wider community. The Council contributed £0.072m (12.5%) in 2013/14.

Hub West Scotland Limited - Hub West Scotland (Hubco) is a public private development organisation, limited by shares. It works with its public sector partners to plan, design, build, fund and maintain buildings in the most efficient and effective manner, delivering better value for money and ultimately improving public services. The Council is one of 8 public sector partners who hold equal shares in the organisation, alongside Wellspring and Scottish Futures Trust. Hubco is currently engaged in the following Council projects: Hillhead Community Centre, Lairdsland Primary School, and Lennoxtown Community Hub.

SEEMIS Group LLP – this limited liability partnership involves 28 local authority members and is concerned with the provision of information technology solutions to its member councils. The Council paid £0.090m for services in 2013/14 and was entitled to a membership percentage of 2.81% in 2013/14.

Gateway Shared Services – a Joint Committee formed by a consortium of 11 local education authorities in the West of Scotland. It develops online services and resources which support career-related learning and professional development. The Council contributed £0.020m (5.0%) in 2012/13.

West of Scotland European Forum – a Joint Committee set up in 2007 with the purpose of developing positive links between the communities of the region and the institutions of the European Union. The Council contributed £0.002m (4.69%) in 2012/13.

6. Financial Impact of Consolidation

a) *Group Balance Sheet Statement*

By including the group entities, the effect on the Group Balance Sheet is an increase in both Reserves and Net Assets (excluding minority interests) of £6.596m (£196.560m, 2012/13). This represents the Council's share of the net assets of these entities. This compares to a reduction of £196.560m in 2012/13 which was mainly due to the pension fund deficits for Strathclyde Police and Strathclyde Fire and Rescue.

b) *Group Comprehensive Income and Expenditure Statement*

The notes contained in the Council's single entity accounts are not significantly changed as a result of consolidation of group entities. In addition to the Balance Sheet, the only other items of a material nature are in relation to the Group Comprehensive Income and Expenditure Statement, as follows:

2012/13 Restated	Pension Interest Costs / Expected Return on Pension Assets	2013/14
£000		**£000**
(34)	East Dunbartonshire Leisure & Culture Trust	0
6,416	Strathclyde Police Joint Board	0
2,231	Strathclyde Fire and Rescue Joint Board	0
57	Strathclyde Partnership for Transport	58
34	Dunbartonshire and Argyll and Bute Valuation Joint Board	43
8,704	**Total for Consolidated Group Entities**	**101**
5,066	East Dunbartonshire Council single entity accounts	5,940
13,770	**Total for Group Comprehensive Income & Expenditure Statement**	**6,041**

2012/13 Restated	(Surplus) or Deficit on the Provision of Services	2013/14
£000		**£000**
(91)	Common Good and Trust Funds	(48)
(778)	East Dunbartonshire Leisure & Culture Trust	133
7,868	Strathclyde Police Joint Board	0
2,655	Strathclyde Fire and Rescue Joint Board	0
(541)	Strathclyde Partnership for Transport	(12)
11	Strathclyde Concessionary Travel Scheme Joint Board	(11)
78	Dunbartonshire and Argyll and Bute Valuation Joint Board	47
9,202	**Total for Consolidated Group Entities**	**109**
16,843	East Dunbartonshire Council single entity accounts	8,114
26,045	**Total for Group Comprehensive Income & Expenditure Statement**	**8,223**

7. Prior Year Adjustments

There were a number of minor adjustments for 2012/13. The presentation of the group figures was altered to demonstrate more clearly the move from the single entity to group figures. There were some prior year adjustments for East Dunbartonshire Council which have been explained in the single entity accounts. The 2012/13 figures for SPT and the Valuation Board were restated due to the effects of the adoption of IAS19 Employee Benefits on pension costs.

Independent Auditor's Report

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 2014 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and authority-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Accounts, and the Non-domestic Rate Account 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 2013/14 (the 2013/14 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 Responsible Financial Officer 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2013/14 Code of the state of the affairs of the group and of the body as at 31 March 2014 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 2013/14 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records
- I have not received all the information and explanations I require for my audit
- the Statement on the System of Internal Financial Control does not comply with the 2013/14 Code
- 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, South Suite
8 Nelson Mandela Place
Glasgow G2 1BT

26 September 2014

Glossary

While much of the terminology used in this document is intended to be self-explanatory, the following additional definitions and interpretation of terms may be of assistance.

1) Accruals
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

2) Actuarial Benefit of Pension Added Years
The actuarial value of continuing costs payable to the pension fund as a result of the years added to service for the calculation of pension benefits.

3) Actuarial Gains and Losses (Pension)
For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

4) Agency Services
These are services that are performed by or for another authority or public body, where the principal (the authority responsible for the service) reimburses the agent (the authority carrying out the work) for the costs of the work.

5) Asset
An item having value to the Council in monetary terms. An asset is categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non-current asset will provide benefit to the Council and to the Services it provides for a period of more than one year.

6) Associated
An entity in which the Council has a participating interest or over whose operating and financial policies the Council is able to exercise significant influence.

7) Audit of Accounts
An independent examination of the Council's financial affairs.

8) Capital Adjustment Account
The Capital Adjustment Account relates to amounts set aside from capital resources to meet past expenditure.

9) Capital Grants Unapplied Account
This account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

10) Capital Programme
The capital schemes the Council intends to carry out over a specified period of time.

11) Capital Receipt
Proceeds from the disposal of land or other non-current assets.

12) Carrying Amount
The Balance Sheet value recorded of either an asset or a liability.

13) CIES
Comprehensive Income and Expenditure Statement

14) CIPFA
The Chartered Institute of Public Finance and Accountancy

15) Community Assets
Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal, such as municipal parks.

16) Council Tax
This is the main source of local taxation to Local Authorities. Council Tax is levied on households within its area.

17) Creditor
Amounts owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

18) Current Service Cost (Pensions)
The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

19) Curtailments (Pensions)
An event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service, e.g. certain types of early retirement. Gains and losses arising on curtailments are recognised immediately in the Comprehensive Income and Expenditure Statement. Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

20) Debtor
Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

21) Defined Benefit Pension Scheme
Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

22) Depreciation
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time, or obsolescence through technical or other changes.

23) Discounts
Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

24) Discretionary Benefits (Pension)
Retirement awards, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

25) Earmarked Reserves
The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

26) Entity
A body corporate, partnership, trust, unincorporated association, or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

27) Equity
The Council's value of total assets less liabilities.

28) Events after the Balance Sheet Date
Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date when the Annual Accounts are signed.

29) Expected Return on Assets (Pension)
A measure of the return on the investment assets held by the scheme for the year.

30) Fair Value
The fair value of an asset is that price at which it could be exchanged in an arm's length transaction, less any grants receivable towards the purchase of use of the asset.

31) Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities (such as trade receivables and trade payables) and the most complex ones (such as derivatives and embedded derivatives).

32) Financial Instruments Adjustment Account
This account is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending and borrowing by the Council.

33) General Revenue Grant
A grant paid by the Scottish Government to councils, contributing towards the general cost of their services.

34) Going Concern
The concept that the Annual Accounts are prepared on the assumption that the Council (and its group entities) will continue in operational existence for the foreseeable future.

35) Government Grants
Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue or capital spend of the Council in general.

36) Impairment
A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

37) Infrastructure Assets
Assets belonging to the Council represented mainly by highways, footpaths and bridges.

38) Intangible Assets
Expenditure on assets such as software licences that do not have a physical substance but are identifiable and controlled by the Council.

39) Interest Cost (Pensions)
For a defined benefit scheme, the expected increase during the period of the scheme liabilities because the benefits are one period closer to settlement

40) Inventories
Items of raw materials and stock the Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

41) Joint Venture
An entity in which the Council has an interest on a long-term basis and is jointly controlled by the Council and one or more entities under a contractual or other binding agreement.

42) Liability
A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A long-term (non-current) liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

43) Materiality
A transaction is considered material if its mis-statement or omission might reasonably be expected to influence assessments of the Council's stewardship, economic decisions or comparisons with other organisations based on financial statements.

44) National Non-Domestic Rates Pool
All Non-Domestic Rates collected by local authorities are remitted to the national pool and thereafter distributed to councils by the Scottish Government.

45) Non-Current Assets
These are created by capital expenditure incurred by the Council. They include property, vehicles, plant, machinery, roads, computer equipment, etc.

46) Non-Distributed Costs
Costs that cannot be allocated to specific services and are, therefore, excluded from the total cost relating to Service activity in accordance with the Service Reporting Code of Practice. Charges for added pension years and early retirement are examples of these costs.

47) Past Service Cost (Pensions)
The increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits. Past service costs are recognised in the Comprehensive Income and Expenditure Statement over the period until the benefit vests (the employee becomes fully entitled). If the benefits vest immediately, the past service cost is recognised immediately.

48) Pay In Lieu
A one-off payment for the salary that would have been earned over the notice period of a contract of employment, including holiday pay.

49) Period
Usually refers to the accounting period which is the period of time covered by the accounts, normally a period of twelve months commencing on 1 April.

50) Post-Employment Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment (e.g. pensions in retirement).

51) Premiums
These are discounts that have arisen following the early redemption of long-term debt, which are written down over the lifetime of replacement loans where applicable.

52) Prior Year Adjustment
Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

53) Provision
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

54) Public Works Loan Board
A Central Government Agency, which provides loans for one year and above to councils at interest rates only based on those at which the Government can borrow itself.

55) Rateable Value
The annual assumed rental of a non-housing property, which is for Non-Domestic Rate purposes.

56) Redundancy Costs
Payments made to employees who have been made redundant due to organisational changes, which includes statutory requirements which arise when redundancy occurs.

57) Related Parties
Entities or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council.

58) Remuneration
All sums paid to or receivable by an employee, and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

59) Reserves
The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves, such as the Revaluation Reserve, cannot be used to meet current expenditure.

60) Residual Value
The net realisable value of an asset at the end of its useful life.

61) Retiral Awards
A payment from the Council based on the length of service given by the retiring employee.

62) Revaluation Reserve
The Revaluation Reserve represents the store of gains on revaluation of fixed assets not yet realised through sales.

63) Settlement (Pensions)
An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation, e.g. bulk transfers. Gains and losses arising on settlements are recognised immediately in the Comprehensive Income and Expenditure Statement.

64) Strain on the Fund (Pensions)
An actuarially-calculated amount payable to the pension fund to meet any costs arising from benefits being paid earlier and for longer, and any reduction in the contributions to be received by the fund.

65) Treasury Management
This is the process by which the Council controls its cash flow and its borrowing and lending activities.

66) Useful Economic Life
The period over which the local authority will derive benefits from the use of a non-current asset.

67) Unsupported (Prudential) Borrowing
This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.