Queen's Baton Relay

East Dunbartonshire Council

Annual Accounts

2014 - 15

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East Dunbartonshire Council

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Management Commentary

East Dunbartonshire Council lies to the north of Glasgow, bounded by the Campsie Fells and the Kilpatrick Hills. It is a strategically significant location for economic, social and environmental development between the city and the gateway to the Highlands through the West Highland Way and eastwards through the Kelvin Valley.

With a population of approximately 105,000, East Dunbartonshire is in the mid-range of Scottish local authorities in terms of population, and covers an area of 77 square miles. It comprises an attractive mixture of urban and rural areas that include the suburban and rural settlements of Bearsden, Bishopbriggs, Kirkintilloch, Milngavie, Lenzie, Milton of Campsie, Lennoxtown, Torrance and Twechar.

East Dunbartonshire is made up of 24 locally elected Councillors covering 8 wards. The structure of the Corporate Management team has been reviewed over the past year, and a revised structure was approved in November 2014. Further information on the Council's leadership structure is provided in the Remuneration Report on pages 20-25.

Objectives and Strategy

There is a strong tradition of effective partnership working in East Dunbartonshire, and this has delivered successful outcomes for the area. The East Dunbartonshire Community Planning Partnership (EDCPP) involves partner organisations working together to ensure effective use of resources, engagement with the community, and the delivery of services which will improve the lives of people across East Dunbartonshire. The EDCPP has published an updated Single Outcome Agreement (SOA) covering the period 2015-2018, and this is available on the Council's website. Through the implementation of the SOA, the Council is determined to achieve its vision for East Dunbartonshire, which is:

Working together to achieve the best with the people of East Dunbartonshire

We work to achieve this vision through the local outcomes which we have agreed through the analysis of our community profile, and feedback from local people and communities. Our strategic direction and long term priority is to reduce inequality between our most and least deprived communities. Medium and short term outcomes have been set within the SOA, and performance is measured through a range of performance indicators. The Annual Governance Statement on pages 12-18 provides more detail on this.

The Council's strategy for delivering on the SOA is through its Strategic Planning and Performance Framework (SPPF). This Framework is founded on the results of the Christie Commission, and has the following organisational principles at its core.

- Maximise migration to Click, Call, Come-in
- Maximise migration to Internal Shared Services
- Commitment to the delivery or enablement of quality value for money principles
- Maximise development and use of SMART working
- Maximise development and use of technology
- Maximise use of self service
- Affordability

The SPPF covers the Council's strategic programme of work, including transformational change and budget reduction plans, modernisation and service redesign, major capital projects and ten year investment programme, procurement, and the integration of health and social care. Progress on the SPPF was reported to Council throughout the year.

In addition to adhering to the organisational principles outlined above, a strategic approach to service design and delivery has been informed by a wide spread budget consultation exercise carried out in 2014/15. Our approach assumes that what matters is the level of service we provide, rather than, organisationally, how these services are co-ordinated and delivered. This approach has resulted in our hierarchical approach to delivering transformational change and budget reduction for the period 2015/16 – 2017/18:

- Maximise every opportunity to deliver internal efficiencies through:
    - Total fulfilment of our existing transformation workstreams.
    - Identification and delivery of additional transformational opportunities within our existing workstreams.
    - Identification and delivery of new transformational workstreams.
- Reduce demand (and therefore costs) through early intervention/prevention strategies.
- Consider "make or buy" options (informed by benchmarking and competitive analysis). Identifying efficiencies through:
    - Public Sector sharing opportunities.
    - Public Sector outsourcing.

- o Private Sector outsourcing.
- o Charging (within our financial inclusion and charging policy framework) to either generate income or reduce demand.
- o Policy changes restricting access to services.
- o Reduce service levels.
- o Cease service provision

Effective performance management and reporting is key to ensuring that we are delivering on our priorities and objectives. This is achieved through the reporting of Business Improvement Plans, How Good is Our Service, and Annual Public Performance Reports, which all track performance and allow transparent scrutiny.

Key Risks, Uncertainties and Financial Pressures

The Council has a comprehensive risk management process, including a corporate risk register, and directorate specific and operational risk registers. A process to review and update these registers commenced in 2014/15, and this will continue throughout 2015/16.

Managing public sector austerity and reducing financial resources, within a climate of increasing demand for services is a key risk area for the Council. The Council, in keeping with other local authorities, has faced increasingly difficult financial challenges over recent years, and reduction in public sector budgets will continue over the next financial planning period (3-5 years). The General Fund revenue budget for 2015/16 required addressing a significant revenue funding gap, and budget reduction work was reported through the SPPF during the year. This ensured that the 2015/16 budget approved in February 2015 contained robust proposals, and continued this ongoing momentum towards delivering appropriate budget reduction measures. Although the budget proposals were felt to be robust, it was recognised that there were inherent risks and uncertainties. Ongoing scrutiny of key exposures is undertaken by the Corporate Management Team, and the Financial Risk Register is updated. The most significant service areas of exposure to financial pressures are as follows:

- Elderly demographics – care budgets face ongoing pressure. Despite additional resources being applied in 2015/16, this still remains an extreme challenge to be addressed in partnership with the new Integration Joint Board.
- Inflation – limited provision is available to address price movements. Containing spend pressures will be difficult in areas like care fees, recycling costs, utility costs etc
- Welfare reform – provision has been made for services and income sources related to Welfare Reform. Discretionary Housing Payment and Universal Credit are key factors
- Treasury Management – investment capacity must be maintained, allowing adverse cash flows to be contained by sufficient revenue budget and carry forward arrangements, with treasury management reserve essential for financial security
- Employee costs – pay awards, living wage, equal pay, pensions, national insurance changes, grading issues etc all contain uncertainties and potential financial pressure.
- Policy developments – there are a number of recent policy developments which CoSLA (Convention of Scottish Local Authorities) and the Scottish Government are still negotiating. These are in relation to delayed discharge, kinship care, teachers pensions, educational outcomes, teacher numbers/ratios etc.

The requirement to integrate health and social care is a significant structural change, and the Council is working hard to ensure this is achieved effectively within the statutory timescales. This has been identified as a key risk area due to the scale of change involved.

The Welfare Reform Act 2012 is the biggest reform of the UK welfare system for sixty years with significant implications for households and councils. The reforms include introducing a cap on the amount of benefits that people can claim. The impact on people's ability to pay what they owe in housing rent, council tax and other fees and charges is not yet clear. The full impact of welfare reforms bring a risk to the Council around increasing demands on services if more people are in debt or in need of suitable council housing.

Finally, the Council is committed to securing economic growth and jobs, and the uncertainty around the Council's ability to attract appropriate levels of investment in infrastructure, economic development and town centres is a key risk area to the delivery of this objective.

Financial Performance for 2014/15

The Council's financial performance is presented in these Annual Accounts. An explanation of the main financial statements, their purpose and the relationship between them is provided on page 26. The Council reports its financial performance by individual account – General Fund and Housing Revenue Account – as these are required to be accounted for separately under legislation.

All financial outcomes for 2014/15 are analysed in detail within the Annual Accounts, and include the following core principles:

- Maintaining the Prudential Reserve to underpin operational and borrowing activity. The Prudential Reserve of £2.5m was maintained throughout 2014/15, and the Council has increased this to £3m in 2015/16.
- Augmenting the Contingency Reserve to provide improved financial resilience. Further information is contained in **Note 26** Usable Reserves.
- Funding of all liabilities and commitments by appropriate provisions and earmarking. Further information is contained in **Note 26** Usable Reserves and **Note 25** Provisions.
- Capital investment plans remaining affordable and deliverable.
- Revenue collection targets continue to be prudent and attainable

a) 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.

2013/14	Principal Source of Finance	2014/15
£000		**£000**
47,099	Council Tax & Community Charge	49,912
22,380	Non-Domestic Rate Income	24,901
156,888	General Revenue Grant	157,388
226,367		**232,201**

The Scottish Government set out three year spending plans in 2011 covering the period 2012/13 to 2014/15. This gave certainty in grant funding over the three year period, including the General Revenue Grant, and improved the Council's medium term financial planning. However, future planning is more uncertain given figures were only made available for finalising the 2015/16 budget. It is anticipated that the three year spending plans for 2016/17 – 2018/19 will be provided during the 2016/17 budget process towards the end of 2015. The Council's current financial planning for this period is based on assumptions around funding levels, and will be reviewed when more detailed information is known.

The level of Council Tax is set by the local authority and is the only funding source over which local authorities have control. Since 2008/09 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 21.5% of the Council's overall funding and so the capacity to vary expenditure by raising Council Tax income is fairly restricted. The comparable percentage in 2007/08 prior to the Council Tax freeze was 24.1%.

General Fund Balances

The 2014/15 General Fund budget included a requirement for the Council to achieve savings of £4.433m. The implementation of service reviews, efficiency initiatives and one-off savings resulted in that being delivered.

The second table on page 4 shows a net overspend of £0.297m on the General Fund, including one off costs of around £3.675m for redundancy/retirals. Excluding these one off costs shows that services actually achieved a positive variance against budget of £3.378m in the year, which can be attributed to a drive across services to reduce expenditure. Additional funding of £1.116m was also achieved in year, mainly as a result of general revenue grant received at the year end. This was mainly to compensate for the total cost of the Council Tax reduction scheme, although some elements of this grant funding will be carried forward for commitments into 2015/16. Additional Council Tax income in the year also contributed to this positive variance. In addition, £3.675m was transferred from the capital fund to meet the cost of principal repayments, and assist with overall one off budget pressures, and £0.195m was transferred from the Education replacement fund to meet ICT costs incurred within Education and Children's Services. This resulted in the positive in year variance of £4.793m. In addition to this the Council utilised £3.444m of the General Fund balance on approved commitments, resulting in an overall increase of £1.245m.

In 2014/15, the Council continued to face significant financial pressures largely driven by external factors, which were outwith the control of the organisation. The most significant of these were the increased costs across a range of adult social care services, due to an increasing demand in this area. This has been an increasing pressure for a number of years, and is a key challenge to address in the context of the integration of health and social care.

The Movement in Reserves Statement shows an overall net increase in the total General Fund balance of £1.245m (2013/14 net decrease 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 2014	**(5,240)**	**(6,073)**	**(11,313)**
Movement in 2014/15:			
Net Increase in Balances 2014/15	(2,700)	(1,989)	(4,689)
Use of Balances 2014/15	0	3,444	3,444
Balance c/fwd 31 March 2015	**(7,940)**	**(4,618)**	**(12,558)**

Uncommitted balances have increased to £7.940m, representing 3.4% of the General Fund Budget for 2015/16 and reflecting the Council's commitment to try and increase these balances when funds allow to improve flexibility and resilience.

The movement in Earmarked General Fund balances of £1.455m is outlined in **Note 26** on page 65.

The reason for the movement in the General Fund Balance of £1.245m 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
Education and Children's Services	99,645	111,726	109,755	(1,971)
Integrated Health and Social Care	45,373	36,232	39,817	3,585
Neighbourhood Services (excl. HRA)	24,461	24,777	23,549	(1,228)
Development and Regeneration	14,356	14,202	13,929	(273)
Governance and Regulation	3,245	3,347	2,973	(374)
Finance and Shared Services	7,754	7,850	7,646	(204)
Customer Services and Transformation	10,365	10,516	10,122	(394)
Miscellaneous/Joint Boards/Chief Executive	7,903	8,872	10,965	2,093
Debt Charges	16,510	16,510	15,573	(937)
Total Net Expenditure	**229,612**	**234,032**	**234,329**	**297**
Government Grants & Council Tax Income	(228,968)	(231,085)	(232,201)	(1,116)
Application of capital funds	0	0	(3,870)	(3,870)
Net Surplus for Year	**644**	**2,947**	**(1,742)**	**(4,689)**
Balance 1 April 2014	-	-	-	(11,313)
Application of general fund balance	644	2,947	-	3,444
Net Surplus for Year	-	-	-	(4,689)
Balance 31 March 2015	**0**	**0**	**0**	**(12,558)**

b) Housing Revenue Account Performance

Income generated in the year funded running costs as well as financing £1.141m (2013/14 £1.515m) of capital expenditure. Total income generated from council house and homeless rents was approximately £12.3m (2013/14 £12.5m).

The final outturn position for the year was an increase in the surplus of £0.996m (reduction of £0.710m 2013/14), as shown in the Movement in Reserves Statement. The main reasons for this increase related to:

- Final cost for debt charges was lower than the original budget. This was due to borrowing being lower than anticipated, as a result of additional capital receipts from council house sales and some slippage in capital expenditure. In addition actual interest rates were lower than those included in budget projections.
- Housing rental income was higher than budget mainly due to the number of new properties operational during the year, and a number of other additional income streams in year.

Overall, the majority of operational costs showed favourable variances at the year end, as a result of effective financial management applied throughout the year. The closing surplus for the Housing Revenue Account (HRA) is £1.840m (2013/14 £0.844m). This is available to meet a number of ongoing commitments.

c) *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 the Chartered Institute of Public Finance and Accountancy (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 2014/15

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

Details of Projects	£000
Lairdsland primary school	6,716
Council house new build	5,092
Roads and footpaths	2,903
Vehicle procurement	1,923
Hillhead community facility	1,882
ICT projects	1,343
Transportation projects	1,301
Drainage projects	1,061

The table below shows capital expenditure and income for 2014/15 (additional analysis, **Note 15**).

		Budget	Outturn	Variance	Slippage / Underspend
		£000	**£000**	**£000**	**% of budget**
Capital Expenditure:					
General Fund		34,922	24,124	10,798	31%
HRA		13,213	11,489	1,724	13%
		48,135	**35,613**	**12,522**	
Less:	Capital Receipts	(8,490)	(1,816)	(6,674)	
	Grants	(14,952)	(18,409)	3,457	
	Other Contributions	(4,455)	(3,858)	(597)	
		(27,897)	**(24,083)**	**(3,814)**	
Balance Funded from Borrowing		**20,238**	**11,530**	**8,708**	

The original 2014/15 General Fund capital budget detailed above was approved in December 2013 as part of the ten year capital asset and investment programme approved at that time. This was revised to £45.1m during the year to reflect slippage carried forward from 2013/14, and changes arising from additional income, and new projects being prioritised. Against the revised budget, slippage of £21m was reported at the end of the year (46%). This reflected a rephasing of a number of key projects into 2015/16, detailed in a revised ten year programme approved by Council in November 2014. The revised programme ensured that the Council was able to progress a number of major asset developments in 2014/15, including:

- Completion of its first major new build project in a number of years, through the creation of the Hillhead community centre (Hillhead Place Initiative), supporting our place model of service delivery in one of our targeted regeneration communities, delivered on time and to budget with very positive feedback being received from the local community. The Hillhead Place Initiative received a COSLA bronze award in the Achieving Better Outcomes category, recognising the work that has been done in the community, which is a regeneration priority area for the Council and its community planning partners. In addition, this project received a Scottish Property Award for Community Engagement.
- Initiating and completing our first new build primary school at the new Lairdsland Primary School in Kirkintilloch, which became operational in spring 2015.
- Completing a review of our options for the delivery of the Lennoxtown Hub project following challenges with the original design and costing. The project has now moved to development, with completion date in late 2015/16.
- Progressing design and development of our next phase of the Primary School Improvement Programme, with three projects under development as we move into 2015/16.
- Redevelopment of the Huntershill Community Sports Complex progressing through planning and design.

- Completion of new build housing developments, delivering 45 new flats for rent in Kirkintilloch, and 9 flats in Bishopbriggs. In addition to our own developments, the Council is actively involved in encouraging and supporting private affordable housing developments.

As part of the continuous need to review the General Fund capital investment programme, an updated plan was presented to Council in November 2014. This addressed the continuous need to balance demands with the level of anticipated available funding. As part of the SPPF and budget reduction work, a decision was taken to allocate all General Fund capital receipts to the Capital Fund to enhance flexibility in the use of these resources. This left a funding gap in the ten year capital programme as previously approved, and this was addressed as part of this refresh. Although slippage in the General Fund capital programme is reflected in the table above, this was known about early in the financial year, and was the result of the need to rephase a number of major assets projects following updated information on timings and costings. There was also a need to address new spend to save initiatives proposed through the SPPF, and the rephasing of some projects was required to accommodate this. All changes were picked up as part of the updated figures presented in November 2014. The ongoing monitoring of these major asset projects is conducted by a major capital assets project team, and updates on progress are provided to Council on a regular basis.

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 £255.075m at 31 March 2015 (2013/14 £256.981m). The outturn capital financing requirement compared to the actual external borrowing is detailed in the following table:

	2014/15
	£000
Actual External Borrowing	154,791
PPP / Finance Lease Liability	92,077
	246,868
Capital Financing Requirement	255,075
Under-Borrowed	**8,207**

Actual external borrowing and long-term liabilities are less than the capital financing requirement by £8.207m (£27.833m 2013/14), indicating that the Council is still maintaining its intention to have an under-borrowed position. This means that the Council's capital borrowing requirement has not yet been fully funded with loan debt. Although this has been the position for a number of years now, it has been recognised that this is not sustainable in the long term, and must be addressed. As a result, the Council's treasury management strategy for 2014/15 stated the agreed approach would be to reduce the under borrowing postion if market conditions made it prudent and affordable to do so. During 2014/15, interest rates were extremely low, and the Council took the decision to increase borrowing by £20m to meet its historic capital borrowing requirement, and reduce the under borrowing position. The Council has continued to use cash from reserves and balances where available to support capital programmes, which is still a short term, prudent strategy in the current economic environment where investment returns are low. This position continues to be monitored as part of the overall treasury management strategy.

d) Borrowing

The original operational boundary for external debt for the Council for 2014/15 was £275m (2013/14 £275m). The actual level of outstanding long and short-term debt, including long-term liabilities at the year-end totalled £247m (2013/14 £229m). At 31 March 2015, the Council had borrowing of £154.8m (2013/14 £134.7m), comprising long-term borrowing of £134.9m (2013/14 £114.5m), and short-term borrowing of £19.9m (repayable within 12 months) (2013/14 £20.2m). The short-term borrowing includes accrued interest on long-term loans of £2m (2013/14 £1.9m). The average interest rate for all loans was 5.23% (2013/14 5.87%). The Council paid £8.062m (2013/14 £8.005m) of interest and similar charges in year and received £0.106m (2013/14 £0.085m) of interest and investment income, and achieved savings of around £0.9m against the General Fund debt charges revenue budget for the year.

e) Balance Sheet as at 31 March 2015

The Balance Sheet (page 29) sets out the total net worth of East Dunbartonshire Council at 31 March 2015. When comparing the net worth of the Council at the date of the last Balance Sheet on 31 March 2014 it can be seen that there has been an overall decrease in the net worth of the authority of £35m in the past 12 months.

Movement in year	£m
Long-term Assets	7
Current Assets	19
Total Liabilities	(61)
	(35)

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

- An increase in long-term borrowing of approximately £20m, as a result of the decision to reduce the Council's under-borrowing position, bringing external borrowing more in line with the capital financing requirement, an approach recommended in the treasury management strategy.
- There has been an increase in investments and cash and cash equivalents of approximately £22m. This again is resulting from the decision to reduce the under-borrowing position, resulting in short term additional resources available in cash at the balance sheet date.
- Within long-term liabilities, pension liabilities have increased by £42m, mainly as a result of falling real bond yields, partially offset by strong asset returns. **Note 35** provides more detail on pensions.
- Increase in long-term assets due to asset revaluations.

The Community Charge Debt (Scotland) Act received Royal Assent on 25 March 2015. This resulted in all Community Charge liabilities, and associated liabilities being extinguished on 1 February 2015. A small sum of community charge income was received during the year, and this is included in taxation and non specific grant income in the Comprehensive Income and Expenditure Account. The Council had taken a prudent approach to this debt, and had fully provided for any non-recovery. Both the debt and the bad debt provision have been written out of the Council's Accounts in 2014/15.

f) 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 2014/15 was £24.9m (£22.9m in 2013/14). Further details are provided on page 88.

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 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. However, following the introduction of the Scheme, and the receipt of audited NDR returns from local authorities, it became clear that the targets set would not achieve the desired result of maximising income and encouraging new economic growth. The Scheme has therefore been subject to review since then.

A revised BRIS scheme was approved in 2014/15. Individual local targets are set linked to the buoyancy element of the estimated NDR. A local authority exceeding its buoyancy target will retain 50% of the additional rates income generated. The retention of BRIS is linked to audited return of NDR later in the year. No assessment of additional income from this scheme is included in the 2014/15 Accounts.

g) Accounting Ratios

CIPFA Scotland Directors of Finance Section has developed a suite of accounting ratios for incorporation into the Annual 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. These are expanded upon further within the Management Commentary and the relevant page numbers have been included for reference.

Accounting Ratio	Page	2014/15 % or £	2013/14 % or £	Explanation
Reserves				
Uncommitted General Fund Reserves as a % of annual budgeted net expenditure	4	3.4%	2.2%	Demonstrates the Council's flexibility to meet unanticipated expenditure, and the Council's commitment to increase reserves when it is able to do so.
Movement in the Uncommitted General Fund Balance	4	52.9%	6.3%	This balance is higher at end of 2014/15 due to improved revenue position on the General Fund enabling resources to be added to balance at year end.
Council Tax				
In-year Collection Rate		96.6%	96.2%	Demonstrates the Council's effectiveness in collection of local taxation.
Council Tax Income as a % of Overall Funding	3	21.5%	20.8%	Demonstrates the funds received from Council Tax as a % of overall funding requirement.
Financial Management				
Actual Outturn as a % of Budget	4	98.4%	98.1%	Demonstrates actual expenditure under budget improving the Council's financial position at the year end.
Actual Contribution to/from Uncommitted General Fund Balance		£0.826m	£1.40m	Demonstrates favourable variances adding to the overall balance.
Debt & Borrowing				
Capital Financing Requirement	6	£255.1m	£257.0m	This is the amount of unfunded capital expenditure.
External Debt Levels	6	£247.0m	£229.1m	The amount of external debt held by the Council. Increased following decision to close the gap between debt and the capital financing requirement.
Ratio of Financing Costs to Net Revenue Stream - General Fund		11.1%	11.2%	Demonstrates how much of the General Fund revenue budget is tied up in supporting borrowing
Ratio of Financing Costs to Net Revenue Stream - Housing Revenue		29.0%	30.0%	Demonstrates how much of the housing revenue budget is tied up in supporting borrowing

Future Developments and Financial Planning

The period of public sector austerity, and reduction in the overall level of UK public sector expenditure, is anticipated to extend over the current medium term review period 2015-16 – 2018/19, accompanying more encouraging signs over the past year in terms of the UK economic recovery. Although the grant settlement for 2015/16 was in line with the Council's financial planning assumptions, the Council started the 2015/16 budget process with a funding gap of £7.2m. Through its transformation programme and budget reduction measures, a plan to achieve a balanced 2015/16 budget was approved in February 2015. The Council continues to plan over the medium term financial period, incorporating anticipated risks, uncertainties and financial pressures. This is contained in the Council's Financial Plan.

The Council has approved a challenging budget for 2015/16, and after detailed work to close the funding gap, savings totalling £2.7m required approval at the budget meeting in February 2015. These savings will be delivered through the Council's transformation and budget reduction programme, and progress will be reported to the Council during the year. The 2015/16 budget allocated across Directorates is shown in the following table:

Department	2015/16 Budget
	£000
Education & Childrens' Services	112,951
Integration of Health and Social Care	40,786
Neighbourhood Services	25,248
Development and Regeneration	12,834
Finance and Shared Services	6,304
Customer Services and Transformation	12,354
Chief Executive/Miscellaneous/Joint Boards	8,606
Debt Charges	16,664
	235,747

The combination of anticipated cost pressures, coupled with reducing government grant income in the context of a significant ongoing public sector reform, presents significant challenges and financial risks for the Council over the medium term. The Council currently estimates that between 2016/17 and 2018/19 further budget reductions of £19m will be required, although this is subject to continuous review as assumptions change.

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 resouces 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 update its Financial Plan during the first quarter of 2015/16, analysing known pressures and undertaking sensitivity analysis to update financial projections over this period. The updated Financial Plan will allow the Council to plan ahead during the 2016/17 budget process, taking appropriate action to maintain budgets within expected levels of funding and to minimise service cuts and reactive measures. The Council conducted a lengthy consultation process on the budget options during 2014/15, and the feedback from this has informed the guiding principles being applied to service redesign and budget reduction measures as part of the Strategic Planning and Performance Framework.

In order to meet the immense challenges of meeting customers' expectations and rising demand, within the context of diminishing resources, an implicit consideration of all the Council's transformation, organisational development, and service based work over the recent years has been affordability and budget reduction. This will continue to be a key organisational principle over the next three year planning period.

The Council has also been preparing for a significant structural change which will be effective from 1 April 2016. The Public Bodies (Joint Working) (Scotland) Bill was introduced in the Scottish Parliament in May 2013 and received Royal Assent on 1 April 2014. The Act requires NHS Health Boards and Local Authorities (LAs) to integrate strategic planning and service provision arrangements for Adult Health and Social Care Services (as a minimum required by law) within new Health and Social Care Partnerships (HSCPs).

The Council has been working with Greater Glasgow and Clyde NHS Board (NHSGGC) throughout 2014/15 to prepare an Integration Scheme that will describe the model and scope of the integration arrangements. The Integration Scheme was submitted to the Scottish Government on 19 May 2015 and received Cabinet Secretary approval on 20 May 2015. After signing, the Scheme will be laid before Parliament for a period of 28 days after which the Order will be issued which legally constitutes the Integrated Joint Board (IJB) as a Body Corporate. The date to empower the IJB to discharge its delegated functions was 3 September 2015, as specified in the Strategic Plan.

Financial governance arrangements for HSCP and IJB have progressed within a number of financial workstreams, with finance professionals from both the NHS and LAs within the GG&C boundaries. Key documents covering financial scoping, budget preparation, monitoring and reserves have been agreed by all Directors of Finance and will complement the IJB Scheme of Integration and the Financial Regulations of the Council and NHS Board.

Significant work has progressed throughout the year in scoping the financial resources of the HSCP and further work is progressing to refine this. Mutual due diligence has been undertaken with NHSGGC to understand budget composition, historical and current spend, trends and future demands. Social care budgets have been highly volatile in recent years, with the continuing pressure from the increasing elderly population being one of the main factors. The financial scoping exercise in conjunction with the preparation of the 2015/16 budget for Social Work Services led to an increase of £5.4m from the Current Cost for Level of Service (CCLS) to address all current activity and care placements, however demographic growth remains a significant risk in 2015/16 and beyond. Given the wider financial difficulties facing the Council, in the next few financial years, the resources currently scoped for the IJB will be subject to further scrutiny and the potential to achieve financial efficiency.

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 Audit and Risk for scrutiny, and then on to Council throughout the year. This was augmented by an Elected Members seminar in 2014/15.

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 6.14 days (2013/14 6.92 days). For all other local government employees the average was 12.68 days (2013/14 13.07 days).

c) Personal Data Incidents

No reportable data protection breaches occurred during 2014/15.

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 **Notes 35** and **34** to the accounts.

It is worth mentioning that, as at 31 March 2015, the Council's Pension Fund had a net pension liability of £195.2m (2013/14 £153.1m). 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 2015, 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) Business Improvement District (BID)

The Business Improvement Districts scheme in Milngavie town centre came into operation on 1 May 2014 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

h) Sustainability

East Dunbartonshire Council is committed to ensuring that actions taken today do not limit the quality of life in the future. This includes a commitment to "green" issues and also to ensure that the outcomes of our actions and activities are considered in terms of social, economic and environmental sustainability. Strategic Environmental Assessment (SEA) is a legal requirement for most Council policies, plans, programmes and strategies. The SEA process is a systematic method for considering the likely environmental effects of strategic actions. The process aims to:

- Integrate environmental factors into the strategy actions preparation and decision making
- Improve and enhance environmental protection
- Increase public participation in the decision making processes of public bodies
- Facilitate the openness and transparency of decision making processes

During 2014/15, the Council was involved in the following three areas of public reporting, with further details provided on the Council's website.

- Scotland's Climate Change Declaration
- Fairtrade Zone audits/bids
- Biodiversity Duty Report

This is a continuing area of development and improvement for the Council, and reporting on other sustainability issues will be conducted in the future through a Sustainability and Climate Change Framework. This will support the improvement of our sustainability and climate change performance, and regular reports on progress against objectives will be produced.

R. Geekie

Councillor Rhondda Geekie

Leader of the Council

28 September 2015

G Cornes

Gerry Cornes

Chief Executive

28 September 2015

Ian Black

Ian Black CPFA

Director of Finance and Shared Services

28 September 2015

Annual Governance Statement

What we are responsible for

East Dunbartonshire Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for and used in an economic, efficient and effective way. The council has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

To meet our responsibility, we have put in place proper arrangements for overseeing what we do. These arrangements form the basis of our governance framework which is intended to make sure that we do the right things, in the right way, for the right people, in good time, and in a fair, open, honest and accountable way.

During the course of the financial year we have approved and introduced a Code of Corporate Governance. The Code has been prepared in accordance with the CIPFA/SOLACE publication "Delivering Good Governance in Local Government" and is aligned to its six constituent core principles of good governance. This statement explains how East Dunbartonshire Council reviews the effectiveness of these arrangements and delivers good governance.

The aim of the governance framework

The Council's governance framework comprises the systems, processes, cultures and values through which the Council is directed and controlled. It also describes the way it engages and plans with, accounts to and provides leadership within the community. The framework allows us to monitor how we are achieving our long term aims, and to consider whether our aims have helped us deliver appropriate services that are value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Dunbartonshire Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

Governance arrangements have been in place throughout the year and up to the date of approval of the statement of accounts. Following the agreement of the Code of Corporate Governance arrangements were enhanced to include a formal governance framework. The framework was developed by the Corporate Risk Team with evidence being collated within the Council's performance management system, Covalent, to enable ongoing monitoring, review and demonstrate compliance. The Council's Audit & Risk Manager has reviewed the process throughout its development to ensure that it meets the requirement of the Code and the CIPFA/SOLACE good practice guidance.

The governance framework

Key features of the governance framework are set out in the following paragraphs.

Purpose, Outcomes & Vision

The Council's purpose and outcomes form a consistent thread through its Strategic Planning and Performance Framework. Key corporate objectives cascade from the vision of 'working together to achieve the best with the people of East Dunbartonshire' through the Single Outcome Agreement (SOA) to its strategic and local outcomes and priorities.

The SOA sets out the outcomes that we, as community planning partners, want to achieve with the people of East Dunbartonshire. It acts as the core plan for everything we do and is, in essence, the delivery plan for community planning in East Dunbartonshire. The Single Outcome Agreement also sets out how the East Dunbartonshire Community Planning Partnership contributes to the Scottish Government's key objectives over the next ten years through its sixteen national outcomes.

The Council's SOA covers a rolling 3 year period with the 2014-17 iteration being refreshed during the course of the financial year to cover the period 2015-18. Local outcomes are measured through a consistent set of long and short term indicators aligned to the needs of our people and communities and reflecting the social, economic, health and environmental challenges of the area. In updating the SOA the Community Planning Partnership carried out a rigorous analysis of local needs and engaged widely across all our communities. This has enabled us to clearly identify the specific issues which impact on people and communities across East Dunbartonshire. This helps us plan what we want to achieve over the next decade and detail how we will know we are getting there.

During the course of the year the Council reviewed its governance and scrutiny arrangements relating to the Strategic Planning & Performance Framework including the redetermination of the Transformation Plan. These activities set out how the Council aims to deliver on its SOA objectives and have been enhanced from its existing elements that include organisational planning and the 'call-click-come in' strategy to now include transformational asset and ICT projects, demand management activities, procurement and integrated health and social care. These changes are supported by two scrutiny panels covering 'Transformation, Economy & Employment' and 'Transformation & Community Well-being' with a cycle of scrutiny initiated by the Policy & Resources Committee through the Audit & Risk Management Sub-Committee to the relevant Scrutiny Panel.

Given the scale and scope of activities and challenges within the Transformation Plan the Council established a Programme Management Office (PMO) during the course of the year. The remit of the PMO is to enhance project and programme governance through the application of Prince2 project management techniques to ensure consistency and good practice within Transformation Projects, maximise the chances of project success and ensure the realisation of benefits.

Establishing what we want to do and how we are going to do it must be measured against our performance in delivery. Effective performance management and reporting is key to ensuring that we know we are achieving our SOA objectives. The Council monitors its outcomes through long and short term indicators with designated officers providing a consistent line of reporting from Council Directorate Business Improvement Plans (BIPs) , How Good is Our Service (HGIOS) and Annual Performance Reports to the six monthly meetings of the Community Planning Board, Council, the Policy and Resources and Service Committees.

Our public performance reports are subject to external scrutiny through Audit Scotland with their reports charting a history of ongoing improvement in this area. At a local level this betterment process extends to the requirement to have more publically available information with respect to complaints management and the Council's response to welfare reform. However our Public Performance Reports (PPR) are generally assessed by Audit Scotland as having '*a well-structured approach to PPR, with detailed information for each major Directorate presented clearly and consistently*' with areas of best practice being highlighted within our use of comparative information as well as financial and other cost information.

Common Purpose, Clear Functions and Roles

The Council provides a clear statement of roles and responsibilities through its Administrative Scheme. This is approved at the first statutory meeting following Local Government Elections and the formation of a new Council. Throughout the term of the Council the Scheme requires regular updating to reflect changes in the Council's decision making, organisational structures and strategic responsibilities. The Council has demonstrated its commitment to ensuring that the Administrative Scheme reflects current arrangements having carried out a review in September 2014 following the realignment of senior management remits and subsequently to recognise the further realignment of the Council's Directorate structure and removal of the Governance & Regulation Directorate.

We have continued to enhance and strengthen our internal control environment through updating and introducing new policies and procedures throughout the course of the year. The Scheme of Delegation sets out the remit of Elected Member Portfolio Holders and the extent of delegations made to Committees and Officers under the principle that decisions should be made at the lowest or most local level consistent with the nature of the issues involved. The Council also has Financial Regulations and Standing Orders relating to contracts in place and all of these procedural documents are regularly reviewed.

The business of the Council is determined through the relationship between Officers and Members. Both elected Members and the Officers as employees are servants of the public and they are indispensable to one another. But their responsibilities are distinct. Elected Members are responsible to the electorate and serve only so long as their term of office lasts. Employees are responsible to the Council. An Employees' job is to give advice to Elected Members and to the Council and to carry out the Council's work under the direction and control of the Council and their Committees.

Promoting Values

The Council complies with the Ethical Standards in Public Life etc. (Scotland) Act 2000 which provides a framework to encourage, and where necessary, enforce, high ethical standards in public life. The 2000 Act established the Standards Commission for Scotland and the post of Chief Investigating Officer and the Councillors' Code of Conduct which provides the principles and rules governing the conduct of Councillors across all Scotland.

The Council promotes values and demonstrates the values of good governance through upholding standards of conduct and behaviour. The Council has an established code of conduct for both its employees and Elected Members which is a written statement of good practice and convention. The Statement aims to clarify roles and responsibilities and to establish accepted behaviour and practices. It also aims to enhance and maintain the integrity of local government and demands high standards of personal conduct.

In 2014 a number of changes to the way the Council manages its counter-fraud activities were introduced. The Council adopts the principles of the National Fraud Authorities "Fighting Fraud Locally" Strategy and Revenues & Benefits Counter-Fraud employee resources undertake pro-active investigative work in high risk areas such as Council Tax Reduction, Single Person Discount, Housing Tenancy and Blue Badges. In order to reflect this changed remit the Council put in place a Corporate Fraud & Corruption Policy during February 2015 which, in addition to the above, seeks to ensure compliance with the Nolan principles whilst taking account of changes in legislation such as the Bribery Act 2010.

Developing Capability & Capacity

The Council seeks to ensure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles. This includes developing the capability of people with governance responsibilities and evaluating their performance as individuals and as a group. The Council looks to encourage new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity of service alongside the need for service redesign.

Aligned to the Single Outcome Agreement and in response to the financial context the Council has developed its Workforce Strategy which is essential to the development of the Council to meet current and future challenges and will underpin the Transformation Programme and the delivery of the transformation agenda in realising efficiencies and achieving cultural change. It is integral to the Council's Strategic Planning and Performance Framework to enable a continuing approach to integrated resource management.

The Workforce Strategy is designed to encompass the complexity of the 'People' agenda based on current and future priorities. It is a key enabler in supporting the achievement of improving service delivery, structures, systems and overall performance through people and support of best value. Additionally, it recognises the needs and motivational aspirations of employees in order to achieve maximum performance and improved levels of employee satisfaction.

Learning & Development is key to ensuring that our workforce skills are aligned to organisational need and our transformation.

Corporate Inductions are run on a regular basis and provide employees with an overview of the Council including how the Council and its services are structured; decision making structures and the planning process; equality and diversity legislation; Council's approach to customer services to ensure the best customer service possible is provided; learning opportunities; overview of Corporate Procurement and Health & Safety responsibilities of the council and its employees in the workplace. Corporate Induction also includes a welcome from a member of the Corporate Management Team who provides an overview of our strategic plan, current and anticipated priorities and Council performance and progress as well as a general question and answer session.

Access to up to date courses, information and briefings are made available through the Team Leadership Conference as well as Leadership Information Packs and People Development Calendar through the Leadership Quick Place and more recently through the Leadership Community on Connections. The Council's well established internal communication process is also utilised to highlight new legislation, changes to working practices and associated learning opportunities & requirements.

Learning and development requirements are also identified through line and service management. These are captured in Team Plans and Individuals' Performance and Development Reviews (PDR) and requested through the Learning Request process. The Council continues to report ongoing improvement in PDR completion rates with ongoing focus increasing levels of compliance from 47.5% in 2013-14 to 85.5% in 2014-15. Significant steps have also been made during the course of the year to supplement the PDR process with an individual and role analysis of skills, skills gaps and linked training needs to ensure and facilitate the development of our workforce ensuring that the Council has the "right skills at the right time and in the right place". In order to acknowledge good performance the Council is also revising its 'Stars' Scheme to motivate staff and identify and reward areas of excellence within the organisation.

Informed & Transparent Decision Making

The Council sets out its processes and controls to be vigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny. This includes having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants and needs. The Council also has a well-developed risk management policy and strategy with Corporate, Directorate and Operational Risk Registers providing support and assurance that risk exposures are known and managed.

The Council is committed to and promotes a fair, transparent and inclusive decision making culture that supports the delivery of its vision. These commitments are reflected in the decision making structures which provide clarity of purpose through the Administrative Scheme including individual terms of reference and committee composition with business being conducted through an established cycle of meetings.

The Council's Audit & Risk Management Sub-Committee provides an appropriate forum through which audit and scrutiny activity can be reported and directed. This includes considering audit work relating to systems, processes, governance arrangements and best value but also considering performance against SOA objectives, transformational activities and co-ordinating activities for the Scrutiny Panels. In the period since the reshaping of the Scrutiny Panels Members have provided oversight of key areas such as the Council's structures to combat child sexual exploitation, Transformation Programme updates and the annual review of SOA objectives.

Engaging with Local People & Stakeholders

The Council seeks to exercise leadership through its scrutiny activities which effectively engage local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships. The Council takes an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning.

East Dunbartonshire Council has a statutory duty of community planning under the Local Government in Scotland Act 2003. Community Planning is about a range of local organisations working together to plan and provide for the wellbeing of their communities. The Council has an established Community Planning Partnership Board who's remit is to:

- Set the strategic priorities and direction for partnership working in East Dunbartonshire
- Agree the East Dunbartonshire Single Outcome Agreement
- Review performance in implementation of the Single Outcome Agreement
- Approve the remit of the Community Planning Executive Group
- Review the work of the Community Planning Executive Group
- Ensure full and active engagement of all partners and the wider community

At a high level this includes engaging the community on areas such as budget stakeholder engagement, the Local Development Plan and the future development of partnership engagement strategy.

The Council's Consultation and Engagement process engages with local people and communities in a wide range of ways to seek their views on the performance of our services and identify what our strategic priorities should be in order that we can plan, resource and deliver our services effectively to meet local need.

The Council has built on the wide coverage of this comprehensive Stakeholder Engagement Programme with the recent consultation undertaken as part of the 'Your Choices' budget consultation. In addition the Council continues to engage with its communities and Community Planning Partners including those within Hillhead, Lennoxtown and Auchinairn with the aim of working better together to regenerate these areas.

The Council is currently working with community planning partners over the development of a Partnership Engagement Strategy which will set out core criteria for engaging with local people and communities over the design of local public services. The Strategy will incorporate the requirements of the Scottish Government's Community Empowerment and Renewal Bill which is subject to review.

On the 1st April 2014 the Public Bodies (Joint Working) (Scotland) Act received Royal Assent. The introduction of this legislation placed a joint duty on the Council and the Health Board to establish an 'integration authority' to deliver nationally agreed outcomes for health and social care. During the course of the year the Council's Internal Audit team considered the financial governance & assurance arrangements as they relate to the Integrated Joint Board. The audit opinion noted that that subject to ongoing scrutiny activities at a Scottish Government and Greater Glasgow and Clyde NHS level the auditors were able to provide reasonable assurance over those areas of financial governance, financial assurance and risk assessment relating to East Dunbartonshire Council and its responsibilities to the East Dunbartonshire Integrated Health and Social Care Integration Joint Board.

Review of effectiveness

East Dunbartonshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Directors within the Council who have responsibility for the development and maintenance of the governance environment, the Audit & Risk Manager's Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.

During 2014/15, East Dunbartonshire Council continued to put in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to corporate governance is both appropriate and effective in practice. Specifically, the Council's governance arrangements have been reviewed against the requirements of the CIPFA/SOLACE Framework. Whilst this process of review is co-ordinated corporately and approved by the Corporate Management Team, Directors have a responsibility to ensure that their own governance arrangements are adequate and operating effectively.

In line with the CIPFA/SOLACE Framework, each Director is required to make an annual statement confirming that this is the case. For 2014/15 these Director disclosures do not highlight any significant governance issues that require to be reported.

On the basis of Internal Audit work completed in 2014/15, East Dunbartonshire Council's internal control procedures were generally found to operate as intended with *reasonable assurance* being provided on the integrity of Council controls. A number of recommendations have been made by the internal audit team to further improve controls with action plans developed with management to address the risks identified.

The level of assurance provided by the Audit & Risk Team can never be absolute. This reflects the sample nature of the work carried out, the relative scope and objectives of audit assignments and those explanations offered, and evidence provided, by officers. In addition, factors external to the audit process including human error, collusion or management overriding controls highlight the potential for systems historically highlighted as being satisfactory to become exposed to risk or loss.

The Council's external auditors, Audit Scotland, are required by their Code of Audit Practice to undertake an annual assessment on the adequacy, strengths and weaknesses of the Council's internal audit function. This assessment provides an opinion on the organisational status, technical competency, nature of audit assignments and the standards of internal audit work. Their work in the current year concluded that the Council's internal audit function complies with their requirements, is compliant with the requirements of the Public Sector Internal Audit Standards and has appropriate documentation, standards and reporting procedures in place.

The reports issued by the Council's external auditors, Audit Scotland, have also been considered as part of our overall review of effectiveness. A number of national and local reports have been issued during the financial year and these have been evaluated as part of the internal audit opinion above. Specific consideration has been given to the local audit team's cycle of reports that include the *'Review of the Internal Controls Systems'*, *'Report to those Charged with Governance'* and the *'Annual Report on the 2013/14 Audit'*. Our opinion also considers the work of Audit Scotland's Best Value Team and their Targeted Best Value Audit work. These reports highlight the need for betterment in a number of key areas including financial controls relating to reconciliations, authorised signatories, inventories and imprest certificates. Required improvements have been agreed by Senior Officers with corresponding improvement actions plans being put in place with these being linked to the Transformation Programme of activities where applicable.

In addition to the above and during the course of the financial year, Audit Scotland and the Controller of Audit finalised a report, on behalf of the Accounts Commission, relating to the *'Targeted Review of Best Value & Community Planning'*. The Report highlights nine key risks relating to: financial pressures, transformation, procurement, reconciliations, demand management, staff performance reviews, job evaluation, sickness levels and clarity of reporting. The messages contained within these reports are clear; there are significant risks relating to future levels of funding and, in responding to the challenge to reshape: future models of service delivery, Council systems and governance arrangements, the Council is further exposed to risk. The council needs to increase the momentum in transformation against the backdrop of challenging financial constraints. The report was presented to Council on the 25 June 2015 and included the Council's response, in the form of an action plan, setting out the improvement activities over the forthcoming year.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework following the meeting of East Dunbartonshire Council in June 2015, and the arrangements continued to be regarded as fit for purpose and in accordance with the governance framework. The areas already addressed and these to be specifically addressed with new action plans are outlined below.

Governance Improvement Plans

The system of governance (including the system of internal control) provides reasonable assurance that assets are safeguarded; that transactions are authorised and properly recorded; that material errors or irregularities are either prevented or would be detected within a timely period; and that significant risks impacting on the achievement of our strategic priorities and outcomes have been mitigated. The review carried out in 2014/15 highlighted improvements that could be implemented in some areas with these being contained within the corporate governance development plan which requires to be approved for 2015/16. This work extends to the following areas:

External Scrutiny – Over the course of the year the Council has received reports through our Local Area Network of scrutiny bodies including Audit Scotland, our network lead, and the Accounts Commission. The Council recognises the importance of external scrutiny and takes full cognisance of local and national reporting developing the Council's performance management system to track ongoing improvement activities. Significant risks have been highlighted as part of the cycle of Annual Audit Reporting which, for 2014-15, has included the Best Value Follow-up report highlighted above. The Council acknowledges these risks and continues to work towards mitigating their impact through its Transformation Programme tracking betterment activities through its Improvement Action Plan.

Internal Audit Reports - Following the completion of their Annual Audit Plan for 2014-15 the Internal Audit Team highlighted a number of areas requiring further improvement including audit work on home care, the SEEMiS system, business continuity and social work contract monitoring. For each of these reports management have agreed to mitigate risks identified having completed a formal action plan. Auditors will review compliance with the agreed actions as part of an established six monthly cycle.

Integrated Health & Social Care - In preparing the Annual Governance Statement the Council was required to disclose the nature of work undertaken with respect to the integration of adult health and social care. Internal Auditors reviewed the Integrated Joint Board's financial governance, financial assurance and risk assessment arrangements giving reasonable assurance that adequate provisions had been taken to ensure such integration arrangement were in place.

Public Performance Reporting - The Council has performed well with respect to Public Performance Reporting and, having been assessed by Audit Scotland on an annual basis, has tracked steady improvements to the current levels of 85% compliant with good practice. The Council was cited as demonstrating best practice with respect to its public reporting of finance and cost information and, in addition, is highlighted as performing within the upper quartile in a number of key areas. In order to be fully compliant the assessment notes areas for further improvement within the tracking and reporting of staff satisfaction as well as in its dialogue with the public and the complexity of language used. In order to improve governance arrangements around public performance reporting the Council should consider the content of the Public Performance Report and put in place improvement measures in these key areas.

Information Supporting Decision Making - In proving good governance the Council has to strike an effective balance between providing a level of detail in its reports that promotes effective scrutiny without being onerous. The Council's Targeted Best Value Report highlighted a number of areas where information supporting decision making needs to be improved, including those situations where the level of information provided is such that papers require to be discussed in private. Other concerns included the technical content of some reports. Auditors note the Council's response to the report and its Best Value Improvement Action Plan including co-ordination of activities with the Improvement Service. In adhering to its Improvement Action Plan the Council will demonstrate improvements in this area over the coming year.

Corporate Fraud - The Council has demonstrated an ongoing and increasing commitment to developing systems and processes to prevent, identify and respond to incidences of corporate fraud. A report on the changing nature of corporate fraud along with proposals for a Council response was the subject of a report to Members of the Policy and Resources Committee in April 2014; this facilitated the establishment of a Corporate Fraud team who in the months following refreshed the Council's Corporate Fraud Arrangements and prepared a detailed Corporate Fraud Action Plan. Work continues apace in this area however with good practice guidance recently being published by both CIPFA and the Scottish Government the Council needs to sustain these developments to ensure that it continues to develop its expertise, improve resilience of Council systems and deliver efficiencies through revenue protection and improved resource distribution.

Corporate Complaints - The 2013/14 and 2014/15 Annual Audit Plans contained provision for the assessment of the Council's compliance with procedures set out to manage public complaints; this review was specifically targeted to coincide with move towards managing complaints via a centralised function. Audit reports recognised the progress made with respect to the completion of the complaints handling procedure and its roll out via the Leadership Forum and when resources are deployed to this area the noted benefits will be realised. Audit work has been deferred in this area in anticipation of these changes which should be progressed as planned to ensure governance improvements in this area.

Monitoring Officer Provisions - Good governance requires that the Council follows agreed procedures and that it complies with all applicable statutes and regulations. This requirement is discharged via the Council's Monitoring Officer which, for the duration of 2014/15, was discharged by the Director of Governance & Regulation and were noted as complying with the provisions of section 5 of the Local Government & Housing Act 1989, as amended by schedule 5, paragraph 24 of the Local Government Act 2000. The Director of Governance and Regulation has since left the Council with the post being deleted from the Council's structures. In the intervening period the role of the Monitoring Officer was discharged at a Service Manager level by the Depute Monitoring Officer who has provided continuity throughout the recruitment process. This is due to be concluded by the end of September 2015.

Scrutiny Panels - During May 2014 the Council changed the structure and reporting of its Scrutiny Panels with additional consideration and direction being provided by the Audit & Risk Management Sub-Committee. The Council's Targeted Best Value Report highlighted that these changes were a positive step but they are not yet working effectively. Auditors note the Council's response to the report and its Best Value Improvement Action Plan including co-ordination of activities with the Improvement Service. In adhering to its Improvement Action Plan the Council will demonstrate improvements in this area over the coming year.

Skills Mapping - The Council further developed its Workforce Strategy during the course of the year with more recent iterations (June 2015) introducing skills mapping to better understand its skills base and identify areas of relative strength as well as areas for development. Knowing where skills and skill gaps exist within the Council is key to delivering good governance with this work being specified to understanding and document skills and development needs at an individual, team and Council basis. The Skills Gap Analysis was under development during the course of the year with the intention that this be finalised and will deliver the planned benefits and strengthen governance arrangements during the course of the coming year.

Job Descriptions - Providing a clear statement of the respective roles and responsibilities of the Corporate Management Team, as well as publishing those for the Leader of the Authority and the Chief Executive, is a key aspect of good governance. These set out the role requirement of the most senior officers and elected members and having these published provides clarity of purpose. The Council has role profiles in place for all its officers below the Chief Executive however this should be extended to the role of the Chief Executive and Council leader with these being published on the Council website.

Conclusion

We consider the governance and internal control environment operating during 2014/15 to provide reasonable and objective assurance that significant risks impacting on the achievement of our principal strategic priorities and outcomes will be identified and actions taken to avoid or mitigate their impact. A number of improvements are proposed to further strengthen our governance arrangements and these are set out above. Implementing the action plans is a priority and progress will be reported to the Audit & Risk Management Sub-Committee. Systems are in place for regular review and improvement of the governance and internal control environment. The Council will continue to review its Corporate Governance arrangements and take any additional steps as required to further enhance these arrangements and will review their implementation and operation as part of the next annual review.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements and will monitor their implementation and operation as part of our next annual review.

R. Geekie	G. Cornes
Councillor Rhondda Geekie	**Gerry Cornes**
Leader of the Council	**Chief Executive**
28 September 2015	28 September 2015

Statement of Responsibilities for the Accounts

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). 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.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Audit and Risk Management Sub-Committee at its meeting on 28 September 2015.

Signed on behalf of East Dunbartonshire Council

R. Geekie
……………………………………

Councillor Rhondda Geekie

Leader of the Council

The Director of Finance and Shared Services' Responsibilities

The Director of Finance and Shared Services is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation as set out in the of the CIPFA & Local Authority (Scotland) Accounts Advisory Committee (LASAAC) *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Accounting Code).*

In preparing these Annual 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 legislation
- Complied with the *Accounting Code (in so far as it is compatible with legislation)*.

The Director of Finance and Shared Services has also:

- Kept adequate accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularitie.

I certify that the financial statements give a true and fair view of the financial position of the local authority (and its group) at the reporting date and the transactions of the local authority (and its group) for the year ended 31 March 2015.

Ian Black
……………………………………

Ian Black CPFA

Director of Finance & Shared Services

28 September 2015

Remuneration Report

1. Introduction

The Remuneration Report has been prepared in accordance with the *Local Authority Accounts (Scotland) Regulations 2014*. 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.

For 2014/15 the salary for the Leader of East Dunbartonshire Council as set out in the Regulations was £33,123 (2013/14 £32,795). The Regulations permit the Council to remunerate one Provost and set out the maximum salary that may be paid to the Provost which for 2014/15 was £24,842 (2013/14 £24,596).

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 £227,711 for 2014/15 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 2015 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 2015.

Excluding the Leader of the Council and the Provost, the additional remuneration paid to these Senior Councillors in 2014/15 totalled £225,195 (2013/14 £222,967).

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 2013/14		Office held as at 31 March 2015	Salary and Allowances	Taxable Expenses	Total 2014/15	Annualised Salary
£			**£**	**£**	**£**	**£**
32,963	R Geekie	Leader of the Council	33,123	0	**33,123**	33,123
24,790	U Walker	Provost	24,842	634	**25,476**	24,842
24,596	A Ghai	Depute Leader	24,842	4	**24,846**	24,842
21,155	A Jarvis	Depute Provost	21,113	314	**21,427**	21,113
20,904	W Hendry	Convener	21,113	0	**21,113**	21,113
20,904	A Moir	Convener	21,113	0	**21,113**	21,113
21,344	E Gotts	Convener	21,113	418	**21,531**	21,113
20,401	J Dempsey	Convener	20,413	50	**20,463**	20,413
18,410	V Moody	Vice Convener	18,594	0	**18,594**	18,594
18,410	M Henry	Vice Convener	18,594	0	**18,594**	18,594
18,410	S MacDonald	Vice Convener	18,594	0	**18,594**	18,594
18,410	M Shergill	Vice Convener	18,594	0	**18,594**	18,594
21,242	I Mackay	Opposition Group Leader	21,113	1	**21,114**	21,113
281,939	**Total**		**283,161**	**1,421**	**284,582**	**283,161**

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:

2013/14		2014/15
£		£
460,714	Salaries – Council Duties	465,954
0	Salaries – Joint Board Duties	0
34,116	Expenses	34,362
494,830	**Total**	**500,316**

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.

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 $1/60^{th}$ of final pensionable salary and years of pensionable; prior to 2009 the accrual rate guaranteed a pension based on $1/80^{th}$ and a lump sum based on $3/80^{th}$ 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.

	Office held at 31 March 2015	Pension Contributions		Accrued Pension Benefits			
		Year to 31 March 2015	Year to 31 March 2014	As at 31 March 2015		As at 31 March 2014	
				Pension	Lump Sum	Pension	Lump Sum
		£	£	£	£	£	£
R Geekie	Leader of the Council	6,393	6,331	5	3	4	3
U Walker	Provost	4,795	4,748	3	1	2	1
A Ghai	Depute Leader	4,795	4,748	2	0	1	0
A Jarvis	Depute Provost	4,075	4,035	3	1	2	1
A Moir	Convener	4,075	4,035	2	0	1	0
E Gotts	Convener	4,075	4,035	3	2	3	2
V Moody	Vice Convener	3,589	3,554	3	2	2	2
M Henry	Vice Convener	3,589	3,558	1	0	0	0
S MacDonald	Vice Convener	3,589	3,554	2	1	2	1
M Shergill	Vice Convener	3,589	3,554	1	0	1	0
I Mackay	Opposition Group Leader	4,075	4,035	1	0	1	0
Total		**46,639**	**46,187**	**26**	**10**	**19**	**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 the Chief Executive is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salary scales for chief executives and chief officials of Scottish local authorities. Councillor Hendry is the CoSLA spokesperson for the Employer's Organisation team which is responsible for terms and conditions. The salaries of East Dunbartonshire's directors and chief officers have been evaluated using the Scottish Councils' Job Evaluation Scheme under the authority of the Chief Executive and with the assistance of an independent expert in this area. This has produced 3 grades of chief officials with salaries based on points on the SJNC Chief Officials' scale equating to an approximate fixed percentage of the Chief Executive's salary. Chief Official Grade 1 (Chief Education Officer and Chief Social Work Officer) has a scale from SJNC points 34 to 36 with point 36 approximately equal to 68% of the Chief Executive's salary. Chief Official Grade 2 (Directors of Education and Children's Services, Governance and Regulation and Neighbourhood Services) has a scale from points 39 to 41 with 41 being approximately 75% of the Chief Executive's salary. Chief Official Grade 3 (Directors of Customer Services and Transformation, Development and Regeneration and Finance and Shared Services) has a scale from points 43 to 45 with 45 being approximately equal to 80% of the Chief Executive's salary. This was agreed at Council of 20 November 2014. The roles of Director of Integrated Health and Social Care Transition and Chief Officer – Integrated Health and Social Care Partnership were not included in this review due to the transitional nature of the first and the joint governance arrangements required with the NHS for the second.

Other remuneration includes the fees payable by the Scotland Office and the Scottish Government for the conduct of elections and referendums. The fees for the 2014 European Election and Independence Referendum are included in the 2014/15 figures in the table on page 23. For comparison, there were no elections or referendums in 2013/14.

Senior employees, as defined by the *Local Authority Accounts (Scotland) Regulations 2014*, 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:

Corporate 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 Children's Services (ECS)
- Director of Finance and Shared Services (FSS) [Chief Financial Officer (Section 95 officer)]
- Director of Governance and Regulation (G&R) [Monitoring Officer] *– to 17 May 2015*
- Director of Neighbourhood Services (NS)
- Director of Integrated Health and Social Care Transition (IHSCT) - *(temporary role agreed at Special Council 17 December 2013, commencing 6 January 2014)*

Other Chief Officials

- Chief Officer Integrated Health and Social Care Partnership (IHSCP) (Joint role reporting to Shadow Board)
- Chief Education Officer
- Chief Social Work Officer [Post title is statutory officer]

Although the position of Chief Officer – IHSCP was filled on 5 February 2014 until the end of the shadow period, this role is remunerated by the NHS and so the position is not included in the tables below. The Council of 16 December 2014 approved a new post of Chief Solicitor within the Finance and Shared Services structure which will have Monitoring Officer responsibility.

			2014/15 Annual Salary	Salary, Fees & Allowances	Taxable Expenses	2014/15 Total Remuneration	*2013/14 Total Remun.*
			£	£	£	£	£
G Cornes	Chief Executive		119,223	124,788	0	**124,788**	*119,260*
A Davie	Director of CST	*1	97,998	116,257	0	**116,257**	*78,657*
T Glen	Director of D&R	*2	97,998	115,184	0	**115,184**	*78,662*
G Currie	Director of ECS	*4	87,486	87,341	0	**87,341**	*78,639*
I Black	Director of FSS	*1	97,998	116,757	0	**116,757**	*78,680*
D Campbell	Director of G&R		90,981	105,861	92	**105,953**	*102,148*
G Irvine	Director of NS	*3	89,235	97,062	0	**97,062**	*78,657*
J Simmons	Director of IHSCT		102,111	102,111	0	**102,111**	*102,111*
J MacDonald	Chief Education Officer	*5	82,224	62,707	1,056	**63,763**	*NA*
F McShane	Chief Social Work Officer	*4	82,224	80,872	0	**80,872**	*NA*
Totals			**947,478**	**1,008,940**	**1,148**	**1,010,088**	**716,814**

*1 From 18 February 2013 *2 From 18 March 2013 *3 From 8 April 2013 *4 From 7 April 2014 *5 From 25 June 2014
NA - Not Applicable. As these officers were not senior employees in 2013/14 comparator information is not provided.

The 2014/15 annual salary is given as most senior employees were assimilating to their new grades following the review referred to above. The new salary was payable from the date of appointment so the actual paid in 2014/15 includes backdated pay.

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 2014/15.

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, although this will change to a career average scheme from 1 April 2015. 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, although this too will change on 1 April 2015. The Director of IHSCT, John Simmons, and the Director of Education and

Children's Services, 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 2015	*Year to 31 March 2014*	As at 31 March 2015		*As at 31 March 2014*	
				Pension	Lump Sum	*Pension*	*Lump Sum*
		£	£	£	£	£	£
G Cornes	Chief Executive	23,589	23,010	48	106	45	106
A Davie	Director of CST	22,438	15,177	15	10	9	7
T Glen	Director of D&R	22,231	15,177	38	0	25	0
G Currie	Director of ECS	13,014	11,717	39	116	33	99
I Black	Director of FSS	22,438	15,177	44	98	29	69
D Campbell	Director of G&R	19,707	19,707	39	86	37	86
G Irvine	Director of NS	18,733	15,177	35	77	28	65
J Simmons	Director of IHSCT	15,215	15,215	53	160	52	156
J MacDonald	Chief Education Officer	12,102	NA	29	64	NA	NA
F McShane	Chief Social Work Officer	15,608	NA	29	62	NA	NA
Total		**185,075**	***130,357***	**369**	**779**	***258***	***588***

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 2014/15 (*2013/14*) whole time pay are as follows:	Contribution rate
On earnings up to and including £20,335 (*£19,800*)	5.50%
On earnings above £20,335 (*£19,800*) and up to £24,853 (*£24,200*)	7.25%
On earnings above £24,853 (*£24,200*) and up to £34,096 (*£33,200*)	8.50%
On earnings above £34,096 (*£33,200*) and up to £45,393 (*£44,200*)	9.50%
On earnings above £45,393 (*£44,200*)	12.00%

7. *Remuneration of Other Employees*

The number of Council employees, excluding Senior Employees, 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	
	2014/15	2013/14
£50,000 - £54,999	71	61
£55,000 - £59,999	17	11
£60,000 - £64,999	5	7
£65,000 - £69,999	3	4
£70,000 - £74,999	4	4
£75,000 - £79,999	3	4
£80,000 - £84,999	0	1
£85,000 - £89,999	0	1
£90,000 - £94,999	0	4
£95,000 - £114,999 (extended band - no employees in range)	0	0
£115,000 - £119,999	0	1
Total Employees	**103**	**98**

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. The overall result of the exit packages is savings for the Council in future financial years. None of the departures were compulsory redundancies.

	2014/15		2013/14	
	Number	Cost	Number	Cost
		£		£
£0 - £20,000	25	244,349	18	188,213
£20,001 - £40,000	19	525,838	10	267,685
£40,001 - £60,000	18	879,772	13	620,658
£60,001 - £80,000	6	427,903	11	782,922
£80,001 - £100,000	9	817,536	10	887,134
£100,001 - £150,000	6	723,829	7	870,643
£150,001 - £200,000	6	1,037,089	4	697,961
£200,001 - £250,000	5	1,108,956	5	1,099,980
£250,001 - £300,000	1	267,509	1	257,031
£300,001 - £350,000	0	0	0	0
£350,001 - £400,000	0	0	0	0
£400,001 - £450,000	0	0	1	413,817
Total	**95**	**6,032,781**	**80**	**6,086,044**

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.

	2014/15				*2013/14*
	Salary, Fees & Allowances	Expenses	Other Remuneration	Total Remuneration	*Total Remuneration*
	£	£	£	£	£
M Grant - General Manager	66,510	800	0	67,310	*66,767*

	Pension Contributions		Accrued Pension Benefits			
	Year to 31 March 2015	*Year to 31 March 2014*	As at 31 March 2015		*As at 31 March 2014*	
			Pension	Lump Sum	*Pension*	*Lump Sum*
	£	£	£	£	£	£
M Grant - General Manager	10,279	*10,181*	20	43	*19*	*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.

R. Geekie

Councillor Rhondda Geekie

Leader of the Council

28 September 2015

Gerry Cornes

Chief Executive

28 September 2015

Principal Financial Statements of Single Entity

The Annual Accounts summarise the Council's transactions for the year, its year end position at 31 March 2015 and its cash flows. The Annual Accounts are prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15* (the Code), which is based on International Financial Reporting Standards (IFRSs). Every effort has been made to use plain language, and where technical terms are unavoidable they have been explained in the Glossary (page 103).

The Council presents statements in respect of:

- **Single entity accounts –** representing the transactions of the Council only (pages 26 to 90)
- **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 (pages 91-100)

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 "unusable reserves" (ie 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.
- **Comprehensive Income and Expenditure Statement** – this shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement, 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:

- **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 (pages 31-83).

Supplementary Financial Statements – these statements provide additional information on the Housing Revenue Account, the Council Tax Income Account, the Non-Domestic Rates Income Account, and Common Good Funds and Trust Funds (pages 84-90).

Movement in Reserves Statement

	Usable Reserves						
	Main Revenue Reserves		Capital and Other Reserves				
	General Fund Balance	Housing Revenue Balance	Capital Receipts & Capital Fund	Other Statutory Funds (renewal & repairs)	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013	**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	(16,071)	6,087	0	0	(9,984)	0	(9,984)
Other Comprehensive Income and (Expenditure)	0	0	0	2	2	22,883	22,885
Total Comprehensive Income and (Expenditure)	**(16,071)**	**6,087**	**0**	**2**	**(9,982)**	**22,883**	**12,901**
Adjustments between accounting basis and funding basis under regulations (**Note 9**)	11,754	(6,755)	200	0	5,199	(5,199)	0
Net Increase or (Decrease) before Transfers to Other Statutory Reserves	**(4,317)**	**(668)**	**200**	**2**	**(4,783)**	**17,684**	**12,901**
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)**	**17,684**	**12,901**
Balance at 31 March 2014 Restated	**11,313**	**844**	**12,496**	**1,482**	**26,135**	**314,621**	**340,756**
Movement in reserves during 2014/15:							
Surplus or (Deficit) on the Provision of Services	(759)	(1,994)	0	0	(2,753)	0	(2,753)
Other Comprehensive Income and (Expenditure)	0	0	0	0	0	(31,017)	(31,017)
Total Comprehensive Income and (Expenditure)	**(759)**	**(1,994)**	**0**	**0**	**(2,753)**	**(31,017)**	**(33,770)**
Adjustments between accounting basis and funding basis under regulations (**Note 9**)	(1,368)	2,990	3,326	(163)	4,785	(4,785)	0
Net Increase or (Decrease) before Transfers to Other Statutory Reserves	**(2,127)**	**996**	**3,326**	**(163)**	**2,032**	**(35,802)**	**(33,770)**
Transfers to and from Other Statutory Reserves (**Note 10**)	3,372	0	(3,675)	303	0	0	0
Increase or (Decrease) in the year	**1,245**	**996**	**(349)**	**140**	**2,032**	**(35,802)**	**(33,770)**
Balance at 31 March 2015	**12,558**	**1,840**	**12,147**	**1,622**	**28,167**	**278,819**	**306,986**

Comprehensive Income & Expenditure Statement

2013/14 Restated				2014/15			
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:				
122,789	(2,481)	120,308	Education	123,209	(5,414)	117,795	
8,411	(12,957)	(4,546)	Housing Revenue Account	15,546	(12,795)	2,751	
21,613	(19,741)	1,872	Other Housing Services	23,563	(20,833)	2,730	
11,708	(1,274)	10,434	Cultural and Related Services	12,775	(1,366)	11,409	
17,421	(1,691)	15,730	Environmental Services	15,992	(1,403)	14,589	
11,894	(454)	11,440	Roads and Transport	13,602	(2,235)	11,367	
7,625	(2,856)	4,769	Planning and Development	8,689	(1,814)	6,875	
70,567	(15,181)	55,386	Social Work	69,753	(14,380)	55,373	
2,969	0	2,969	Corporate and Democratic Core	2,633	0	2,633	
5,707	0	5,707	Non Distributable Costs	5,404	(76)	5,328	
3,612	(1,140)	2,472	Central Services to the Public	4,920	(2,734)	2,186	
284,316	**(57,775)**	**226,541**	**Net Cost of Services (1)**	**296,086**	**(63,050)**	**233,036**	*28*
		(211)	(Gains) / Loss on Disposal of Non-current Assets			(197)	
		(211)	**Other Operating (Income) or Expenditure (2)**			**(197)**	
		15,839	Interest Payable and Similar Charges			15,890	
		5,940	Pension Interest Cost/Expected Return on Pension Assets			6,674	*35*
		(85)	Interest Receivable and Similar Income			(107)	
		21,694	**Financing and Investment (Income) and Expenditure (3)**			**22,457**	
		(47,099)	Council Tax and Community Charge			(49,912)	
		(22,885)	Non-Domestic Rates			(24,901)	
		(156,509)	General Revenue Grant			(157,388)	
		(11,547)	Recognised Capital Grants / Contributions			(20,342)	*30*
		(238,040)	**Taxation and Non-Specific Grant Income (4)**			**(252,543)**	
		9,984	**(Surplus) or Deficit on the Provision of Services (5)** {(1) + (2) + (3) + (4)}			**2,753**	
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services:				
		(35,802)	(Surplus) or Deficit on the Revaluation of Property, Plant and Equipment assets			(8)	*27*
		0	Impairment losses on non-current assets charged to the Revaluation Reserve			20	
		12,917	Actuarial (Gains) or Losses on Pensions Assets and Liabilities			31,005	*35*
		(22,885)	**Other Comprehensive (Income) and Expenditure (6)**			**31,017**	
		(12,901)	**Total Comprehensive (Income) and Expenditure {(5) + (6)}**			**33,770**	

Balance Sheet

31 March 2014 Restated £000		31 March 2015 £000	Notes
723,850	Property, Plant and Equipment	730,833	11
3,204	Heritage Assets	3,204	12
1,073	Intangible Assets	1,572	13
47	Long-term Debtors	29	21
728,174	**Long-term Assets**	**735,638**	
0	Current Intangible Assets	962	23
0	Short-term Investments	18,000	18
9,662	Assets Held for Sale	5,208	14
850	Inventories	804	20
14,231	Short-term Debtors	15,066	21
7,876	Cash and Cash Equivalents	11,914	22
32,619	**Current Assets**	**51,954**	
(20,177)	Short-term Borrowing	(19,859)	18
(34,591)	Short-term Creditors	(33,799)	24
0	Provisions	(717)	25
(332)	Short-term Grants Receipts in Advance	(485)	24
(55,100)	**Current Liabilities**	**(54,860)**	
(114,546)	Long-term Borrowing	(134,932)	18
(92,077)	Other Long-term Liabilities (PPP contract)	(89,417)	18
(153,134)	Other Long-term Liabilities (Pensions)	(195,212)	35
(4,334)	Provisions	(4,485)	25
(846)	Long-term Grants Receipts in Advance	(1,700)	24
(364,937)	**Long-term Liabilities**	**(425,746)**	
340,756	**Net Assets**	**306,986**	
26,135	Usable Reserves	28,167	26
314,621	Unusable Reserves	278,819	27
340,756	**Total Reserves**	**306,986**	

The audited annual accounts were issued on 28 September 2015.

I certify that this Balance Sheet presents a true and fair view of the financial position of the Council at 31 March 2015, and its income and expenditure for the year ended 31 March 2015.

Ian Black
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Ian Black CPFA

Director of Finance and Shared Services

28 September 2015

Cash Flow Statement

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

2013/14 Restated £000		2014/15 £000	2014/15 £000	Notes
9,984	**Net (Surplus) or Deficit on the Provision of Services**		2,753	CIES
	Adjust for Non-Cash Transactions			
(18,953)	Depreciation and Impairment	(25,262)		
975	Revaluations	(1,222)		
(451)	Amortisation	(521)		
(448)	(Increase)/Decrease in Provision for Bad Debts	4,626		
(2,338)	Increase/(Decrease) in Debtors	(6,070)		
1,595	(Increase)/Decrease in Creditors	1,871		
(50)	Increase/(Decrease) in Inventories	(46)		
(10,463)	Movement in Pension Liability	(11,073)		
(1,940)	Carrying Amount of Fixed and Intangible Assets Sold	(5,974)		
2,020	Other Non-Cash Transactions	(459)		
(30,053)			**(44,130)**	
	Adjust for Items in Net Surplus or Deficit that are Investing and Financing Activities			
0	Proceeds from Short-term and Long-term Investments	0		
1,951	Sale of Fixed and Intangible Assets	1,816		
11,547	Other Financing and Investment Activities	20,342		
13,498			**22,158**	
(6,571)	**Net Cash Flows from Operating Activities**		**(19,219)**	
	Investing Activities			
25,794	Purchase of Fixed and Intangible Assets	35,791		
0	Purchase of Short-term and Long-term Investments	0		
0	Other Payments for Investing Activities	0		
(1,751)	Sale of Fixed and Intangible Assets	(622)		
0	Sale of Short-term and Long-term Investments	0		
(11,241)	Other Receipts from Investing Activities	(20,267)		
12,802			**14,902**	
	Financing Activities			
(23,887)	Cash Receipts from Short-term and Long-term Borrowing	(20,355)		
0	Other Receipts from Financing Activities	0		
2,209	Reducing Liabilities on Finance Leases and PPP	2,348		
22,916	Repayment of Short-term and Long-term Borrowing	18,286		
0	Other Payments for Financing Activities	0		
1,238			**279**	
7,469	**Net (Increase) / Decrease in Cash and Cash Equivalents**		**(4,038)**	
(15,345)	Cash and Cash Equivalents at 1 April 2014		(7,876)	
(7,876)	**Cash and Cash Equivalents at 31 March 2015**		**(11,914)**	22

31 March 2014 £000	Cash and Cash Equivalents	31 March 2015 £000	
(63)	Cash Held by Officers	(33)	
609	Bank Current Accounts	1,796	
(8,422)	Short-term Deposits (Temporary Investments)	(13,677)	
(7,876)	**Total Cash and Cash Equivalents**	**(11,914)**	22

2013/14 £000	Cash Flow Statement: Interest Paid and Received	2014/15 £000	
(85)	Interest Received	(107)	CIES
15,839	Interest Paid	15,890	CIES

Notes to the Principal Financial Statements

1. Accounting Policies

a) General Principles

The Annual Accounts summarise the Council's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Council is required to prepare Annual Accounts by the *Local Authority Accounts (Scotland) Regulations 2014*. 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* 2014/15 and the *Service Reporting Code of Practice 2014/15*, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Annual 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.

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) Business Improvement District

A Business Improvement District (BID) scheme applies in Milngavie town centre. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as an agent under the scheme and BID transactions are not recognised in the Comprehensive Income and Expenditure Statement, and are treated as Balance Sheet items in accordance with the Code.

e) Carbon Reduction Commitment Scheme

The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase, which ends on 31 March 2019. The authority is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption. Allowances purchased prospectively are valid for the current compliance year, and any remaining compliance years up to the end of the phase (31 March 2019 for second phase). These allowances are classed as Current Intangible Assets in the Balance Sheet and are reduced as allowances are surrendered.

f) 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.

g) 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.

h) 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 earned by employees but not taken before the year end which employees can carry forward into the next financial year. The leave earned but not taken by permanent teachers is derived from the terms and conditions agreed by the Local Negotiating Committee for Teachers (LNCT) which include 65 days annual leave. This differs from CoSLA's recommendations and is based on legal advice. 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 one 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 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.

i) 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 Annual Accounts are 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 Annual Accounts are adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are 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 Annual Accounts.

j) 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 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 Annual 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

Loans and Receivables

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

k) 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.

l) 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 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.

m) 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, and Brookwood 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 objective of East Dunbartonshire Archives is to preserve, and provide public access to, the official records which document how East Dunbartonshire Council and its predecessors have carried out their core functions and statutory duties. The Archives also collects other records of historical or research interest relating to East Dunbartonshire in general. East Dunbartonshire Leisure and Culture Trust manages the Archives on behalf of the Council.

Archives are original records which have been selected for permanent preservation because of their continuing value. They provide evidence and information about past decisions, events, and activities.

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 1s** 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 1s)** in the summary of significant accounting policies).

n) 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.

o) 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.

p) 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.

q) 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 CIES)

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 CIES 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 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 CIES. 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.

r) 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 2014/15* (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 CIES, as part of Net Expenditure on Continuing Services.

s) 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.

t) 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.

u) 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.

v) 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.

w) 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.

x) 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 2014/15.

y) 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 2015/16 Code:

- IFRS 13 *Fair Value Measurement;*
- Annual Improvements to IFRSs 2011 – 2013 Cycle;
- IFRIC 21 *Levies*

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 financial statements. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures. IFRIC 21 provides guidance on recognition of a liability to pay levies. It is anticipated that the implementation of the above will not have a material impact on the 2015/16 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 Annual Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Note 4 Continued:

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 fiscal 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 £0.7m for every year that useful lives had to be reduced.
Provision - Equal Pay	The Council has made a provision of £4m for the potential outcome of outstanding claims arising from the Equal Pay Initiative. The potential cost of known claims will continue to be reviewed in 2015/16 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 £0.4m 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 35(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 £19.228m.
Collection Levels of Arrears	At 31 March 2015 the Council had a balance of sundry debtors of £5.7m. A review of significant balances suggested that an allowance for doubtful debts of £2.8m 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 £0.280m to be set aside as an allowance.

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	14,409
Employee Payments	Cost of redundancies and early retirals	3,702
Insurances	Insurance premiums for all policies, including the cost of policy excesses	1,039
Landfill Tax	A tax paid on the disposal of waste, payable to Her Majesty's Revenue and Customs (HMRC).	1,942
Housing Benefit Paid	Benefit paid to support customers on low incomes with housing rent costs	19,189
Net Care Home Costs	Payments made by the Council to care home providers	12,661

Material items of income credited to service revenue accounts within the CIES largely relate to grants and contributions and these are disclosed in **Note 30** Grant Income. Subsidy income in relation to the payments of Housing Benefit (included in the table above), and NHS Resource Transfer are also disclosed in **Note 30**.

6. Events After the Balance Sheet Date

The Director of Finance & Shared Services issued the Unaudited Annual Accounts on 8 June 2015 and the Audited Annual Accounts were authorised for issue on 28 September 2015. 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 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Over the school summer holiday period, scheduled works were undertaken at one of the Council's primary schools to repair curtain walling. Investigation of this resulted in more significant work being identified, and further more detailed surveys were arranged. As a result of this, the Council felt it necessary to review the valuation for this school as at 31 March 2015 given the underlying conditions existed at that time. An impairment loss of £0.693m has been charged to the Comprehensive Income and Expenditure Account as a result of this post balance sheet review.

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 2014/15 were £0.277m (2013/14 £0.275m).

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 2015, 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 £0.123m (2013/14 £0.192m).

The Council has a potential liability of £0.015m arising from an outstanding claim against the Council for compensation related to a tenancy issue.

Following significant case law developments in 2014/15 relating to the payment of allowances and overtime when paying holiday pay, the Council revised the rate of pay used for the calculation of holiday pay. Payments were made retrospectively for the 2014 leave year using the new rates, with these new rates also being applied for all future holiday pay taken. Whilst payments have been made to address this issue, it remains possible that claims may be lodged by employees, so there is some potential for future liabilities.

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 2013/14 figures have been restated to take account of prior year adjustments to the final 2013/14 financial statements.

The following sets out a description of the reserves that the adjustments are made against, and the 2014/15 and 2013/14 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*.

Other Statutory Funds – Renewal & Repairs 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*.

Note 9 continued:

2014/15	Usable Reserves				
	General Fund	Housing Revenue Account	Other Statutory Funds	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	18,223	7,039	0	0	(25,262)
Charges for Impairment of Assets Held for Sale	0	0	0	0	0
Revaluation losses on Property, Plant and Equipment	43	1,469	0	0	(1,512)
Revaluation losses on Assets Held for Sale	(290)	0	0	0	290
Amortisation of Intangible Assets	518	3	0	0	(521)
Capital grants and contributions applied	(18,332)	(2,010)	0	0	20,342
Capital/Other funds applied to fund capital expenditure	0	0	(163)	(1,029)	1,192
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	4,355	1,619	0	0	(5,974)
Insertion of items not debited or credited to the CIES:					
Statutory provision for the financing of capital investment	(11,129)	(2,307)	0	0	13,436
Capital expenditure charged against the General Fund and HRA balances	(16)	(1,141)	0	0	1,157
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.	(4,355)	(1,816)	0	4,355	1,816
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	(185)	(36)	0	0	221
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	23,380	355	0	0	(23,735)
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,477)	(185)	0	0	12,662
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.	(1,103)	0	0	0	1,103
Total Adjustments	**(1,368)**	**2,990**	**(163)**	**3,326**	**(4,785)**

* CIES - Comprehensive Income and Expenditure Statement

Note 9 continued:

2013/14 Restated	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	(8,689)	(2,858)	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.	3,009	0	0	0	(3,009)
Total Adjustments	**11,754**	**(6,755)**	**200**	**0**	**(5,199)**

* 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 2014/15.

	General Fund	Housing Revenue Account	Transfers (to)/from Other Statutory Reserves		
			Capital Receipts Reserve	Capital Fund	Other Statutory Funds
2014/15 TRANSFER	**£000**	**£000**	**£000**	**£000**	**£000**
Capital Fund applied to meet cost of principal repayments	3,872	0	0	(3,675)	0
Transfer of funds created to PC replacement expenditure	0	0	0	0	(197)
Agreed contribution for vehicle repairs & renewals	(500)	0	0	0	500
Total Transfers 2014/15	**3,372**	**0**	**0**	**(3,675)**	**303**
2013/14 TRANSFER					
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**

11. Property, Plant and Equipment

a) Effects of Changes in Estimates

In 2014/15 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 extend 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 Balance

Movements in 2014/15	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 2014	4,911	158,555	2,986	23,432	415,526	188,992	4,456	**798,858**	*126,465*
Additions	11,265	7,899	0	3,173	1,862	10,389	0	34,588	*0*
Donations	0	0	0	0	424	0	0	424	*0*
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	(152)	0	22	(130)	*0*
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	(162)	0	6	(156)	*0*
Derecognition - Disposals	0	0	0	(6)	0	(1,711)	(25)	(1,742)	*0*
Derecognition - Other	0	0	0	0	0	0	0	0	*0*
Assets reclassified (to)/from Held for Sale	0	0	7	0	0	0	382	389	*0*
Other reclassifications	(5,988)	0	1,417	0	2,642	2,249	(320)	0	*0*
Other movements in cost or valuation	0	0	0	0	0	0	0	0	*0*
At 31 March 2015	**10,188**	**166,454**	**4,410**	**26,599**	**420,140**	**199,919**	**4,521**	**832,231**	***126,465***
Accumulated Depreciation and Impairment									
At 1 April 2014	0	(38,778)	0	(13,391)	(19,347)	(2,870)	(622)	**(75,008)**	*(7,664)*
Depreciation charge	0	(3,603)	0	(2,491)	(11,781)	(6,671)	(43)	**(24,589)**	*(3,832)*
Depreciation written out to the Revaluation Reserve	0	0	0	0	139	0	0	**139**	*0*
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	94	0	0	**94**	*0*
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	(20)	0	0	**(20)**	*0*
Impairment (losses)/reversals recognised in the Surplus/ Deficit on the Provision of Services	0	0	0	0	(673)	(1,468)	0	**(2,141)**	*0*
Derecognition - Disposals	0	0	0	6	0	92	8	**106**	*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	21	**21**	*0*
Other movements in depreciation and impairment	0	0	0	0	0	0	0	**0**	*0*
At 31 March 2015	**0**	**(42,381)**	**0**	**(15,876)**	**(31,588)**	**(10,917)**	**(636)**	**(101,398)**	***(11,496)***
Net Book Value									
At 31 March 2015	**10,188**	**124,073**	**4,410**	**10,723**	**388,552**	**189,002**	**3,885**	**730,833**	***114,969***
At 31 March 2014	**4,911**	**119,777**	**2,986**	**10,041**	**396,179**	**186,122**	**3,834**	**723,850**	***118,801***

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

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

d) Depreciation

The depreciation methods applied by the Council are disclosed separately in **Note 1s** Accounting Policies within section (s) 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 2015	271,511	637	1,435	0	114,969	388,552
As at 31 March 2014	275,585	213	1,507	73	118,801	396,179

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 30**).

f) Capital Commitments

As at 31 March 2015, the Council has commitments on capital contracts for the construction or enhancement of property, plant and equipment for housing and non-housing projects in 2014/15 and future years, with contracted costs of £0.809m (2013/14 £4.829m) and £3.976m (2013/14 £7.976m) respectively. The commitments are:

Details	£000
Hillhead Community Facility retention	35
Lennxotown Hub New Build	3,604
Lairdsland Primary School New Build	337
Housing - New Build Various Retentions	94
Housing Capital - Electrical Rewire	330
Housing Capital - Miscellaneous	385
Total	**4,785**

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 2014	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 2015	**2,023**	**605**	**576**	**3,204**
Cost or Valuation				
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**

Archives

In keeping with Council policy (**Note 1m**) these assets are not included in the Council's Balance Sheet. Council records preserved in the Archives include original signed minutes and accounts, high level strategies, policies and reports, statutory registers (e.g. Building Standards Register), building plans, school records, legal documents (e.g. compulsory purchase records), records of landfill and contaminated waste sites, burial registers and plans, records of civic events, corporate identity and branding. In addition the Council preserves records of historical or research interest which have been donated by local families, businesses and organisations such as the Lion Foundry Co Ltd, J&J Hay Boatbuilders, Gartshore Estate Papers, and West of Scotland Football Club.

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 (**Note 1m**) 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 £0.521m in 2014/15 (2013/14 £0.451m) has been charged across various services and included in the Net Expenditure of Services within the Comprehensive Income and Expenditure Statement.

2013/14	Movement in Intangible Assets	2014/15
£000		£000
	Balance at start of year:	
1,977	Gross carrying amounts	2,490
(966)	Accumulated amorisation	(1,417)
1,011	**Net carrying amount at 1 April**	**1,073**
513	Purchases	1,020
0	Disposals	0
(451)	Amortisation for the year	(521)
1,073	**Net carrying amount at end of year**	**1,572**
	Comprising:	
2,490	Gross carrying amounts	3,510
(1,417)	Accumulated amortisation	(1,938)
1,073	**Total**	**1,572**

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

14. Assets Held for Sale (Current)

2013/14		2014/15
£000		£000
10,847	**Balance outstanding at start of year**	**9,662**
21	Additions	5
	Assets newly classified as held for sale:	
99	Property, Plant and Equipment	66
0	Revaluation gain / (losses) reflected in Revaluation Reserve	0
(102)	Revaluation gains / (losses) reflected in Surplus or Deficit on Provision of Services	290
71	Impairment (losses) / reversal reflected in Surplus or Deficit on Provision of Services	0
	Assets declassified as held for sale:	
(279)	Property, Plant and Equipment	(477)
(995)	Assets sold	(4,338)
9,662	**Balance outstanding at year end**	**5,208**

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.

Note 15 continued:

2013/14			2014/15
£000			£000
259,355	**Opening Capital Financing Requirement**		**256,981**
	Capital Investment:		
25,301	Property, Plant and Equipment		34,588
513	Intangible Assets		1,020
21	Assets Held for Sale		5
0	Revenue Expenditure Funded from Capital Under Statute		0
25,835	**Total Capital Investment**		**35,613**
	Sources of Finance:		
1,951	Capital Receipts	1,816	
11,334	Government Grants and Other Contributions	19,918	
0	Contribution from Capital Fund	1,192	
1,515	Capital from Current Revenue	1,157	
	Total Capital Receipts, Grants & Other Contributions		24,083
11,203	Loans Fund Principal Repayments		11,106
2,206	PPP / Finance Lease Principal Repayments		2,330
28,209	**Total Sources of Finance**		**37,519**
256,981	**Closing Capital Financing Requirement**		**255,075**
(2,374)	**Movement in Year**		**(1,906)**
	Explained by:		
(2,374)	Increase/(Decrease) in underlying need to borrow (supported by Government)		(1,906)
0	Increase/(Decrease) in underlying need to borrow (unsupported by Government)		0
0	Assets acquired under finance leases		0
0	Assets acquired under PPP contracts		0
(2,374)	**Increase / (decrease) in Capital Financing Requirement**		**(1,906)**

16. Impairment Losses

During 2014/15 the Council incurred impairment losses of £2.161m: £1.468m for Council Dwellings and £0.693m for Other Land and Buildings (Our Holy Family Primary School), which were charged to the Comprehensive Income and Expenditure Account. (In 2013/14, a previously accumulated impairment loss of £3.947m mainly on Council Dwellings was reversed.)

17. Schools Public Private Partnership

2014/15 was the fifth 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 annual payment 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 2015:	Payments for Services (incl. lifecycle maintenance)	Repayment of Liability	Finance Interest	Total
	£000	£000	£000	£000
Payable within 1 year	3,414	2,660	7,818	**13,892**
Payable within 2 to 5 years	17,902	9,856	30,334	**58,092**
Payable within 6 to 10 years	28,470	14,665	35,655	**78,790**
Payable within 11 to 15 years	44,112	11,622	30,756	**86,490**
Payable within 16 to 20 years	39,677	23,676	31,850	**95,203**
Payable within 21 to 25 years	30,174	29,598	23,409	**83,181**
Total	**163,749**	**92,077**	**159,822**	**415,648**

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:

2013/14		2014/15
£000		**£000**
96,569	**Balance outstanding at start of year**	**94,407**
0	Additions during the year	0
(2,162)	Payments during the year	(2,330)
0	Capital contributions in the year	0
94,407	**Balance outstanding at year-end**	**92,077**
Included in Balance Sheet		
2,330	Current (included within Short Term Creditors)	2,660
92,077	Non-Current (shown separately on Balance Sheet)	89,417
94,407	**Total**	**92,077**

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 2014			31 March 2015	
Long-term	*Current*		Long-term	Current
	restated			
£000	***£000***		**£000**	**£000**
		Financial Assets:		
0	0	**Investments:** Loans and Receivables	0	18,000
47	12,404	**Debtors:** Loans and Receivables	29	13,469
		Financial Liabilities:		
		Borrowings		
114,546	20,177	Financial liabilities at amortised cost	134,932	19,859
		Other Long-term Liabilities		
92,077	2,348	PPP and finance lease liabilities	89,417	2,660
		Creditors		
0	34,312	Financial liabilities at amortised cost	0	33,200

b) Income, Expense, Gains and Losses

2013/14				2014/15		
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
(7,884)	0	(7,884)	Interest Expense	(7,917)	0	(7,917)
0	0	0	Losses on early repayment of debt	0	0	0
0	0	0	Impairment losses	0	0	0
(7,884)	**0**	**(7,884)**	**Total expense in Surplus or Deficit on Provision of Services**	**(7,917)**	**0**	**(7,917)**
0	85	85	Interest income	0	107	107
0	**85**	**85**	**Total income in Surplus or Deficit on Provision of Services**	**0**	**107**	**107**
(7,884)	**85**	**(7,799)**	**Net gain / (loss) for the year**	**(7,917)**	**107**	**(7,810)**

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 2014/15.

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 2015
- the discount factor used in the Net Present Value (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 2015 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 2014		Fair Value of Financial Assets	31 March 2015	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
0	0	Financial assets	18,000	18,000
47	47	Long-term debtors	29	29

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 (2013/14 £0.2m) which is considered to be sufficient to meet the current obligations due. The Council holds no long-term investments. Short-term deposits which mature within 3 months meet the classification of Cash and Cash Equivalents, and are accounted for as such, other deposits (maturity between 3 months and 1 year) have been disclosed as Financial Assets in the note above.

31 March 2014		Fair Value of Financial Liabilities	31 March 2015	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	**£000**		**£000**	**£000**
134,723	171,291	Financial liabilities	154,791	218,015
94,425	148,319	PPP and finance lease liabilities	92,077	165,543
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 2014/15, 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 – (A minus)
  - 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 Group 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**

Investments and deposits at 31 March 2015 totalling £31.600m were placed with banks and Money Market Funds, and held in sterling. Of this £13.600m was of a short-termed nature and therefore classed as Cash and Cash Equivalents. The balance of £18.000m is disclosed as Short-Term Investments.

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

31 March 2014		31 March 2015		
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	18,000	0.0%	0
622	Customers (trade debtors excl. Council Tax)	5,660	10.5%	594

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 £5.660m (2013/14 £5.921) was due from sundry debtor income billed to customers and housing benefit overpayments as shown in the table above. However, only £2.610m (2013/14 £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 2014		31 March 2015
£000		£000
631	Less than three months	444
322	Three to six months	231
507	Six months to one year	597
2,348	More than one year	2,605
3,808	**Total**	**3,877**

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 £2.8m for 2014/15 (2013/14 £2.5m), based on an assessment of sundry debtors and the Council's history of collectability within various categories of customers.

HRA Housing rent arrears of £0.774m (2013/14 £0.721m) existed at the year end. The Council has processes in place to pursue these arrears and has a bad debt provision of £0.531m (2013/14 £0.527m) 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 2014		31 March 2015
£000		£000
20,177	Less than one year	19,859
6,816	Between one and two years	7,791
16,638	Between two and five years	20,956
11,340	Between five and 10 years	16,458
8,122	Between 10 and 15 years	9,108
17,142	Between 15 and 20 years	17,133
15,506	Between 20 and 25 years	16,506
2,000	Between 25 and 30 years	2,000
36,982	Over 30 years	44,980
134,723	**Total**	**154,791**
Analysed as:		
20,177	Current	19,859
114,546	Non-Current	134,932
134,723	**Total**	**154,791**

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 2015, with all other variables held constant.

31 March 2014		31 March 2015
£000		£000
	Impact on taxpayer	
17	Increase on interest payable on variable rate borrowings	0
(119)	Increase on interest receivable on variable rate lending	(110)
(102)	**Net effect on Comprehensive Income and Expenditure Statement**	**(110)**
	Other presentational changes	
16,177	Decrease in the "fair value" of fixed rate borrowing (no impact on the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	24,857

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

The Council holds a ring fenced Treasury Management Reserve within the General Fund Balance to assist with medium term fluctuations in borrowing and interest rates.

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

2013/14				2014/15		
Consumable Stores	*Maintenance Materials*	*Total*		Consumable Stores	Maintenance Materials	Total
£000	*£000*	*£000*		£000	£000	£000
715	***185***	***900***	**Balance outstanding at start of year**	**675**	**175**	**850**
3,859	*1,088*	*4,947*	Purchases	4,462	813	5,275
(3,886)	*(1,098)*	*(4,984)*	Recognised as an expense in the year	(4,507)	(814)	(5,321)
(13)	*0*	*(13)*	Written off balances	0	0	0
675	***175***	***850***	**Balance outstanding at the year-end**	**630**	**174**	**804**

21. Debtors

31 March 2014			31 March 2015	
Current	*Long-term*		Current	Long-term
£000	*£000*		£000	£000
3,841	*0*	Central government bodies	5,225	0
895	*0*	Other local authorities	1,021	0
500	*0*	NHS bodies	189	0
929	*0*	Public corporations and trading funds	119	0
8,066	*47*	External to general government	8,512	29
14,231	***47***	**Total**	**15,066**	**29**

22. Cash and Cash Equivalents

31 March 2014		31 March 2015
£000		£000
63	Cash held by the Council	26
(609)	Bank current accounts	(1,789)
8,422	Deposits up to three months with UK banks, building societies and local authorities	13,677
7,876	**Total**	**11,914**

23. Current Intangible Assets

31 March 2014		31 March 2015
£000		£000
0	Carbon Reduction Commitment Allowance	962
0	**Total**	**962**

24. Creditors

31 March 2014 Restated				31 March 2015		
Current		*Long-term*		Current		Long-term
Creditors	*Receipts in Advance*	*Creditors*		Creditors	Receipts in Advance	Creditors
£000	*£000*	*£000*		£000	£000	£000
(4,285)	(318)	0	Central government bodies	(4,957)	(5)	0
(2,933)	(14)	0	Other local authorities	(1,589)	0	0
(306)	0	0	NHS bodies	(559)	(475)	0
(649)	0	0	Public corporations and trading funds	(319)	0	0
(26,418)	0	(846)	External to general government	(26,375)	(5)	(1,700)
(34,591)	***(332)***	***(846)***		**(33,799)**	**(485)**	**(1,700)**

25. Provisions

	Current Provisions		
	Uninsured Liability	Teachers Conditions	Total
Notes	(1)	(2)	
	£000	£000	£000
Balance at 1 April 2014	**0**	**0**	**0**
Additional provisions made in 2014/15	417	300	717
Amounts used in 2014/15	0	0	0
Unused amounts reversed in 2014/15	0	0	0
Balance at 31 March 2015	**417**	**300**	**717**

Note 25 continued:

	Notes	Long-term Provisions Equal Pay	Insurance	Total
		(3)	(4)	
		£000	£000	£000
Balance at 1 April 2014		**3,899**	**435**	**4,334**
Additional provisions made in 2014/15		151	0	151
Amounts used in 2014/15		0	0	0
Unused amounts reversed in 2014/15		0	0	0
Balance at 31 March 2015		**4,050**	**435**	**4,485**

Notes:

(1) The Council has been in a long legal dispute over compensation claims for damages as a result of an uninsured incident within the Council boundaries. Liability has been disputed by the Council, but legal proceedings have concluded that there is an argument for liability, and compensation sums have been agreed. Final discussions are taking place for settlement, and an estimate of the liability including interest has been included as a Provision.

(2) The Council had previously been working within national pay and conditions from the Scottish Negotiating Committee for Teachers. However, following concerns over how this was working, the Council has made a decision to revert to previously applied local pay and conditions for Teachers. This will impact a number of teachers over past year or more, and calculations are ongoing. An estimate of cost has been made based on information available, and this is included in Provisions.

(3) This relates to a provision for the potential outcome of outstanding equal pay claims. An increase has been made in 2014/15 based on most recent assessment.

(4) 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. There has been no notification of a change, so assessment remains at the maximum sum £0.435m at 31 March 2015.

26. Usable Reserves

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

31 March 2014		31 March 2015
£000		**£000**
(11,313)	General Fund Balance	(12,558)
(844)	HRA Balance	(1,840)
(12,496)	Capital Fund	(12,147)
(285)	Central Energy Efficiency Fund	(122)
(197)	Education Replacement Fund	0
(1,000)	Vehicle Renewal & Repair Fund	(1,500)
(26,135)	**Total Usable Reserves**	**(28,167)**

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 27. 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 2014		31 March 2015
£000		**£000**
849	Modernisation, Efficiency and Reform initiatives	552
885	External funding carried forward to complete projects	1,415
0	Contribution to ring fenced Treasury Management reserve	500
271	Miscellaneous Education/Social Work	582
134	Miscellaneous General Fund Housing	103
571	Miscellaneous Corporate & Customer Services	446
0	Miscellaneous Development and Regeneration	172
500	Contribution to Repairs & Renewals Fund	500
2,219	Social Work pressures	0
644	Miscellaneous budget pressures	348
6,073	**Total Earmarked Reserves**	**4,618**
2,500	Prudential Reserve	3,000
1,984	Treasury Management Reserve	1,984
756	Contingency Reserve	2,906
0	Uninsured Losses Reserve	50
5,240	**Total Non-Earmarked Reserves**	**7,940**
11,313	**Total General Fund Balance**	**12,558**

27. Unusable Reserves

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

31 March 2014 Restated		31 March 2015
£000		**£000**
(4,071)	Financial Instruments Adjustment Account	(3,850)
321,527	Capital Adjustment Acount	332,217
159,281	Revaluation Reserve	153,543
(153,134)	Pensions Reserve	(195,212)
(8,982)	Employee Statutory Adjustment Account	(7,879)
314,621	**Total Unusable Reserves**	**278,819**

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 2014 £000			31 March 2015 £000
(4,289)	**Balance at 1 April**		(4,071)
(2)	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement (CIES)	0	
220	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	221	
218	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		221
(4,071)	**Balance at 31 March**		**(3,850)**

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 2014 £000		31 March 2015 £000
311,315	**Balance at 1 April**	**321,527**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):	
(18,953)	Charges for depreciation and impairment of assets	(25,262)
975	Valuation movements on Property, Plant and Equipment	(1,222)
(451)	Amortisation of intangible assets	(521)
0	Revenue expenditure funded from capital under statute	0
(1,940)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(5,974)
(20,369)		**(32,979)**
2,159	**Adjusting amounts written out of the Revaluation Reserve**	5,726
(18,210)	Net written out amount of the cost of non-current assets consumed in the year	**(27,253)**
	Capital financing applied in the year:	
1,951	Use of the Capital Receipts Reserve to finance new capital expenditure	1,816
11,547	Capital grants and contributions credited to the CIES that have been applied to capital financing	20,342
0	Use of the Capital/Other funds to finance capital expenditure	1,192
13,409	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	13,436
1,515	Capital expenditure charged against the General Fund and HRA balance (CFCR)	1,157
28,422		**37,943**
321,527	**Balance at 31 March**	**332,217**

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 2014		31 March 2015
£000		**£000**
125,638	Balance at 1 April	159,281
35,802	Revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services	8
0	Impairment losses on non-current assets charged to the Revaluation Reserve	(20)
(1,742)	Difference between fair value depreciation and historical cost depreciation	(2,693)
(417)	Accumulated gains on assets sold or scrapped	(3,033)
159,281	**Balance at 31 March**	**153,543**

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 2014		31 March 2015
£000		**£000**
(129,754)	**Balance at 1 April**	(153,134)
(12,917)	Actuarial gains or (losses) on pension assets and liabilities	(31,005)
(23,233)	Reversal of items relating to net charges for retirement benefits charged to Surplus or Deficit on the Provision of Services in the CIES	(23,735)
12,770	Employer's pension contributions paid to Strathclyde Pension Fund	12,662
(153,134)	**Balance at 31 March**	**(195,212)**

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 2014 Restated			31 March 2015
£000			£000
(5,973)	**Balance at 1 April**		(8,982)
5,973	Settlement or cancellation of accrual made at the end of the preceding year	8,982	
(7,112)	Amounts accrued at the end of the current year	(7,879)	
(1,139)	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		1,103
(1,870)	Restatement of 2013/14 STACA accrual		
(8,982)	**Balance at 31 March**		**(7,879)**

28. 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 2014/15	Committees					Total
	Education & Children's Services £000	Integrated Health & Social Care £000	Development & Regeneration £000	Neighbourhood Services* £000	Other £000	£000
Fees, charges and other service income	(3,886)	(12,998)	(2,682)	(28,481)	(4,213)	(52,260)
Government Grants	(211)	(131)	(15)	(489)	(19,072)	(19,918)
Total Income	**(4,097)**	**(13,129)**	**(2,697)**	**(28,970)**	**(23,285)**	**(72,178)**
Employee Expenses	77,043	13,763	4,046	24,306	25,626	144,784
Other service expenses	36,809	39,183	12,580	27,217	44,937	160,726
Total Operating Expenses	**113,852**	**52,946**	**16,626**	**51,523**	**70,563**	**305,510**
Net Expenditure	**109,755**	**39,817**	**13,929**	**22,553**	**47,278**	**233,332**

* HRA net income included in Neighbourhood Services is £0.996m and the total for the General Fund across all Committees is £234.329m

Service Income & Expenditure 2013/14 Restated according to new structure implemented in 2014/15	Committees					
	Education & Children's Services	Integrated Health & Social Care	Development & Regeneration	Neighbourhood Services*	Other	Total
	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(3,282)	(13,831)	(2,563)	(33,260)	(3,379)	(56,315)
Government Grants	(109)	(352)	(20)	(930)	(18,859)	(20,270)
Total Income	**(3,391)**	**(14,183)**	**(2,583)**	**(34,190)**	**(22,238)**	**(76,585)**
Employee Expenses	77,516	15,884	4,189	27,385	20,938	145,912
Other service expenses	36,045	38,004	13,226	31,177	43,740	162,192
Total Operating Expenses	**113,561**	**53,888**	**17,415**	**58,562**	**64,678**	**308,104**
Net Expenditure	**110,170**	**39,705**	**14,832**	**24,372**	**42,440**	**231,519**

* HRA net income included in Neighbourhood Services in 2013/14 was £0.668m and the total for the General Fund across all Committees was £230.851m.

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

This reconciliation shows how the figures in the analysis of Service income and expenditure relate to the amounts included in the CIES.

2013/14 Restated £000		2014/15 £000
231,519	**Net expenditure in the Service Analysis**	**233,332**
33	Net expenditure of services and support services not included in the Analysis	0
28,031	Amounts in the CIES not reported to management in the Analysis	30,319
(33,042)	Amounts included in the Analysis not included in the CIES (Net Cost of Services)	(30,615)
226,541	**Cost of Services in the Comprehensive Income and Expenditure Statement**	**233,036**

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 Service Income and Expenditure to the Surplus or Deficit on the Provision of Services in the CIES						
2014/15	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	(52,260)	0	0	**(52,260)**	0	**(52,260)**
Interest and investment income	0	0	0	**0**	(106)	**(106)**
Taxation and Non-Specific Grant Income	(19,918)	0	0	**(19,918)**	(252,543)	**(272,461)**
Total Income	**(72,178)**	**0**	**0**	**(72,178)**	**(252,649)**	**(324,827)**
Employee costs	144,784	3,295	0	**148,079**	0	**148,079**
Other service costs	160,726		(30,615)	**130,111**	6,674	**136,785**
Capital Accounting	0	27,024	0	**27,024**	0	**27,024**
Interest Payments	0	0	0	**0**	15,889	**15,889**
Gain or Loss on Disposal of Fixed Assets	0	0	0	**0**	(197)	**(197)**
Total Expenditure	**305,510**	**30,319**	**(30,615)**	**305,214**	**22,366**	**327,580**
(Surplus)/Deficit on the Provision of Services	**233,332**	**30,319**	**(30,615)**	**233,036**	**(230,283)**	**2,753**

Reconciliation of Service Income and Expenditure to the Surplus or Deficit on the Provision of Services in the CIES						
2013/14 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	(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	7,533	0	**153,446**	0	**153,446**
Other service costs	162,191	32	(30,973)	**131,250**	5,814	**137,064**
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	**308,104**	**25,995**	**(30,973)**	**303,126**	**21,442**	**324,568**
(Surplus)/Deficit on the Provision of Services	**231,519**	**25,995**	**(30,973)**	**226,541**	**(216,557)**	**9,984**

29. Agency Services

Agency income earned in the year is as follows:

2013/14		2014/15
£000		£000
704	**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	827
253	**Scottish Water** - in return for billing and collection of water charges	310
16	**North Glasgow College** - for the provision of a payroll service	1
0	**Royal Bank of Scotland** - compensation for misselling	100
0	**Inspired** - re-imbursement reduction in cost of insurance for PPP schools	103
973	**Total**	1,341

30. Grant Income

The Council credited the following grants and contributions to the CIES in 2014/15:

2013/14 Restated	Credited to Taxation and Non-Specific Grant Income	2014/15
£000		**£000**
226,493	**General Revenue Grant, Council Tax and Non-Domestic Rates**	232,201
	Capital Grants and Contributions:	
5,987	General Services Capital Grant (excl. elements transferred)	9,509
112	Scottish Government - Cycling, Walking and Safer Streets grant	122
0	Scottish Government Affordable Housing	200
0	Scottish Government Regeneration Funding	212
0	Transport Scotland - Bus Investment Fund	332
1,190	Scottish Futures Trust funding	6,098
125	Zero Waste grant	0
513	SPT	451
327	Sustrans	24
2,122	Scottish Government - Council house new build funding	1,348
500	Affordable Housing contributions	542
213	Donated Assets - Shared Equity Home Purchase Scheme	424
458	Other capital grants and contributions	1,080
11,547	**Total Capital Grants and Contributions**	**20,342**
238,040	**Total Taxation and Non-Specific Grant Income in the CIES**	**252,543**

Grants and contributions to the CIES in 2014/15 (continued):

2013/14	Credited to Services (within Net Cost of Services in the CIES)	2014/15
£000	**Grants**	£000
	Scottish Government	
385	Private Sector Housing Grant	385
440	Education Maintenance Allowances	426
239	Universal Home Insulation Scheme	55
20	Sustainable Transport	0
68	Gaelic Grant	66
66	West Hub Housing Options	29
106	Opportunities for All/16+ Learning Choices	79
5	Whole Systems Youth Justice	97
12	Youth Employment Scotland	70
348	Self Directed Support Transformation Funding	131
162	**Creative Scotland** - Youth Music Initiative	162
	Contributions	
	Department of Work & Pensions	
18,193	Housing Benefit Payment Subsidy	18,497
481	Benefits Administration Subsidy	364
	NHS Greater Glasgow and Clyde	
11,212	Resource Transfer All Categories	10,592
739	Older People Change Fund	452
0	Delayed Discharge Funding	258
0	Transition Funding for Integrated Health & Social Care	131
	West Dunbartonshire Council	
688	Criminal Justice Partnership	696
113	Emergency Response Service	91
185	Business Gateway	0
324	**Scottish Prison Service** - Low Moss Prison	324
	Other Organisations	
0	European Union - Fit for Growth	107
163	Ogier - AAIM Bishopbriggs	162
141	WREN - Playparks	49
196	WRAP - Zero Waste Scotland	135
121	Big Lottery - Positive Achievements Funding	116
61	Big Lottery - Cedar Project	65
56	Stirling Council - Mugdock Country Park	45
0	Scottish Natural Heritage	70
161	**Other Various Grants & Contributions**	247
34,685	**Total**	**33,901**

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 £0.485m (2013/14 £0.332m)
- Long-term Grants Receipts in Advance £1.700m (2013/14 £0.846m)

31. 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 30** 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 2014/15 is shown in the Remuneration Report.

During 2014/15, one member was employed by another local authority to which the Council paid £1.154m (2013/14 £1.204m), mainly in respect of joint services and placements for social work and education services. In 2014/15, further services to the value of £2.279m (2013/14 £2.069m) were commissioned from charitable, community, health and educational organisations in which 7 members had an interest. Contracts were entered into in full compliance with the Council's standing orders. In addition, grants totalling £0.001m (2013/14 £0.188m) were paid to voluntary, community and charitable organisations in which 1 member 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 2014/15.

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 30** 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 2014/15 are detailed below. Further disclosure of these entities is made within the Group Accounts at page 91.

The net value of the Council's transactions with its subsidiaries is as follows:

2013/14 Net Expenditure		2014/15 Net Expenditure
£000		**£000**
4,497	East Dunbartonshire Leisure and Culture Trust	4,370
391	Mugdock Country Park Joint Management Committee	351
4,888	**Total**	**4,721**

The net value of the significant Council transactions with its associated bodies is as follows:

2013/14 Restated Net Expenditure		2014/15 Net Expenditure
£000		£000
3,172	Strathclyde Partnership for Transport	3,183
219	Strathclyde Concessionary Travel Joint Board	219
592	Dunbartonshire and Argyll and Bute Valuation Joint Board	665
90	SEEMIS LLP	83
80	Scotland Excel	79
60	Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee (Clyde Plan)	78
1,789	Hub West Scotland Limited	9,738
6,002	Total	14,045

32. Leases

Council as Lessee

Finance Leases

As at 31st March 2014 the Council had one finance lease-type agreement relating to the Salt Dome . During 2014/15 this asset was purchased so there is no longer any finance lease-type agreements held on the balance sheet as at 31 March 2015.

31 March 2014 Net Book Value		31 March 2015 Net Book Value
£000		£000
73	Property, Plant and Equipment: Other Land and Buildings	0

Finance lease liabilities (excluding finance costs):

31 March 2014		31 March 2015
£000		£000
18	Current (included within Short-term Creditors)	0
0	Non-current (shown separately on Balance Sheet)	0
18		0
2	Finance costs payable in future years	0
20	**Total rentals payable in future years**	0

31 March 2014			31 March 2015	
Future Rental Payments	Finance Lease Liabilities		Future Rental Payments	Finance Lease Liabilities
£000	£000		£000	£000
20	18	Not later than one year	0	0
0	0	Later than one year and not later than five years	0	0
0	0	Later than five years	0	0
20	18	**Total**	0	0

Operating Leases

The Council leases vehicles on a variety of lease terms that are accounted for as operating leases. The rentals payable in 2014/15 were £2.194m (2013/14 £1.507m) and the rentals have been included in the CIES.

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 2014		31 March 2015
£000		**£000**
1,195	Not later than one year	768
2,329	Later than one year and not later than five years	1,005
0	Later than five years	0
3,524	**Total**	**1,773**

33. Termination Benefits

The Council approved the termination of the contracts of a number of employees in 2014/15, incurring costs of £3.7m (2013/14 £3.7m). Some of these contract terminations related to Senior Officers and these are detailed in the Remuneration Report on page 20. The termination benefits were payable to 94 employees who were made redundant as part of the Council's approved budget savings measures.

34. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme (STSS) 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 these Annual 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 2014, the Authority's own contributions equate to approximately 2.0%.

In 2014/15, the Council paid £6.993m in respect of teachers' retirement benefits; the employer contribution rate for teachers per the STSS is 14.9% of pensionable pay. The figures for 2013/14 were £6.74m and 14.9%. There will be no increase in this rate for 2014/15 but there will be an increase for 2015/16. The Council paid over £6.432m to the Scottish Government in respect of 2014/15 contributions (2013/14 £6.17m), leaving a balance of £0.577m to be paid over at the balance sheet date (2013/14 £0.561m).

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 35**.

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

35. 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.

2013/14 £000		2014/15 £000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
14,082	Current service cost	15,850
6,498	Past service costs (incl. curtailments)	4,593
0	(Gain)/loss from settlements	0
	Financing and Investment Income and Expenditure	
5,940	Net interest expense	6,674
26,520	**Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services**	**27,117**
	Other Post-employment Benefits charged to Other Comprehensive Income and Expenditure	
(8,575)	Expected return on scheme assets	(24,757)
0	Actuarial (gains) and losses arising on changes in demographic assumptions	14,740
21,127	Actuarial (gains) and losses arising on changes in financial assumptions	63,442
365	Other (if applicable)	(22,420)
12,917		**31,005**
39,437	**Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement**	**58,122**

2013/14 £000	Movement in Reserves Statement	2014/15 £000
(10,463)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(11,073)
	Actual amount charged against the General Fund Balance for pensions in the year	
16,057	Employers' contributions payable to scheme	16,044

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 2015	*31 March 2014*
	£000	***£000***
Fair Value of Employer Assets	455,353	*411,195*
Present Value of Defined Benefit Liability*	(650,565)	*(564,329)*
Net liability arising from defined benefit obligation	**(195,212)**	***(153,134)***
*Unfunded liabilities included in the figure for present value of liabilities:		
Unfunded liabilities for Pension Fund	32,398	*25,764*
Teachers' unfunded pensions	25,586	*23,086*
Unfunded liabilities prior to 1996 local government reorganisation	9,625	*9,480*
	67,609	***58,330***

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment benefits. The total liability of £195.212m has a substantial impact on the net worth of the authority, resulting in a deterioration of £42.078m 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 £42.078m in the deficit at the balance sheet date. The most significant changes that have had an impact on this during the year are:

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

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

2013/14		2014/15
£000		**£000**
511,834	**Opening Balance at 1 April**	**564,329**
14,082	Current Service Cost	15,850
23,206	Interest Cost	24,379
3,324	Contributions by Scheme Participants	3,341
	Remeasurement (gains) and losses:	
0	Change in demographic assumptions	14,740
21,127	Change in financial assumptions	63,442
365	Other experience	(22,420)
6,498	Past Service Costs / (Gains)	4,593
0	Liabilities extinguished on Settlement	0
(3,287)	Estimated Unfunded Benefits Paid	(3,382)
(12,820)	Estimated Benefits Paid	(14,307)
564,329	**Closing Balance at 31 March**	**650,565**

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

2013/14		2014/15
£000		£000
382,080	**Opening Balance at 1 April**	**411,195**
17,266	Interest Income on Plan Assets	17,705
	Remeasurement gain / (loss):	
8,575	Expected Rate of Return on Pension Fund Assets	24,757
3,324	Contributions by Scheme Participants	3,341
12,770	Contributions by the Employer	12,662
3,287	Contributions re Unfunded Benefits	3,382
0	Assets distributed on Settlement	0
(3,287)	Unfunded Benefits Paid	(3,382)
(12,820)	Benefits Paid	(14,307)
411,195	**Closing Balance at 31 March**	**455,353**

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 2014.

f) Sensitivity Analysis

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

Sensitivities at 31 March 2015	Approximate % Increase to Employer Obligation	Approximate Monetary Amount £'000
0.5% decrease in Real Discount Rate	11%	74,016
1 year increase in member life expectancy	3%	19,228
0.5% increase in the Salary Increase rate	5%	31,385
0.5% increase in the Pension Increase rate	8%	50,729

g) Local Government Pension Scheme assets comprised:

2013/14	Fair Value of Scheme Assets	2014/15
£000		£000
19,666	**Cash and Cash Equivalents**	11,188
	Equities Securities:	
	By Industry type	
37,878	Consumer	43,032
33,275	Manuacturing	34,360
15,060	Energy and Utilities	13,519
27,512	Financial Institutions	31,659
14,102	Health and Care	18,509
22,407	Information Technology	26,195
3	**Debt Securities:** Corporate Bonds (non investment grade)	2
38,781	**Private Equity**	44,309
28,806	**Real Estate:** UK Property	41,602
	Investment Funds and Unit Trusts	
125,155	Equity	130,649
47,717	Bonds	57,652
163	Commodities	172
583	Infrastructure	1,539
0	Other	827
87	**Derivatives:** Other	139
411,195	**Total**	**455,353**

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 2015. 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 2014	Long-term expected rate of return on assets in the scheme:	31 March 2015
4.3%	Equities	3.2%
4.3%	Bonds	3.2%
4.3%	Property	3.2%
4.3%	Cash	3.2%
4.3%		**3.2%**
31 March 2014	**Longevity at 65 for current pensioners (years):**	**31 March 2015**
21.0	Men	22.1
23.4	Women	23.6
31 March 2014	**Longevity at 65 for future pensioners (years):**	**31 March 2015**
23.3	Men	24.8
25.3	Women	26.2

31 March 2014	Other assumption rates:	31 March 2015
5.1%	Rate of increase in employee earnings [(1)]	4.3%
2.8%	Rate of increase in pensions / inflation	2.4%
4.3%	Rate for discounting scheme liabilities	3.2%

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 2014	Commutations - % allowance of future retirements to elect to take additional tax-free cash up to HMRC limits	31 March 2015
50.0%	pre-April 2009 service	50.0%
75.0%	post-April 2009 service	75.0%

31 March 2014	Pension Fund assets by Category	31 March 2015
76%	Equities	76%
12%	Bonds	13%
7%	Property	9%
5%	Cash	2%
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 the three years from 1 April 2015.

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 2016 is £10.355m.

The assumed weighted average duration of the defined benefit obligation is 18.3 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 91.

36. 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.

37. Prior Period Adjustments

The following prior period adjustments have been made. The changes are adopted retrospectively for the prior period 2013/14, in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

- **Presentation of General Revenue Grant (GRG) and Non-Domestic Rates (NDRI)**
  The presentation of the GRG and NDRI on the CIES was incorrect in 2013/14; the NDRI figure in the CIES did not agree to the NDRI Distributable amount per the Scottish Government GRG analysis. The figures in 2013/14 in the CIES, **Note 28**, and the top line in **Note 30**, have been restated.

- **Housing Revenue Account (HRA) share of Capital Grants and Contributions Receivable**
  The HRA share of Capital Grants and Contributions Receivable was split across HRA and the General Fund for SeRCOP purposes in 2013/14 but this split was not reflected in the accounts. A prior year adjustment has been made to the MIRS, the HRA I&E and the HRA Movement Statement to reflect the change.

- **Short-Term Accumulated Compensating Absences (STACA) Accrual**
  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 the Local Negotiating Committee for Teachers (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. This resulted in a number of operational issues for East Dunbartonshire and other Councils. CoSLA has undertaken to provide more detailed guidance but this is not expected for some time. After taking legal advice, the LNCT of 27 April 2015 agreed to revert to the old method of allocating leave in the interim, to be backdated to 1 August 2013. We have restated the 2013/14 accrual on this basis, which resulted in an adjustment of £1.870 million. This has impacted the MIRS, CIES, Balance Sheet and **Notes 9, 24, 27, 27e**, and **28**.

- **Presentation of EDC's transactions with East Dunbartonshire Leisure and Culture Trust**
  There was an error in the 2013/14 figure reported as the net expenditure to EDLCT. This impacts on **Note 31.**

Impact of prior period adjusments on the Movement in Reserves Statement:

Movement in Reserves Statement	Previously Stated 2013/14	Capital Grants & Contributions Adjustment	Absence Accrual	Restated 2013/14
	£000	£000		£000
Surplus or (Deficit) on the Provision of Services:				
General Fund	(11,343)	(2,858)	(1,870)	(16,071)
HRA	3,229	2,858	0	6,087
Adjustment between Accounting Basis and Funding Basis (note 9):				
General Fund	7,026	2,858	1,870	11,754
HRA	(3,897)	(2,858)	0	(6,755)

Impact of prior period adjusments on the Comprehensive Income and Expenditure Statement:

Excerpt from Comprehensive Income and Expenditure Statement	Previously Stated 31 March 2014	NDRI Distribution	NDRI Pool	Charge imposed	Discretionary relief to Grants	Absence Accrual	Restated 31 March 2014
	£000	£000	£000	£000	£000	£000	£000
Service Revenue Accounts:							
Central Services to the Public (Expend)	3,486	0	0	0	126	0	3,612
Education (Expend)	120,919	0	0	0	0	1,870	122,789
Impact on Net Cost of Services (1)	**224,545**	**0**	**0**	**0**	**126**	**1,870**	**226,541**
Non-Domestic Rates	(22,380)	(505)					(22,885)
General Revenue Grant	(156,888)	22,885	(815)	(21,565)	(126)		(156,509)
Impact on Taxation and Non-Specific Grant Income (4)	**(237,914)**	**22,380**	**(815)**	**(21,565)**	**(126)**		**(238,040)**
(Surplus) or Deficit on the Provision of Services	**8,114**	**0**	**0**	**0**	**0**	**1,870**	**9,984**
Total Comprehensive (Income) and Expenditure	**(14,771)**	**0**	**0**	**0**	**0**	**1,870**	**(12,901)**

Impact of prior period adjusments on the opening balances of the Balance Sheet:

Effect on Opening Balance Sheet 31 March 2014	Previously Stated 31 March 2014	Absence Accrual Adjustment	Restated 31 March 2014
	£000	£000	£000
Short-term Creditors	(32,721)	(1,870)	(34,591)
Current Liabilities	(53,230)	(1,870)	(55,100)
Net Assets	342,626	(1,870)	340,756
Unusable Reserves	(316,491)	1,870	(314,621)
Total Reserves	(342,626)	1,870	(340,756)

Impact of prior period adjusments on Note 24 – Creditors:

	Previously Stated 31 March 2014	Absence Accrual Adjustment	Restated 31 March 2014
	£000	£000	£000
External to general government	(24,548)	(1,870)	(26,418)

Impact of prior period adjusments on Note 28 – Amounts Reported for Resource Allocation Decisions:

Excerpt from Note 28						
Expenditure to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (CIES)	Income and Expenditure reported to Management	included in CIES not reported to Managemen	Reported to Management not included in CIES	Reconciled to Net Cost of Services	Reported Below Net Cost of Services in	(Surplus) / Deficit on the CIES
2013/14	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Previously Stated Other service costs	162,065	32	(30,973)	**131,124**	5,940	**137,064**
Adjustment	126	0	0	**126**	(126)	**0**
Restated Other service costs	**162,191**	**32**	**(30,973)**	**131,250**	**5,814**	**137,064**
Previously Stated Employee costs	145,913	5,663	0	**151,576**	0	**151,576**
Adjustment	0	1,870	0	**1,870**	0	**1,870**
Restated Employee costs	**145,913**	**7,533**	**0**	**153,446**	**0**	**153,446**
Impact on Total Expenditure	**308,104**	**25,995**	**(30,973)**	**303,126**	**21,442**	**324,568**
Impact on (Surplus)/Deficit on the Provision of Services	**231,519**	**25,995**	**(30,973)**	**226,541**	**(216,557)**	**9,984**

Impact of prior period adjusments on Note 31 – Related Parties:

	Previously Stated 31 March 2014	Correction	Restated 31 March 2014
	£000	£000	£000
East Dunbartonshire Leisure and Culture Trust	6,070	(1,573)	4,497

Impact of prior period adjusments on Note 9 – Adjustments between Accounting Basis and Funding Basis under Regulations:

Excerpt from Note 9	Usable Reserves			
Adjustments primarily involving the Capital Adjustment Account:	Previously Stated 2013/14	Capital Grants Adj	Absence Accrual Adj	Restated 2013/14
Adjustments primarily involving the Capital Adjustment Account:	**£000**	**£000**	**£000**	**£000**
Reversal of items debited or credited to the CIES:				
Capital grants and contributions applied:				
General Fund	(11,547)	2,858	0	(8,689)
HRA	0	(2,858)	0	(2,858)
Adjustments primarily involving the Employee Statutory Adjustment Account: Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements				
General Fund	1,139	0	1,870	3,009

Impact of prior period adjusments on the HRA Income and Expenditure Statement:

Excerpt from HRA Income and Expenditure Statement	Previously Stated 2013/14	Capital Grants and Contributions Adjustment	Restated 2013/14
	£000	£000	£000
Net cost of HRA Services	**(4,341)**		**(4,341)**
HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:			
(Gain) or Loss on sale of HRA non-current assets	(207)	0	(207)
Interest payable and similar charges	1,229	0	1,229
Interest and investment income	(8)	0	(8)
Pension interest cost and expected return on pension assets	98	0	98
Capital Grants and Contributions	0	(2,858)	(2,858)
(Surplus) or deficit for the year on HRA services	**(3,229)**		**(6,087)**

Impact of prior period adjusments on the Movement on the HRA Statement:

Excerpt from Movement on the HRA Statement	Previously Stated 2013/14	Capital Grants and Contributions Adjustment	Restated 2013/14
	£000		
Balance on the HRA at end of the previous reporting period	**(1,554)**	**0**	**(1,554)**
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(3,229)	(2,858)	(6,087)
Capital Grants and Contributions	0	2858	2,858
Total Adjustments between accounting basis and funding basis under statute:	3,897	2858	6,755
Net decrease or (increase) before transfers to or from reserves	**668**		**668**

Housing Revenue Account (HRA)

The 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. 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.

2013/14 Restated	HRA Income and Expenditure Statement		2014/15
£000		**£000**	**£000**
	Income		
(12,506)	Dwelling Rents	(12,323)	
(108)	Non Dwelling Rents	(108)	
(343)	Other Income	(364)	
(12,957)	**Total Income**		**(12,795)**
	Expenditure		
4,006	Repairs and Maintenance	3,351	
3,262	Supervision and Management	3,023	
107	Depreciation, impairment and revaluation of non-current assets	8,511	
269	Movement in the allowance for bad debtors	209	
741	Other Expenditure	426	
8,385	**Total Expenditure**		**15,520**
(4,572)	**Net Expenditure**		**2,725**
26	HRA services share of Corporate and Democratic Core		26
(4,546)	**Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**		**2,751**
205	HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		0
(4,341)	**Net Cost of HRA Services**		**2,751**
	HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:		
(207)	(Gain) or Loss on sale of HRA non-current assets		(197)
1,229	Interest payable and similar charges		1,379
(8)	Interest and investment income		(9)
98	Pension interest cost and expected return on pension assets		81
(2,858)	Capital Grants and Contributions		(2,011)
(6,087)	**(Surplus) or deficit for the year on HRA services**		**1,994**

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*.

Restated 2013/14	Movement on the HRA Statement	2014/15	
£000		**£000**	**£000**
(1,554)	**Balance on the HRA at end of the previous reporting period**		**(844)**
(6,087)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		1,994
	Adjustments between accounting basis and funding basis under statute:		
(107)	*Depreciation, impairment and revaluation of non-current assets*	(8,511)	
207	*Gain or loss on sale of HRA non-current assets*	197	
32	*Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements*	35	
(535)	*Net charges made for retirement benefits in accordance with IAS19*	(170)	
175	*Employer's contributions payable to the Strathclyde Pension Fund and retirement benefits payable direct to pensioners*	0	
2,610	*Loans fund principal*	2,307	
1,515	*Capital expenditure funded by the HRA*	1,141	
2,858	*Capital Grants and Contributions*	2,011	
6,755	Total Adjustments between accounting basis and funding basis under statute:		(2,990)
668	**Net decrease or (increase) before transfers to or from reserves**		**(996)**
42	Transfers to or (from) earmarked reserves		0
710	**(Increase) or decrease in year on the HRA**		**(996)**
(844)	**Balance on the HRA at the end of the current reporting period**		**(1,840)**

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	696	(2)	694
Detached House	4	0	4
Terraced House	1,108	(19)	1,089
Total Houses	**1,821**	**(21)**	**1,800**
Flats			
Maisonette	101		101
Four in a Block	785	(38)	747
Tenement Flat	882	54	936
Homeless: 8 apartment	1		1
Homeless: 6 apartment	1		1
Homeless: 2 apartment	3		3
Total Flats	**1,773**	**16**	**1,789**
Grand Total	**3,594**	**(5)**	**3,589**

In 2014/15 there were 67 new properties (including 54 new builds), with 39 demolitions and 33 disposals, totalling 5 changes in year, as shown in the above table.

2. Prior Year Adjustments

The HRA share of Capital Grants and Contributions Receivable was split across HRA and the General Fund for SeRCOP purposes in 2013/14 but this split was not reflected in the accounts. A prior year adjustment has been made to the Movement in Reserves Statement (MIRS), the Housing Revenue Account (HRA) Income & Expenditure Statement and the HRA Movement Statement to reflect the change. This resulted in an increase in the Surplus for the year on HRA services of £2.858m to £6.087m, but it did not impact on the overall balance on the HRA at the end of 2013/14, which remained £0.844m.

3. Arrears and Bad Debt Provisions

2013/14		2014/15
£000	**Arrears as at 31 March**	**£000**
353	Former Tenants	317
368	Current Tenants	457
721	**Total**	**774**
	Bad Debt Provision as at 31 March:	
527	Total provision in respect of uncollectable rents	**531**

4. Exceptional Items

There are no exceptional items for 2014/15.

5. Void Rent Loss

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

2013/14		2014/15
£000		**£000**
95	Rent loss arising from void properties	105

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.

b) Council Tax Income Account

2013/14		2014/15
£000		**£000**
60,314	**Gross Council Tax levied and contribution in lieu**	**60,960**
	Less:	
(4,755)	Council Tax Reduction Scheme (applicable from 1 April 2013)	(4,596)
(5,861)	Other discounts and reductions	(5,819)
(1,118)	Write-off of uncollectable debts and allowance for impairment	(1,011)
(1,332)	Prior year adjustments	537
(161)	Transfer to Reserve	(165)
47,087	**Net Council Tax Income**	**49,906**
12	Adjustment to previous years' community charge and council tax	6
47,099	**Net Council Tax Income Transferred to General Fund**	**49,912**

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	1,158	3,701	8,275	8,107	10,385	6,885	6,415	601	45,527
Exemptions	na	(127)	(138)	(234)	(144)	(152)	(90)	(47)	(8)	(940)
Chargeable Dwellings	**0**	**1,031**	**3,563**	**8,041**	**7,963**	**10,233**	**6,795**	**6,368**	**593**	**44,587**
Disabled Reductions		(1)	(15)	(60)	(41)	(85)	(57)	(43)	(3)	(305)
Effectively Chargeable	1	15	60	41	85	57	43	3	0	305
Adjusted Chargeable Dwellings	**1**	**1,045**	**3,608**	**8,022**	**8,007**	**10,205**	**6,781**	**6,328**	**590**	**44,587**
Discounts (50% or reduced)		(10)	(40)	(70)	(38)	(70)	(67)	(45)	(12)	(352)
Single Discount (25%)		(682)	(2,133)	(3,636)	(2,812)	(2,762)	(1,382)	(1,001)	(69)	(14,477)
Total Equivalent Dwellings	**1**	**869**	**3,055**	**7,078**	**7,285**	**9,480**	**6,402**	**6,055**	**567**	**40,792**
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**	**580**	**2,376**	**6,292**	**7,285**	**11,586**	**9,247**	**10,092**	**1,133**	**48,592**
					Contributions in lieu					0
					Total					**48,592**
					Provision for bad debts					(971)
					Council Tax Base					**47,621**

The numbers in the above table reflect the position as at March 2015.

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 2014/15 was £1,142 (2013/14 £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 (NDR) poundage is determined by the Scottish Government.

The NDR Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate NDR 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

2013/14 Restated		2014/15
£000		**£000**
31,257	**Gross Rates levied and contributions in lieu**	**31,960**
	Less:	
(7,400)	Reliefs and other deductions	(7,624)
0	Payment of interest	(2)
(331)	Write-offs of uncollectable debts and allowance for impairment	(323)
23,526	**Net Non-Domestic Rates Income**	**24,011**
(1,961)	Prior year adjustment	(742)
21,565	**Contribution to national non domestic rate pool**	**23,269**

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 2014/15 was 47.1p (2013/14 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 1.1p (2013/14 0.9p) on the rate poundage.

d) Rateable Values and Number of Premises as at 1 April 2014

	Number of Subjects	Rateable Value
		£000
Industrial	504	9,162
Commercial	1,426	35,332
Others	546	22,008
Formula Valued (public undertakings)	14	1,147
Total	**2,490**	**67,649**

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

2013/14		2014/15				
Total		Charitable Trusts (CTs)			Other CTs	Total
		R Lillie	W Patrick	EDC CTs		
£000		£000	£000	£000	£000	£000
(23)	Income in year	(42)	(2)	(1)	0	**(45)**
6	Expenditure in year	10	0	0	0	**10**
(17)	**(Surplus)/Deficit**	**(32)**	**(2)**	**(1)**	**0**	**(35)**

b) Balance Sheet

2013/14		2014/15				
Total		Charitable Trusts (CTs)			Other CTs	Total
		R Lillie	W Patrick	EDC CTs		
£000		£000	£000	£000	£000	£000
	Assets:					
149	External Investments	168	0	0	0	**168**
174	Internal Investments	32	100	29	28	**189**
4	Debtors	5	0	0	0	**5**
327	**Total Assets**	**205**	**100**	**29**	**28**	**362**
0	Less Current Liabilities	0	0	0	0	**0**
327	**Net Assets / (Liabilities)**	**205**	**100**	**29**	**28**	**362**
	Represented by:					
275	Capital balance at 31 March	173	53	15	34	**275**
52	Revenue balance at 31 March	32	47	14	(6)	**87**
327	**Total Balance at 31 March**	**205**	**100**	**29**	**28**	**362**

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.

East Dunbartonshire Council (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 £0.660m as at 31 March 2015 (2013/14 £0.506m). 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

2013/14 General	2013/14 T Crosbie		2014/15 General	2014/15 T Crosbie
£000	£000		£000	£000
0	(43)	Income in year	0	(163)
0	12	Expenditure in year	0	9
0	**(31)**	**(Surplus)/Deficit**	**0**	**(154)**

b) Balance Sheet

2013/14 General	2013/14 T Crosbie		2014/15 General	2014/15 T Crosbie
£000	£000		£000	£000
		Assets:		
0	406	External Investments	0	544
98	96	Internal Investments	98	105
0	4	Debtors	0	11
98	**506**	**Total Assets**	**98**	**660**
0	0	Less Current Liabilities	0	0
98	**506**	**Net Assets / (Liabilities)**	**98**	**660**
		Represented by:		
87	438	Capital balance at 31 March	87	576
11	68	Revenue balance at 31 March	11	84
98	**506**	**Total Balance at 31 March**	**98**	**660**

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 2014/15* 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-Consolidated 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 2015:

- 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 2015. 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 2015 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 2014/15 that share was as follows:

- Strathclyde Partnership for Transport – In 2014/15 the Council contributed 5.06% of budgeted operating costs (5.06% in 2013/14);
- Strathclyde Concessionary Travel Scheme Joint Committee – In 2014/15 the Council contributed 5.14% of estimated operating costs (5.14% in 2013/14);
- Dunbartonshire and Argyll and Bute Valuation Joint Board – In 2014/15 the Council contributed 24.95% of estimated operating costs (24.95% in 2013/14)

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			
	East Dunbartonshire Council	Group Entities	Total Group	East Dunbartonshire Council	Group Entities	Total Group	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000
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	(9,984)	267	**(9,717)**	0	(389)	**(389)**	(10,106)
Other Comprehensive Income and (Expenditure)	2	0	**2**	22,883	(1,248)	**21,635**	21,637
Total Comprehensive Income and (Expenditure)	**(9,982)**	**267**	**(9,715)**	**22,883**	**(1,637)**	**21,246**	11,531
Adjustments between accounting basis and funding basis under regulations	5,199	0	**5,199**	(5,199)	0	**(5,199)**	0
Net Increase of (Decrease) before Transfers to Other Statutory Reserves	**(4,783)**	**267**	**(4,516)**	**17,684**	**(1,637)**	**16,047**	11,531
Transfers to/from Other Statutory Reserves	0	124	**124**	0	(124)	**(124)**	0
Increase or (Decrease) in the year	**(4,783)**	**391**	**(4,392)**	**17,684**	**(1,761)**	**15,923**	11,531
Balance at 31 March 2014 Restated	**26,135**	**5,414**	**31,549**	**314,621**	**1,154**	**315,775**	347,324
Movement in reserves during 2014/15:							
Surplus or (Deficit) on the Provision of Services	(2,753)	1,524	**(1,229)**	0	(1,229)	**(1,229)**	(2,458)
Other Comprehensive Income and (Expenditure)	0	0	**0**	(31,017)	(3,440)	**(34,457)**	(34,457)
Total Comprehensive Income and (Expenditure)	**(2,753)**	**1,524**	**(1,229)**	**(31,017)**	**(4,669)**	**(35,686)**	(36,915)
Adjustments between accounting basis and funding basis under regulations	4,785	0	**4,785**	(4,785)	0	**(4,785)**	0
Net Increase of (Decrease) before Transfers to Other Statutory Reserves	**2,032**	**1,524**	**3,556**	**(35,802)**	**(4,669)**	**(40,471)**	(36,915)
Transfers to/from Other Statutory Reserves	0	0	**0**	0	0	**0**	0
Increase or (Decrease) in the year	**2,032**	**1,524**	**3,556**	**(35,802)**	**(4,669)**	**(40,471)**	(36,915)
Balance at 31 March 2015	**28,167**	**6,938**	**35,105**	**278,819**	**(3,515)**	**275,304**	**310,409**

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.

2013/14 Restated				2014/15		
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:			
122,789	(2,481)	120,308	Education	123,209	(5,414)	117,795
8,411	(12,957)	(4,546)	Housing Revenue Account	15,546	(12,795)	2,751
21,613	(19,741)	1,872	Other Housing Services	23,563	(20,833)	2,730
15,082	(4,497)	10,585	Cultural and Related Services	14,981	(3,512)	11,469
17,421	(1,691)	15,730	Environmental Services	15,992	(1,403)	14,589
11,894	(454)	11,440	Roads and Transport	13,602	(2,235)	11,367
7,625	(2,856)	4,769	Planning and Development	8,760	(1,885)	6,875
70,567	(15,181)	55,386	Social Work	69,753	(14,380)	55,373
2,969	0	2,969	Corporate and Democratic Core	2,633	0	2,633
5,707	0	5,707	Non Distributable Costs	5,404	(76)	5,328
3,612	(1,140)	2,472	Central Services to the Public	4,920	(2,734)	2,186
(26)	0	(26)	Share of Operating Results of Associates	(229)	0	(229)
287,664	**(60,998)**	**226,666**	**Net Cost of Services (1)**	**298,134**	**(65,267)**	**232,867**
		(211)	(Gains) / Loss on Disposal of Non-current Assets			(197)
		(211)	**Other Operating (Income) or Expenditure (2)**			**(197)**
		15,839	Interest Payable and Similar Charges			15,890
		(38)	Share of Interest Payable by Associates			(31)
		5,940	Pension Interest Cost/Expected Return on Pension Assets			6,674
		101	Share of Pension Interest Cost/Expected Return on Pension Assets			113
		(151)	Interest Receivable and Similar Income			(315)
		0	Share of Interest Receivable by Associates			0
		0	(Gain) / Loss on early settlement of Borrowing			0
		21,691	**Financing and Investment Income and Expenditure (3)**			**22,331**
		(47,099)	Council Tax and Community Charge			(49,912)
		(22,885)	Non-Domestic Rates			(24,901)
		(156,509)	General Revenue Grant			(157,388)
		(11,547)	Recognised Capital Grants / Contributions			(20,342)
		(238,040)	**Taxation and Non-Specific Grant Income (4)**			**(252,543)**
		10,106	**(Surplus) or Deficit on the Provision of Services (5)** {(1) + (2) + (3) + (4)}			**2,458**
		(36,065)	(Surplus) or Deficit on the Revaluation of Property, Plant and Equipment assets			(109)
		0	Impairment losses on non-current assets charged to the Revaluation Reserve			20
		14,211	Actuarial (Gains) or Losses on Pensions Assets and Liabilities			34,467
		217	Other Unrealised (Gains) or Losses			79
		(21,637)	**Other Comprehensive Income and Expenditure (6)**			**34,457**
		(11,531)	**Total Comprehensive Income and Expenditure {(5) + (6)}**			**36,915**

Group Balance Sheet

The Group Balance Sheet shows as at 31 March 2015 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 2014 Restated		31 March 2015
£000		£000
724,054	Property, Plant and Equipment	731,001
3,204	Heritage Assets	3,204
1,073	Intangible Assets	1,572
8,072	Investments in Associates	7,978
47	Long-term Debtors	29
736,450	**Long-term Assets**	**743,784**
0	Current Intangible Assets	962
0	Short-term Investments	18,000
9,662	Assets Held for Sale	5,208
862	Inventories	809
14,324	Short-term Debtors	14,629
11,279	Cash and Cash Equivalents	16,010
36,127	**Current Assets**	**55,618**
(20,177)	Short-term Borrowing	(19,859)
(35,473)	Short-term Creditors	(34,454)
0	Provisions	(717)
(332)	Short-term Grants Receipts in Advance	(485)
(55,982)	**Current Liabilities**	**(55,515)**
(114,546)	Long-term Borrowing	(134,932)
(821)	Liabilities in Associates	(1,184)
(92,077)	Other Long-term Liabilities (PPP contract)	(89,417)
(156,647)	Other Long-term Liabilities (Pensions)	(201,760)
(4,334)	Provisions	(4,485)
(846)	Long-term Grants Receipts in Advance	(1,700)
(369,271)	**Long-term Liabilities**	**(433,478)**
347,324	**Net Assets**	**310,409**
31,549	Usable Reserves	35,105
315,775	Unusable Reserves	275,304
347,324	**Total Reserves**	**310,409**

The audited accounts were issued on 28 September 2015.

I certify that this presents a true and fair view of the financial position of the Council at 31 March 2015, and its income and expenditure for the year ended 31 March 2015.

…………………………………

Ian Black CPFA

Director of Finance and Shared Services

28 September 2015

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.

2013/14 Restated £000		2014/15 £000
10,106	**Net (Surplus) or Deficit on the Provision of Services**	**2,458**
(29,855)	Adjust for Non-Cash Transactions	(44,541)
13,498	Adjust for Items in Net Surplus or Deficit that are Investing and Financing Activities	22,159
(6,251)	**Net Cash Flows from Operating Activities**	**(19,924)**
12,878	Investing Activities	14,914
1,238	Financing Activities	279
7,865	**Net (Increase) / Decrease in Cash and Cash Equivalents**	**(4,731)**
(19,144)	Cash and Cash Equivalents at 1 April 2014	(11,279)
(11,279)	**Cash and Cash Equivalents at 31 March 2015**	**(16,010)**

31 March 2014 £000	Cash and Cash Equivalents	31 March 2015 £000
(63)	Cash Held by Officers	(33)
(1,863)	Bank Current Accounts	(1,180)
(9,353)	Short-term Deposits (Temporary Investments)	(14,797)
(11,279)	**Total Cash and Cash Equivalents**	**(16,010)**

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 2015.

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

2013/14 Restated					2014/15		
Group Share	Net Exp / (Inc)	Net Assets / (Liabilities)		Consolidation Basis	Group Share	Net Exp / (Inc)	Net Assets / (Liabilities)
%	£000	£000			%	£000	£000
			Subsidiaries:				
100.0	1,145	(1,614)	East Dunbartonshire Leisure & Culture Trust	Voting Rights	100.0	2,877	(4,491)
100.0	0	0	Mugdock Country Park Joint Management Committee	Voting Rights	100.0	0	0
100.0	(17)	327	EDC Trust Funds	Trustees	100.0	(35)	362
100.0	(31)	604	EDC Common Good	Trustees	100.0	(154)	758
			Associates:				
5.06	90	7,989	Strathclyde Partnership for Transport	Requisition	5.06	95	7,894
5.14	(11)	83	Strathclyde Concessionary Travel Scheme Joint Committee	Requisition	5.14	(1)	84
24.95	194	(821)	Dunbartonshire and Argyll and Bute Valuation Joint Board	Requisition	24.95	363	(1,184)
	1,370	**6,568**	**Total Consolidated Group Entities**			**3,145**	**3,423**
	(10,832)	338,687	**East Dunbartonshire Council**			32,694	305,994
	(9,462)	**345,255**	**Group Financial Statements**			**35,839**	**309,417**

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 2015 was £4.491m (2013.14 £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%:

2013/14		2014/15
£000		£000
10,005	Turnover	10,070
(1,145)	Profit or (loss) before tax	(2,877)
0	Taxation	0
(1,145)	Profit or (loss) after tax	(2,877)
204	Long term assets	168
2,946	Current assets	3,266
(1,251)	Current liabilities	(1,376)
(3,513)	Long term liabilities	(6,548)

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 2014/15 the Council contributed £0.351m (2013/14 £0.391m) to its operating costs.

The net assets of the Joint Committee at 31 March 2015 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 2014/15, the Council contributed £1.893m (2013/14 £1.893m) 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 2014/15, the Council contributed £0.219m (2013/14 £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 2014/15 the Council contributed £0.665m (2013/14 £0.592m) to the Board's estimated operating costs, which represents the Council's 24.95% agreed share of costs for the year. The 2013/14 figure included a net 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-Consolidated 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 within 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 2014 show no transactions in the year 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 Municipal Bank closed its counter services on 13 February 2015 and is in the process of being wound down. The principal business of the Bank was to accept deposits from private account holders and to invest funds with the Council. The chairman and directors of the Bank were Elected Members of the Council. 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 2015, 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 2014/15 (2013/14 £0.074m, 2.3%).

Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee (Clydeplan) – 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 2014/15 (2013/14 £0.072m, 12.5%).

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 £0.083m for services in 2014/15 (2013/14 £0.090m) and was entitled to a membership percentage of 2.39% in 2014/15 (2013/14 2.81%).

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 2014/15 (2013/14 £0.020m, 5.0%).

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 £0.001m (4.54%) in 2014/15 (2013/14 £0.002m, 4.69%).

Dunbartonshire Educational Trust Scheme 1962 – the Trust is registered with the Office of the Scottish Charity Regulator (OSCR). The Trust's income from its bequests and endowments is to be used for educational prizes and bursaries in the local authority areas formerly covered by the Dunbartonshire County education department. The Trust is administered by West Dunbartonshire Council.

Glasgow and Clyde Valley Cabinet – a Joint Committee established on 20 January 2015. The purpose of the Committee is to determine the strategic development priorities for the Clyde Valley region and to monitor and ensure the delivery of the City Deal programme as agreed between member authorities and the UK and Scottish Governemnts. The City Deal programme anticipates the delivery of a £1.1bn investment programme and, in addition, delivery of labour market and innovation programmes. The Council contributed £0.004m (5.88%) in 2014/15.

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 £3.423m (£6.568m, 2013/14 restated). This represents the Council's share of the net assets of these entities.

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:

2013/14	Pension Interest Costs / Expected Return on Pension Assets	2014/15
£000		**£000**
58	Strathclyde Partnership for Transport	63
43	Dunbartonshire and Argyll and Bute Valuation Joint Board	50
101	**Total for Consolidated Group Entities**	**113**
5,940	East Dunbartonshire Council single entity accounts	6,674
6,041	**Total for Group Comprehensive Income & Expenditure Statement**	**6,787**

2013/14 Restated	(Surplus) or Deficit on the Provision of Services	2014/15
£000		**£000**
(48)	Common Good and Trust Funds	(189)
133	East Dunbartonshire Leisure & Culture Trust	41
(12)	Strathclyde Partnership for Transport	(205)
(11)	Strathclyde Concessionary Travel Scheme Joint Board	(1)
60	Dunbartonshire and Argyll and Bute Valuation Joint Board	59
122	**Total for Consolidated Group Entities**	**(295)**
12,053	East Dunbartonshire Council single entity accounts	2,753
12,175	**Total for Group Comprehensive Income & Expenditure Statement**	**2,458**

7. Prior Period Adjustments

There were minor adjustments to the 2013/14 figures. There were some prior year adjustments for East Dunbartonshire Council which have been explained in the single entity accounts. The 2013/14 figures for the Valuation Board were restated due to audit adjustments relating to the accounting treatment for changes in the valuation of fixed assets. These were received too late to be included in East Dunbartonshire Council's audited accounts.

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

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

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the authority and its group 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 accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

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

Opinion on other prescribed matters

In my opinion:

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

David McConnell

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

29 September 2015

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 and contractual obligations 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.