

Lairdsland  
Primary  
School



# East Dunbartonshire Council

Annual Accounts  
2015 - 16



sustainable thriving achieving

**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, Lennoxton, 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 and a revised structure was approved at a Special Council meeting on 17 May 2016. Further information on the Council's leadership structure is provided in the Remuneration Report.

## 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 recently published a Local Outcome Improvement Plan (LOIP) covering the period 2016-2019, and through the implementation of the LOIP, the Council is determined to focus on improvement, and achieve its vision for East Dunbartonshire, which is:

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

Whilst much has been achieved to date, there are still many challenges to address. The economic downturn and ongoing austerity measures have impacted considerably on our local communities, and on the services that we, and our partners, deliver. In an era of continuing financial constraint across the public sector, it is important that we target our resources more effectively to address the inequalities between our most and least deprived communities.

In developing our response over the last few years, we have undertaken a rigorous analysis of local needs, and engaged widely across all communities. This has enabled us to clearly identify the specific issues which impact on people and communities across East Dunbartonshire. We recognise that working with our people and communities is central to the achievement of our outcomes, and is reflected in the new Community Empowerment (Scotland) Act 2015. We will work towards the achievement of our vision and long term outcomes, seeking to implement the following three year outcomes:

- East Dunbartonshire has an expanding economy with a competitive and diverse business and retail base.
- Our people are equipped with knowledge, skills and training to enable them to progress to employment.
- Our children and young people are safe, healthy and ready to learn.
- East Dunbartonshire is a safe and sustainable environment in which to live, work and visit.
- Our people and communities enjoy increased physical and mental wellbeing and health inequalities are reduced.
- Our older population are supported to enjoy a high quality of life and our more vulnerable citizens, their families and carers benefit from effective care and support services.

Progress towards achieving these outcomes is measured through a range of high level performance indicators. 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. Revised risk registers were developed during 2015/16. The Council faces significant challenges over the next medium term planning period, driven by financial pressures, technological developments, partnership influences, demographic factors, public policy developments, and political direction.

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 most significant uncertainties to the delivery of service objectives are:



- Elderly demographics – care budgets face ongoing pressure, and this still remains an extreme challenge to be addressed in partnership with East Dunbartonshire Health and Social Care Partnership (HSCP).
- 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.
- Scottish Government funding – Council specific information on levels of revenue grant funding is not available beyond 2016/17, resulting in uncertainty for forward planning.
- Welfare reform – provision has been made for services and income sources related to Welfare Reform. Discretionary Housing Payment and Universal Credit are key factors. The reforms are still being rolled out nationally, and the impact in future is uncertain.
- 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 – policy development discussions between COSLA (Convention of Scottish Local Authorities) and the Scottish Government are under negotiation on an ongoing basis, and the Council must react to these developments.
- Economic growth and jobs – the Council is committed to securing economic growth and jobs, and uncertainty around the Council's ability to attract appropriate levels of investment in infrastructure, economic development and town centres is a key risk.

### Key Achievements in 2015/16

- Opening of Lairdsland primary school, and commencement of new build programme for three further primary schools.
- Successful integration of health and social care, with East Dunbartonshire Health and Social Care Partnership going live on 3 September 2015.
- Housing capital investment resulted in 72 affordable homes across the Council, with plans for additional developments over the next four years.
- Achievement of transformation and budget reduction programmes, including Lennoxton Hub, Internal Shared Services programme, management restructures, extension of smart working, ensuring increased Contingency Reserve, providing greater financial resilience.
- Successful completion of energy efficient LED replacement street lighting programme.
- SQA attainment across secondary schools improved in almost all measures.
- Implementation of electronic procurement and payment system, and integrated HR/payroll system to improve management information, controls and business efficiency.
- Increased in-year Council tax collection; highest in-year level ever recorded for the Council.
- 600 hours of early learning childcare was implemented, with a number of local authority nurseries moving from sessional places to extended day or year placements.
- Successful continuation of Early Career Programme, offering employment opportunities for graduates and apprenticeships.

### Financial Performance for 2015/16

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 23. 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 2015/16 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 £3m was maintained throughout 2015/16, and this will continue into 2016/17.
- Augmenting the Contingency Reserve to provide improved financial resilience. Further information is contained in **Note 26 Usable Reserves**.
- Maintaining the Treasury Management Reserve to provide stability during delivery of capital programme.
- 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.

2014/15	Principal Source of Finance	2015/16
£000		£000
49,912	Council Tax & Community Charge	50,364
24,901	Non-Domestic Rate Income	25,188
157,388	General Revenue Grant	163,375
<b>232,201</b>		<b>238,927</b>

General Revenue Grant is the main source of funding, and is provided by the Scottish Government. Future grant funding levels for the Council are not available beyond 2016/17, making financial plans extremely uncertain.

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 in 2015/16 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 21.1% 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%. Further details are provided on page 69.

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 2015/16 was £25.2m (£24.9m in 2014/15). Further details are provided on page 70.

### General Fund Balances

The 2015/16 General Fund budget included a requirement for the Council to achieve savings of £6.8m. The implementation of service reviews, efficiency initiatives and one-off savings resulted in approximately £5.5m being delivered in the year, with the balance carrying forward for full year delivery in 2016/17.

Table 2 below shows a net underspend of £4.392m on the General Fund, including one off costs of around £5.3m for redundancy/retirals. This underspend can be attributed to a number of factors: a drive across services to reduce expenditure; a transfer back to the general fund balance from the equal pay provision; expenditure slippage resulting in carry forward commitments into 2016/17. Additional funding of £1.568m was also achieved in year, mainly as a result of additional council tax income from an increased council tax base, and additional general revenue grant received at the year end (mainly carried forward for ongoing commitments). In addition, £4.947m was transferred from the capital fund to meet the cost of principal repayments, and assist with overall one off budget pressures. This resulted in the positive in-year variance of £10.907m. In addition to this the Council utilised £3.771m of the General Fund balance on approved commitments, resulting in an overall increase of £7.136m.

In 2015/16, 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 will be a key challenge to address with the East Dunbartonshire HSCP.

The Movement in Reserves Statement shows an overall net increase in the total General Fund balance of £7.136m (2014/15 net increase of £1.245m) for the year, which can be analysed as follows:



Table 1 - General Fund Balances	Uncommitted Balances	Earmarked Balances	Total Balances
	£000	£000	£000
Balance b/fwd 1 April 2015	(7,940)	(4,618)	(12,558)
<b>Movement in 2015/16:</b>			
Net Increase in Balances 2015/16	(1,964)	(9,543)	(11,507)
Use of Balances 2015/16	0	4,371	4,371
<b>Balance c/fwd 31 March 2016</b>	<b>(9,904)</b>	<b>(9,790)</b>	<b>(19,694)</b>

Uncommitted balances have increased to £9.904m, representing 4.2% of the General Fund Budget for 2016/17 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 £5.172m is outlined in **Note 26**.

The reason for the movement in the General Fund Balance of £7.136m is shown in the detailed analysis of Net Service Outturns shown in the following table:

Table 2 - 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	112,880	115,518	110,123	(5,395)
Integrated Health and Social Care	40,786	41,105	41,490	385
Neighbourhood Services (excl. HRA)	25,248	25,268	25,090	(178)
Development and Regeneration	12,784	13,374	13,012	(362)
Finance and Shared Services	5,775	6,329	6,462	133
Customer Services and Transformation	13,023	13,814	13,807	(7)
Miscellaneous/Joint Boards/Chief Executive	8,906	8,502	10,869	2,367
Debt Charges	16,662	16,662	15,327	(1,335)
<b>Total Net Expenditure</b>	<b>236,064</b>	<b>240,572</b>	<b>236,180</b>	<b>(4,392)</b>
Government Grants & Council Tax Income	(235,686)	(237,208)	(238,776)	(1,568)
Application of capital funds	0	0	(4,947)	(4,947)
<b>Net Surplus for Year</b>	<b>378</b>	<b>3,364</b>	<b>(7,543)</b>	<b>(10,907)</b>
Balance 1 April 2014	0	0	0	(12,558)
Application of general fund balance	378	3,364	0	3,771
Net Surplus for Year	0	0	0	(10,907)
<b>Balance 31 March 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(19,694)</b>

#### b) Housing Revenue Account Performance

Income generated in the year funded running costs as well as financing £1.749m (2014/15 £1.141m) of capital expenditure. Total income generated from council house and homeless rents was approximately £12.7m (2014/15 £12.3m).

The final outturn position for the year was an increase in the surplus of £0.214m (increase of £0.996m 2014/15), which can be analysed as follows:

Housing Revenue Account Balance	£000
<b>Opening balance 1 April 2016</b>	<b>(1,840)</b>
<b>Movement in 2015/16:</b>	
Adverse/(Positive) Variances	(1,264)
Application of HRA balance	1,050
<b>Closing balance 31 March 2016</b>	<b>(2,054)</b>

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 £2.054m (2014/15 £1.840m). This is available to meet a number of ongoing commitments, and to provide financial resilience against future pressures.

### 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 2015/16

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

Details of Projects	£000
Primary School Improvement Programme (3 schools)	9,548
HUBs/Office development projects	4,438
Roads and footpaths	4,354
Vehicle procurement	2,891
Housing new build	2,595
Street lighting (including LED investment)	1,527
Transportation projects	1,381

The table below shows capital expenditure and income for 2015/16 (additional analysis, **Note 15**).

	Budget	Outturn	Variance	Slippage / Underspend
	£000	£000	£000	% of budget
<b>Capital Expenditure:</b>				
General Services	37,403	32,665	4,738	13%
HRA	8,096	9,313	(1,217)	-15%
	<b>45,499</b>	<b>41,978</b>	<b>3,521</b>	
<b>Capital Income:</b>			0	
General Services	(20,028)	(20,199)	171	
HRA	(3,666)	(6,327)	2,661	
	<b>(23,694)</b>	<b>(26,526)</b>	<b>2,832</b>	
<b>Balance Funded from Borrowing</b>	<b>21,805</b>	<b>15,452</b>	<b>6,353</b>	

The 2015/16 General Services capital budget detailed above was approved in June 2015 following a review of the ten year capital investment programme approved. The 2015/16 Housing capital budget was approved in February 2015, and informed by the long term housing business plan. Slippage of expenditure in the General Services programme was reported during the year, and totalled £4.738m (13%) against the June budget, which mainly resulted from the reprofiling of a number of the major projects. Expenditure on Housing capital was higher than the February 2015 budget, but this was mainly as a result of projects being carried forward from 2014/15.

#### Capital Financing Requirement

The Capital Financing Requirement is a measure of the capital expenditure incurred historically by the authority that can be financed by external debt. This was £256.378m at 31 March 2016 (2014/15 £255.075m). The outturn capital financing requirement compared to the actual external borrowing is detailed in the following table:

	2015/16
	£000
Actual External Borrowing	147,970
PPP / Finance Lease Liability	89,417
	<b>237,387</b>
Capital Financing Requirement	256,378
<b>Under-Borrowed</b>	<b>18,991</b>

Actual external borrowing and long-term liabilities are less than the capital financing requirement by £18.991m (£8.207m 2014/15), indicating that the Council is continuing with 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 the Council's treasury management strategy includes a plan to address this over the medium term. 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 operational boundary for external debt for the Council for 2015/16 was £275m (2014/15 £275m). The actual level of outstanding long and short-term debt, including long-term liabilities at the year-end totalled £237m (2014/15 £247m). At 31 March 2016, the Council had borrowing of £148m (2014/15 £154.8m), comprising long-term borrowing of £132.3m (2014/15 £134.9m), and short-term borrowing of £15.7m (repayable within 12 months) (2014/15 £19.9m). The short-term borrowing includes accrued interest on long-term loans of £1.9m (2014/15 £2m). The average interest rate for all loans was 5.19% (2014/15 5.23%). The Council paid £7.657m (2014/15 £8.062m) of interest and similar charges on external loans and received £0.130m (2014/15 £0.106m) of interest and investment income.

#### e) Balance Sheet as at 31 March 2016

The Balance Sheet (page 26) sets out the total net worth of East Dunbartonshire Council at 31 March 2016. When comparing the net worth of the Council at the date of the last Balance Sheet on 31 March 2015 it can be seen that there has been an overall increase in the net worth of the authority of £54m in the past 12 months.

Movement in year	£m
Long-term Assets	8
Current Assets	(9)
Current Liabilities	(2)
Long-term Liabilities	57
<b>Net Movement</b>	<b>54</b>

- Long-term Assets – Increase in long-term assets mainly due to asset revaluations in property, plant and equipment.
- Current Assets – Reduction in cash held in short term investments and cash deposits, as a result of reduced borrowing and utilising internal resources.
- Current Liabilities – Increase in creditors and short term provisions, partially offset by a reduction in short term borrowing.
- Long-term Liabilities – A decrease in pension liabilities of approximately £49m, arising mainly as a result of an increased net discount rate over the period, the positive impact of which outweighed any lower than expected asset returns. **Note 35** provides more detail. The balance in the movement is mainly due to a reduction in long term borrowing and provisions.

#### f) 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.

Accounting Ratio	2015/16 % or £	2014/15 % or £	Explanation
<b>Reserves</b>			
Uncommitted General Fund Reserves as a % of annual budgeted net expenditure	4.2%	3.4%	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	24.7%	52.9%	Reflects continued increase in the uncommitted resources available within the General Fund Balance.
<b>Council Tax</b>			
In-year Collection Rate	96.7%	96.6%	Demonstrates the Council's effectiveness in collection of local taxation.
Council Tax Income as a % of Overall Funding	21.1%	21.5%	Demonstrates the funds received from Council Tax as a % of overall funding requirement.
<b>Financial Management</b>			
Actual Outturn as a % of Budget	97.0%	98.4%	Demonstrates actual expenditure under budget improving the Council's financial position at the year end.
Actual Contribution to/from Uncommitted General Fund Balance	£1.117m	£0.826m	Demonstrates favourable variances adding to the overall balance.
<b>Debt &amp; Borrowing</b>			
Capital Financing Requirement	£256.4m	£255.1m	This is the amount of unfunded capital expenditure.
External Debt Levels	£237.0m	£247.0m	The amount of external debt held by the Council. Reduced from last year, due to debt maturities, and use of internal resources.
Ratio of Financing Costs to Net Revenue Stream - General Fund	11.1%	11.1%	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	29.6%	29.0%	Demonstrates how much of the housing revenue budget is tied up in supporting borrowing

#### g) 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. As at 31 March 2016, the Council's Pension Fund had a net pension liability of £145.9m (2014/15 £195.2m). 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 2016, 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.

#### 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 2016/17 – 2019/20. Across Scotland, the grant settlement for 2016/17 was lower than previously anticipated, and the Council had to address a significant funding gap of £9.9m when the budget was set in March 2016. 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 savings approved for 2016/17 will be challenging to achieve, and will be delivered through themed transformation workstreams, financial management, procurement, service resource management, service redesign & efficiency, employee cost review, and terms & conditions review. The 2016/17 budget allocated across Directorates is shown in the following table:

Department	2016/17 Budget £000
Education & Children's Services	115,943
Integration of Health and Social Care	40,450
Neighbourhood Services	26,081
Development and Regeneration	12,406
Finance and Shared Services	3,922
Customer Services and Transformation	14,980
Chief Executive/Miscellaneous/Joint Boards	6,013
Debt Charges	16,014
	<b>235,809</b>



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 2017/18 and 2019/20 further budget reductions of £24m - £27m may be required, although this is subject to continuous review as assumptions change. In order to meet the immense challenges from 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 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 embarked on an ambitious capital investment programme. Over the next nine years, this will see capital investment of £233m in new build and asset improvement programmes. The Housing business plan will ensure that there is continuous investment in existing council housing, and new affordable housing developments are planned over the next four years.

In June 2015 the Accounts Commission published *East Dunbartonshire Council: the Audit of Best Value and Community Planning*. In responding to this report, the Council approved an Improvement Action Plan to address the concerns raised. Audit Scotland will carry out follow up work during the period May to September 2016, and findings will be included in their Annual Audit Report. A statutory report will be presented to the Accounts Commission before the end of 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 continued to work with Greater Glasgow and Clyde NHS Board (NHSGGC) during 2015/16, and the East Dunbartonshire Health and Social Care Partnership (HSCP) went live for Adult Services on 3 September 2015. As part of the 2016/17 budget process, the Council approved the incorporation of Children's Social Work and Adult Criminal Justice services within the scope of the HSCP, and this will be progressed during 2016/17. The Council will continue to work in partnership to ensure the success of the HSCP in the delivery of integrated services to the people of East Dunbartonshire.

### Other Significant Information

#### a) Sickness Absence

The average number of working days per employee lost through sickness absence for teachers was 6.40 days (2014/15 6.14 days). For all other local government employees the average was 11.65 days (2014/15 12.68 days).

#### b) Personal Data Incidents

The Council had one recognised data protection breach during 2015/16.

#### c) Register of Interests

A Register of Interests for each Councillor is available on the Council's website: [Home Page / All you need to know about - Council / Committees and Councillors / Councillors](#) and is also available for public inspection at the Council's headquarters: 12 Strathkelvin Place, Kirkintilloch G66 1TJ.

#### d) 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

The Council has produced a Climate Change Duties report for 2014/15, which is available on the Council's website on <https://www.eastdunbarton.gov.uk/residents/planning/planning-policy/climate-change>

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 and a Carbon Management Plan Annual Report. This will support the improvement of our sustainability and climate change performance, and regular reports on progress against objectives will be produced.



**Councillor Rhonda Geekie**

**Leader of the Council**

27 September 2016



**Gerry Cornes**

**Chief Executive**

27 September 2016



**Jamie Robertson CPFA**

**Chief Financial Officer**

27 September 2016



## 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 and policy commitment 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.

In the prior year the Council approved and introduced a Code of Corporate Governance which it continues to apply. The Code is prepared in accordance with the CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives) 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 describes the way the Council 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 ensure we 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 those risks that may impact the ability of the Council to deliver its aims and objectives. In doing so it evaluates the likelihood and impact of those risks and seeks 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.

### 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 all 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 current iteration covering 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 continued its governance and scrutiny arrangements as part of the Strategic Planning & Performance Framework. These activities include how the Council aims to deliver on its SOA objectives with work being supported by two Scrutiny Panels covering 'Transformation, Economy & Employment' and 'Transformation & Community Well-being'. There is a well-established cycle of meetings, with scrutiny being



initiated by the Policy & Resources Committee through the Audit & Risk Management Sub-Committee and to the relevant Scrutiny Panel. During the course of the year a number of topics have been reviewed by Scrutiny Panels including Transformation, Performance, Capital Programming, Service Delivery Options & Internal Shared Services.

The scale and scope of the Transformation Plan is such that the specialist activities of the Programme Management Office (PMO) continue to be applied. The remit of the PMO is to enhance project and programme governance through the application of Prince2 project management techniques. Such techniques ensure consistency and good practice within Transformation Projects, maximise the chances of project success and ensure the realisation of benefits. Scrutiny of PMO activities is provided through the Transformation Programme Board, a regular cycle of PMO update reports to the Policy & Resources Committee, the Audit & Risk Management Sub-Committee and the Scrutiny Panels.

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 target setting from Council Directorate Business Improvement Plans (BIPs), progress monitoring via How Good is Our Service (HGOS) and Annual Performance Reports to the six monthly meetings of the Community Planning Board, Council, the Policy and Resources and Service Committees.

The Council regularly undertakes benchmarking activities to assess our performance against that reported in other Councils. The Local Government Benchmarking Framework provides a mechanism for such analysis to be undertaken with a consistent set of indicators being reported on an annual basis. The collation of our indicators are subject to review by Internal Auditors with detailed outturn analysis being provided by the Council's Performance Team. Such analysis informed our annual Public Performance Report and also initiated a public consultation on the range of performance information made available to our stakeholders. The public consultation was also an area of betterment activity identified in the previous year by Audit Scotland as part of their scrutiny work; their previous assessment had reported that the Council had '*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 with this being reviewed during the course of the year.

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 determine policy and are responsible to the electorate within a finite term of office. Employees as officers of the Council undertake operational activity within that policy and are responsible to the Council. An Officer's job is to give advice to Elected Members and to the Council, thereafter to carry out the Council's work under the direction and scrutiny 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.



During 2015-16 the Council continued to develop its counter-fraud activities. The National Fraud Authority's "Fighting Fraud Locally" Strategy continues to provide guidance with the prior year Corporate Fraud & Corruption Policy being supplemented to include Corporate Anti-Bribery Policy; this ensures our ongoing compliance with the Bribery Act as well as the Nolan Committee Principles. The Corporate Fraud Team continues to undertake proactive investigative work focussing on high risk areas such as Council Tax Reduction, Single Person Discount, Housing Tenancy, School Placing Requests and Blue Badges. This work has been supported by the in-year implementation of internal data matching to improve the identification of areas of risk or error.

### ***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 talent so that best use can be made of individuals' skills and resources in balancing continuity of service alongside the need for service redesign.

During the course of the year the Council has further developed its Performance Development Review process to include consideration and consolidation of resourcing and skills planning. The outputs of these activities will support workforce planning, managing succession, personal skills development and performance improvement. The work of the Council in this area seeks to address the risks relating to gaps in skills, knowledge and experience ensuring that the Council has the "right skills at the right time and in the right place". The Council continues to report ongoing improvement in PDR completion rates with ongoing focus increasing levels of compliance from 47% in 2013-14 to 86% in 2015-16.

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. The Strategy underpins the Transformation Programme 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 continues to be kept under review and presented to Elected Members for Scrutiny; the most recent iteration being for the period 2015-18. During the course of the year the Strategy update report has been enhanced to include a consolidated improvement plan that gives consideration to success measures, timescales and progress updates.

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, the Council's approach to customer services, learning opportunities, the importance of Information Management in compliance with Public Records (Scotland) Act, overview of Corporate Procurement and Health & Safety responsibilities. 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.

Access to up to date courses, information and briefings are made available through the Team Leadership Conference, Leadership Information Packs, the People Development Calendar and the online Leadership Community. The Council has a well established internal communication process which is utilised to highlight new legislation, changes to working practices and associated learning opportunities.

### ***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 Performance, Capital Planning, Service Delivery Models, Internal Shared Services and the Health & Social Care Partnership.

### ***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 national, regional and local organisations working together to plan and provide for the wellbeing of individual communities. The Council has an established Community Planning Partnership Board whose 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 Services, Your Choices' budget consultation. In addition the Council continues to engage with its communities and Community Planning Partners including those within Hillhead, Lennoxton and Auchinairn with the aim of working together better 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 (Scotland) Act 2015.

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 and subsequently the Health & Social Care Partnership. Governance and strategy documents were presented to the Partnership Board during the course of the year with the Council's Audit & Risk Manager providing Internal Audit services. The constitution of the Health & Social Care Partnership requires that a set of part year Annual Accounts be prepared in accordance with relevant Accounting Codes and these will include their own Annual Governance Statement.

### **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 2015/16, 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 2015/16 these Director disclosures do not identify any significant governance issues that require to be reported.

On the basis of Internal Audit work completed in 2015/16, 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 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 2014/15 Audit'. Our opinion also considers the work of Audit Scotland's Best Value Team, their Targeted Best Value Audit work, the Council's response and evidencing improvements. These reports continue to highlight risks faced by the Council and where appropriate action plans have been developed to mitigate these. During the course of the year both internal and external audit teams have raised specific concerns regarding the system of controls relating to payments made via Carefirst, with both carrying out additional testing to ensure that payments were made to deliver appropriate support services to clients who are eligible to receive them. Although no further issues of material concern were identified, auditors require a number of system and controls improvements to enable the effective reconciliation of entitlement, assessment and payment.

### **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 2015/16 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. External scrutiny agencies continue to highlight risks facing the Council with consistent themes cascading from high level overview reporting, through Council Transformation and Budget Reduction Strategies to operational and financial systems. The Council acknowledges these risks and continues to work towards mitigating their impact through its Transformation Programme.

*Internal Audit Work* - Following the completion of their Annual Audit Plan for 2015-16 the Internal Audit Team highlighted a number of areas requiring further improvement including audit work on roads maintenance, early years and complaints management. 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 with our most recent annual report continuing to track improved levels of compliance

*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 year on year. The Council has been previously 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. As part of ongoing improvement actions the Council's performance team undertook a public consultation in an effort to improve the content of our reports with this information is being used to shape future publications.

*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 demonstrating the information supporting decision making was in place, including those situations where the level of information provided is such



that papers require to be discussed in private. Other concerns included overly technical content of some reports. During the financial year 314 reports have been put to the various Council Committees and of these 19 were taken in private; the majority of the private reports related to commercially sensitive decisions where it is expected that these will be taken in private. Efforts have also been made to write reports in plain English although the Council recognises that this is a fine balance between giving appropriate levels of detail to enable sustainable decisions to be taken without this being too onerous and obstructing Member engagement.

**Audit & Risk Sub-Committee** – In April 2016 it was agreed that the governance status of the Audit & Risk Management Sub-Committee would be changed from a Sub-Committee to a full Strategic Service Committee, to be chaired by Opposition Group Leader. An updated Terms of Reference was agreed and the cycle of meetings aligned to the six meeting cycle. Such developments reflect the increased significance and profile of audit and scrutiny within the Council.

**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. During the course of the year Scrutiny Panels continued to be convened as part of a regular cycle and structured around the themes of Transformation & Community Wellbeing and Transformation, Economy & Employment. Members of Scrutiny Panels provided oversight of a range of strategic areas including service delivery models, capital programming, performance, housing, internal shared services and transformation. Further developments continue to be planned with minutes of meetings being enhanced to clearly track actions and demonstrate the positive impact being made by the Scrutiny Panels as their work continues.

**Workforce Planning** - The Council's Workforce Strategy is a supporting pillar of the Council's transformation programme. Governance and scrutiny of the Workforce Strategy is provided through ongoing reporting to the Policy & Resources Committee. The most recent report, presented during April 2016 continues to reflect the range of development needed to ensure that the Transformation Programme continues to progress effectively. Significant and ongoing developments include the integration of human resources & payroll systems, staff development, wellbeing support, employee communication surveys, policy audits and the development of the Graduate scheme. Such projects reflect good governance at both a project level but also when taken together how this work informs the Council's key priorities.

**Corporate Complaints** – The prior year Audit Plan 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 a move towards managing complaints via a centralised function. The key risk at that time was the recruitment for key posts within the team. Following on from this prior assessment the Council has now established and recruited a 'Customer Excellence Team' to deal with and provide quality assurance to all Council complaints. Auditors have reviewed initial progress and have made recommendations for further developments to ensure that our response to complaints accords with that expected by the Scottish Public Services Ombudsmen.

## Conclusion

We consider the governance and internal control environment operating during 2015/16 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 have been identified that will further strengthen our governance arrangements and these are set out above. 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.

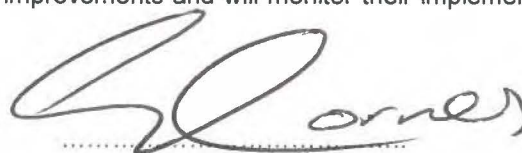
We are satisfied that these steps will address the need for improvements and will monitor their implementation and operation as part of our next annual review.



Councillor Rhonda Geekie

Leader of the Council

27 September 2016



Gerry Cornes

Chief Executive

27 September 2016



## 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 Chief Financial Officer.
- 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 Committee at its meeting on 27 September 2016.

Signed on behalf of East Dunbartonshire Council

  
Councillor Rhondda Geekie

### Leader of the Council

### The Chief Financial Officer's Responsibilities

The Chief Financial Officer 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 CIPFA & Local Authority (Scotland) Accounts Advisory Committee (LASAAC) *Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Accounting Code)*.

In preparing these Annual Accounts, the Chief Financial Officer 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 Chief Financial Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the local authority (and its group) at the reporting date and the transactions of the local authority (and its group) for the year ended 31 March 2016.

  
Jamie Robertson CPFA

Chief Financial Officer

27 September 2016

## 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 2015/16 the salary for the Leader of East Dunbartonshire Council as set out in the Regulations was £33,454 (2014/15 £33,123). The Regulations permit the Council to remunerate one Provost and set out the maximum salary that may be paid to the Provost which for 2015/16 was £25,090 (2014/15 £24,842).

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 £229,991 for 2015/16 (2014/15 £227,711) 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.

There were changes to the positions for which the Council provides remuneration (Leader, Provost and 11 Senior Councillors) at the Special Council meeting on 21 January 2016, although changes to remuneration were not approved until Council of 21 April 2016. The remuneration and pension tables therefore reflect the previous positions. Councillors Ghai, Gotts and Moody offered to reimburse the additional Senior Councillor remuneration they received following the change of positions on 21 January and it was agreed this would be over the course of 2016/17. The current positions and their incumbents at 31 March 2016 are:

Leader of the Council, Convener of Policy and Resources	R Geekie
Provost	U Walker
Depute Leader, Convener of Planning Board, Vice Convener of Policy and Resources and of Development and Regeneration	W Hendry
Depute Provost	A Jarvis
Convener of Development and Regeneration	A Moir
Convener of Education	M Henry
Convener of Neighbourhood Services	S MacDonald
Convener of Licensing Board, Vice Convener of Neighbourhood Services	J Dempsey
Vice Convener of Education	M Shergill
Vice Convener of Social Work	G Welsh
Leader of Main Opposition Group, Convener of Audit & Risk Management Committee	I Mackay
Leader of Minority Opposition Group	A Ghai
Vice Convener of Audit & Risk Management Committee	To be confirmed

The Convener of Social Work is also the Council's representative on Greater Glasgow and Clyde Health Board and receives remuneration from the National Health Service (NHS) for that position. This position was held by Councillor M O'Donnell at 31 March 2016.

Excluding the Leader of the Council and the Provost, the additional remuneration paid to these Senior Councillors in 2015/16 totalled £228,096 (2014/15 £225,195).

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.



### Remuneration of Council Leader, Provost, and Senior Councillors

Total 2014/15 £		Office	Salary and Allowances £	Taxable Expenses £	Total 2015/16 £	Annualised Salary £
33,123	R Geekie	Leader of the Council	33,545	0	33,545	33,454
25,476	U Walker	Provost	25,158	369	25,527	25,090
24,846	A Ghai	Depute Leader	25,158	0	25,158	25,090
21,427	A Jarvis	Depute Provost	21,382	139	21,521	21,324
21,113	W Hendry	Convener	21,382	0	21,382	21,324
21,113	A Moir	Convener	21,382	0	21,382	21,324
21,531	E Gotts	Convener	21,382	319	21,701	21,324
20,463	J Dempsey	Convener	20,673	74	20,747	20,617
18,594	V Moody	Vice Convener	18,831	27	18,858	18,780
18,594	M Henry	Vice Convener	18,831	0	18,831	18,780
18,594	S MacDonald	Vice Convener	18,831	0	18,831	18,780
18,594	M Shergill	Vice Convener	18,831	0	18,831	18,780
21,114	I Mackay	Opposition Group Leader	21,382	0	21,382	21,324
284,582	<b>Total</b>		286,768	928	287,696	285,991

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.

### 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:

2014/15 £		2015/16 £
465,954	Salaries – Council Duties	471,256
0	Salaries – Joint Board Duties	0
34,362	Expenses	26,827
500,316	<b>Total</b>	498,083

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<sup>th</sup> of pensionable salary for each year of pensionable service; prior to 2009 the accrual rate guaranteed a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> of final pensionable salary and years of pensionable service.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; and, without exercising any option to commute pension entitlement into a lump sum; and, without any adjustment for the effects of



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

		Pension Contributions		Accrued Pension Benefits			
Office		Year to 31 March 2016	Year to 31 March 2015	As at 31 March 2016		As at 31 March 2015	
		£	£	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
R Geekie	Leader of the Council	6,474	6,393	6	3	5	3
U Walker	Provost	4,856	4,795	4	1	3	1
A Ghai	Depute Leader	4,856	4,795	2	0	2	0
A Jarvis	Depute Provost	4,127	4,075	7	12	3	1
A Moir	Convener	4,127	4,075	2	0	2	0
E Gotts	Convener	4,127	4,075	3	2	3	2
V Moody	Vice Convener	3,634	3,589	3	2	3	2
M Henry	Vice Convener	3,634	3,589	1	0	1	0
S MacDonald	Vice Convener	3,634	3,589	3	1	2	1
M Shergill	Vice Convener	3,634	3,589	1	0	1	0
I Mackay	Opposition Group Leader	4,127	4,075	1	0	1	0
<b>Total</b>		<b>47,230</b>	<b>46,639</b>	<b>33</b>	<b>21</b>	<b>26</b>	<b>10</b>

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. A Special Council of 17 May 2016 agreed a revised organisational structure which will be implemented in 2016/17. The role of Chief Officer – Integrated Health and Social Care Partnership was not included in this review as the Integrated Joint Board is a separate body.

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 and for the 2015 General Election in the 2015/16 figures in the table on the following page.

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 Corporate 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) - to 11 October 2015

### Other Chief Officials

- Chief Officer Integrated Health and Social Care Partnership (IHSCP) (Now Integrated Joint 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 IJB was formally established, it was 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 has Monitoring Officer responsibility.

### Remuneration of Senior Employees

2014/15 Total Remun.			2015/16 Salary, Fees & Allow's	Taxable Exp's	Compensation for Loss of Employment	2015/16 Total Remun.	Annual Salary
£			£	£	£	£	£
124,788	G Cornes	Chief Executive	126,500			126,500	124,659
116,257	A Davie	Director of CST	99,759			99,759	99,468
115,184	T Glen	Director of D&R	99,759			99,759	99,468
87,341	G Currie	Director of ECS	91,440	34		91,474	90,574
116,757	I Black	Director of FSS	100,006			100,006	99,468
105,953	D Campbell	Director of G&R <sup>*1</sup>	17,095		76,875	93,970	102,111
97,062	G Irvine	Director of NS	92,616			92,616	92,346
102,111	J Simmons	Director of IHSCT <sup>*2</sup>	69,660		97,457	167,117	102,111
63,763	J MacDonald	Chief Education Officer	83,701	-675		83,026	83,457
80,872	F McShane	Chief Social Work Officer <sup>*3</sup>	51,587	23	400	52,010	82,224
NA	K Gardner	Acting Chief Social Work Officer <sup>*4</sup>	33,069			33,069	NA
<b>1,010,088</b>	<b>Totals</b>		<b>865,192</b>	<b>-618</b>	<b>174,732</b>	<b>1,039,306</b>	<b>975,886</b>

<sup>\*1</sup> To 17 May 2015, salary £102,111 on an annual basis <sup>\*2</sup> To 11 October 2015, salary £102,111 on an annual basis  
<sup>\*3</sup> To 30 October 2015, salary £82,224 on an annual basis <sup>\*4</sup> from 2 November 2015 to 31 July 2016, salary £79,898 on an annual basis.

As well as salary, fees and allowances, taxable expenses and compensation for loss of employment, 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 2015/16.

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 most local government employees are provided through the Local Government Pension Scheme (LGPS). From 1 April 2015 this became a career average salary pension scheme, although it was a final salary scheme until that date. This means that pension benefits are based on the index-linked salary for service since 1 April 2015 and the final year's pay for membership of the scheme up until that date. 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 also became a career average salary pension scheme from 1 April 2015 but it 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 2016	Year to 31 March 2015	As at 31 March 2016		As at 31 March 2015	
				Pension	Lump Sum	Pension	Lump Sum
		£	£	£	£	£	£
G Cornes	Chief Executive	24,415	23,589	52	110	48	106
A Davie	Director of CST	19,254	22,438	15	9	15	10
T Glen	Director of D&R	19,254	22,231	36	0	38	0
G Currie	Director of ECS	14,853	13,014	40	121	39	116
I Black	Director of FSS	19,253	22,438	41	87	44	98
D Campbell	Director of G&R	2,538	19,707	51	86	39	86
G Irvine	Director of NS	17,875	18,733	37	77	35	77
J Simmons	Director of IHSC	8,356	15,215	64	192	53	160
J MacDonald	Chief Education Officer	16,154	12,102	33	69	29	64
F McShane	Chief Social Work Officer	9,348	15,608	30	63	29	62
K Gardner	Acting Chief Social Work	6,382	NA	32	66	NA	NA
<b>Total</b>		<b>157,682</b>	<b>185,075</b>	<b>431</b>	<b>880</b>	<b>369</b>	<b>779</b>

2014/15 figures were based on the pensionable remuneration in that year which included back pay for some senior officers.

## 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.

pay are as follows:	rate
On earnings up to and including £20,500 (£20,335)	5.50%
On earnings above £20,500 (£20,335) and up to £25,000 (£24,853)	7.25%
On earnings above £25,000 (£24,853) and up to £34,400 (£34,096)	8.50%
On earnings above £34,400 (£34,096) and up to £45,800 (£45,393)	9.50%
On earnings above £45,800 (£45,393)	12.00%

## 7. Remuneration of Other Employees

The number of Council employees, excluding Senior Employees but including teachers, 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	
	2015/16	2014/15
£50,000 - £54,999	78	71
£55,000 - £59,999	17	17
£60,000 - £64,999	2	5
£65,000 - £69,999	5	3
£70,000 - £74,999	4	4
£75,000 - £79,999	4	3
<b>Total Employees</b>	<b>110</b>	<b>103</b>

## 8. Exit Packages

The table overleaf 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.

	2015/16		2014/15	
	Number	Cost	Number	Cost
		£		£
£0 - £20,000	24	285,869	25	244,349
£20,001 - £40,000	4	134,590	19	525,838
£40,001 - £60,000	12	588,963	18	879,772
£60,001 - £80,000	7	483,495	6	427,903
£80,001 - £100,000	14	1,270,008	9	817,536
£100,001 - £150,000	25	3,021,275	6	723,829
£150,001 - £200,000	9	1,530,097	6	1,037,089
£200,001 - £250,000	2	457,985	5	1,108,956
£250,001 - £300,000	2	548,748	1	267,509
£300,001 - £350,000	2	678,036	0	0
<b>Total</b>	<b>101</b>	<b>8,999,066</b>	<b>95</b>	<b>6,032,781</b>

### 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.

	2015/16			2014/15	
	Salary, Fees & Allowances	Expenses	Other Remuneration	Total Remuneration	Total Remuneration
	£	£	£	£	£
M Grant - General Manager	67,507	802	0	68,309	67,310

	Pension Contributions		Accrued Pension Benefits			
	Year to 31 March 2016	Year to 31 March 2015	As at 31 March 2016 Pension	As at 31 March 2016 Lump Sum	As at 31 March 2015 Pension	As at 31 March 2015 Lump Sum
	£	£	£	£	£	£
M Grant - General Manager	10,464	10,279	21	44	20	43

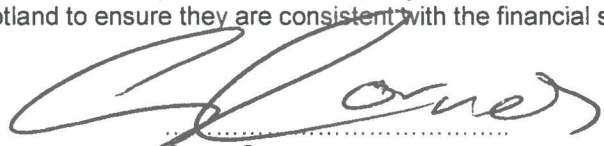
Salaries are paid four-weekly and this can give rise to small differences in the actual payments made from one financial year to the next.

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

  
Councillor Rhonda Geekie

Leader of the Council

27 September 2016

  
Gerry Cornes

Chief Executive

27 September 2016

## Principal Financial Statements of Single Entity

The Annual Accounts summarise the Council's transactions for the year, its year end position at 31 March 2016 and its cash flows. The Annual Accounts are prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2015/16* (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.

The Council presents statements in respect of:

- **Single entity accounts** – representing the transactions of the Council only (pages 24 to 72)
- **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 73 to 82)

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 accounting 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.
- **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.

**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.



## Movement in Reserves Statement

	Usable Reserves				Total Usable Reserves	Total Unusable Reserves	Total Reserves
	Main Revenue Reserves		Capital and Other Reserves				
	General Fund Balance	Housing Revenue Balance	Capital Receipts & Capital Fund	Other Statutory Funds (renewal & repairs)			
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 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 & (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
Movement in reserves during 2015/16:							
Surplus or (Deficit) on the Provision of Services	(5,192)	(2,257)	0	0	(7,449)	0	(7,449)
Other Comprehensive Income & (Expenditure)	0	0	0	0	0	61,571	61,571
Total Comprehensive Income and (Expenditure)	(5,192)	(2,257)	0	0	(7,449)	61,571	54,122
Adjustments between accounting basis and funding basis under regulations (Note 9)	7,898	2,564	(1,051)	(1,590)	7,821	(7,821)	0
Net Increase or (Decrease) before Transfers to Other Statutory Reserves	2,706	307	(1,051)	(1,590)	372	53,750	54,122
Transfers to and from Other Statutory Reserves (Note 10)	4,430	(93)	(4,947)	610	0	0	0
Increase or (Decrease) in the year	7,136	214	(5,998)	(980)	372	53,750	54,122
Balance at 31 March 2016	19,694	2,054	6,149	642	28,539	332,569	361,108

## Comprehensive Income & Expenditure Statement

2014/15			2015/16			Notes	
Gross Expend.	Gross Income	Net Expend. or (Income)	Gross Expend.	Gross Income	Net Expend. or (Income)		
£000	£000	£000	£000	£000	£000		
Service Revenue Accounts:							
123,209	(5,414)	117,795	Education	123,672	(5,540)	118,132	
15,546	(12,795)	2,751	Housing Revenue Account	16,675	(13,199)	3,476	
23,563	(20,833)	2,730	Other Housing Services	24,794	(21,044)	3,750	
12,775	(1,366)	11,409	Cultural and Related Services	12,435	(650)	11,785	
15,992	(1,403)	14,589	Environmental Services	15,638	(1,500)	14,138	
13,602	(2,235)	11,367	Roads and Transport	13,894	(2,141)	11,753	
8,689	(1,814)	6,875	Planning and Development	11,446	(2,025)	9,421	
0	0	0	Social Work - Contribution to IJB	24,661	0	24,661	
69,753	(14,380)	55,373	Social Work - Provision of Services	73,097	(38,952)	34,145	
2,633	0	2,633	Corporate and Democratic Core	3,004	0	3,004	
5,404	(76)	5,328	Non Distributable Costs	8,359	(268)	8,091	
4,920	(2,734)	2,186	Central Services to the Public	3,410	(1,326)	2,084	
296,086	(63,050)	233,036	Net Cost of Services (1)	331,085	(86,645)	244,440	28
	(197)		(Gains) / Loss on Disposal of Non-current Assets		(230)		
	(197)		Other Operating (Income) or Expenditure (2)		(230)		
	15,890		Interest Payable and Similar Charges		15,475		
	6,674		Pension Interest Cost/Expected Return on Pension Assets		6,354		35
	(107)		Interest Receivable and Similar Income		(130)		
	22,457		Financing and Investment (Income) and Expenditure (3)		21,699		
	(49,912)		Council Tax and Community Charge		(50,364)		
	(24,901)		Non-Domestic Rates		(25,188)		
	(157,388)		General Revenue Grant		(163,375)		
	(20,342)		Recognised Capital Grants / Contributions		(19,533)		30
	(252,543)		Taxation and Non-Specific Grant Income (4)		(258,460)		
	2,753		(Surplus) or Deficit on the Provision of Services (5)		7,449		
			{(1) + (2) + (3) + (4)}				
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services:				
	(8)		(Surplus) or Deficit on the Revaluation of Property, Plant and Equipment assets		816		27
	20		Impairment losses on non-current assets charged to the Revaluation		0		
	31,005		Actuarial (Gains) or Losses on Pensions Assets and Liabilities		(62,387)		35
	31,017		Other Comprehensive (Income) and Expenditure (6)		(61,571)		
	33,770		Total Comprehensive (Income) and Expenditure {(5) + (6)}		(54,122)		




## Balance Sheet

31 March 2015		31 March 2016		
£000		£000	Notes	
730,833	Property, Plant and Equipment	740,071		11
3,204	Heritage Assets	3,204		12
1,572	Intangible Assets	1,414		13
29	Long-term Debtors	25		21
735,638	Long-term Assets	744,714		
962	Current Intangible Assets	908		23
18,000	Short-term Investments	22,000		18
5,208	Assets Held for Sale	1,266		14
804	Inventories	585		20
15,066	Short-term Debtors	15,267		21
11,914	Cash and Cash Equivalents	1,773		22
51,954	Current Assets	41,799		
(19,859)	Short-term Borrowing	(15,733)		18
(33,799)	Short-term Creditors	(38,247)		24
(717)	Provisions	(2,495)		25
(485)	Short-term Grants Receipts in Advance	(271)		24
(54,860)	Current Liabilities	(56,746)		
(134,932)	Long-term Borrowing	(132,237)		18
(89,417)	Other Long-term Liabilities (PPP contract)	(86,741)		18
(195,212)	Other Long-term Liabilities (Pensions)	(145,904)		35
(4,485)	Provisions	(362)		25
(1,700)	Long-term Grants Receipts in Advance	(3,415)		24
(425,746)	Long-term Liabilities	(368,659)		
306,986	Net Assets	361,108		
28,167	Usable Reserves	28,539		26
278,819	Unusable Reserves	332,569		27
306,986	Total Reserves	361,108		

The audited annual accounts were issued on 27 September 2016.

I certify that this Balance Sheet presents a true and fair view of the financial position of the Council at 31 March 2016, and its income and expenditure for the year ended 31 March 2016.



**Jamie Robertson CPFA**

**Chief Financial Officer**

27 September 2016

## Cash Flow Statement

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

2014/15		2015/16		Notes
		£000	£000	
2,753	<b>Net (Surplus) or Deficit on the Provision of Services</b>		7,449	CIES
	<b>Adjust for Non-Cash Transactions</b>			
(25,262)	Depreciation and Impairment	(29,188)		
(1,222)	Revaluations	(4,466)		
(521)	Amortisation	(712)		
4,626	(Increase)/Decrease in Provision for Bad Debts	(945)		
(6,070)	Increase/(Decrease) in Debtors	1,693		
1,871	(Increase)/Decrease in Creditors	(4,290)		
(46)	Increase/(Decrease) in Inventories	(219)		
(11,073)	Movement in Pension Liability	(13,079)		
(5,974)	Carrying Amount of Fixed and Intangible Assets Sold	(2,176)		
(459)	Other Non-Cash Transactions	2,862		
<b>(44,130)</b>			<b>(50,520)</b>	
	<b>Adjust for Items in Net Surplus or Deficit that are Investing and Financing Activities</b>			
0	Proceeds from Short-term and Long-term Investments	0		
1,816	Sale of Fixed and Intangible Assets	1,564		
20,342	Other Financing and Investment Activities	19,533		
<b>22,158</b>			<b>21,097</b>	
<b>(19,219)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>(21,974)</b>	
	<b>Investing Activities</b>			
35,791	Purchase of Fixed and Intangible Assets	43,506		
0	Purchase of Short-term and Long-term Investments	0		
0	Other Payments for Investing Activities	0		
(622)	Sale of Fixed and Intangible Assets	(2,335)		
0	Sale of Short-term and Long-term Investments	0		
(20,267)	Other Receipts from Investing Activities	(22,538)		
<b>14,902</b>			<b>18,633</b>	
	<b>Financing Activities</b>			
(20,355)	Cash Receipts from Short-term and Long-term Borrowing	(10,426)		
0	Other Receipts from Financing Activities	0		
2,348	Reducing Liabilities on Finance Leases and PPP	2,660		
18,286	Repayment of Short-term and Long-term Borrowing	21,248		
0	Other Payments for Financing Activities	0		
<b>279</b>			<b>13,482</b>	
<b>(4,038)</b>	<b>Net (Increase) / Decrease in Cash and Cash Equivalents</b>		<b>10,141</b>	
(7,876)	Cash and Cash Equivalents at 1 April		(11,914)	
<b>(11,914)</b>	<b>Cash and Cash Equivalents at 31 March</b>		<b>(1,773)</b>	22

31 March 2015	Cash and Cash Equivalents	31 March 2016	
£000		£000	
(33)	Cash Held by Officers	(39)	
1,796	Bank Current Accounts	5,008	
(13,677)	Short-term Deposits (Temporary Investments)	(6,742)	
<b>(11,914)</b>	<b>Total Cash and Cash Equivalents</b>	<b>(1,773)</b>	22
2014/15	Cash Flow Statement: Interest Paid and Received	2015/16	
£000		£000	
(107)	Interest Received	(130)	CIES
15,890	Interest Paid	15,475	CIES



## Notes to the Principal Financial Statements

### 1. Accounting Policies

#### a) General Principles

The Annual Accounts summarise the Council's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. 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 2015/16* and the *Service Reporting Code of Practice 2015/16*, 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 might 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, i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. 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.

#### **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.

#### **h) Employee Benefits**

##### **Benefits payable during employment**

Short-term employee benefits such as wages and salaries and paid annual leave for current employees are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the value of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year.

##### **Termination benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employment before the normal retirement date or an employee's decision to accept voluntary redundancy. Termination benefits are charged on an accruals basis to 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**

The Council participates in two formal pension schemes: the Local Government Pension Scheme, which is administered by Strathclyde Pension Fund; and the Scottish Teachers' Superannuation Scheme, administered by the Scottish Government.

The Local Government Pension Scheme is accounted for as a defined benefits scheme as follows:

- Attributable assets are measured at fair value at the balance sheet date, after deducting accrued expenses. Attributable liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. Net pension assets are recognised only to the extent that the Council is able to recover a surplus, either through reduced contributions in the future or through refunds from the scheme. Unpaid contributions to the Scheme are recorded as creditors due within one year.
- For Pension charges, the change in defined benefit asset or liability is analysed and charged to the Comprehensive Income and Expenditure Statement as follows:
  - Current service cost, past service cost and gains/losses on curtailments and settlements are included in Cost of Services;
  - Net interest on the net defined benefit liability is included within Financing and Investment Income and Expenditure.

The nature of the teachers' scheme prevents the Council's individual share of the pension liability from being individually separated. The scheme is therefore accounted for as if it were a defined contribution scheme.



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**

These are 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. An adjustment is made to the financial statements where there is evidence that the event existed at the end of the reporting period; otherwise the financial statements are not adjusted, and, where the amount is material, a disclosure is made in the notes.

#### **j) Fair Value Measurement**

The Council measures its assets and liabilities in accordance with IFRS13 *Fair Value Measurement*. This is particularly relevant in the following areas:

- Property, plant and equipment assets that are operational, and therefore providing service potential for the authority are measured for their service potential at existing use value, existing use value – social housing, or depreciated replacement cost, and not fair value. Surplus assets are measured at fair value, applying fair value hierarchy;
- Financial instruments, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Further detail is provided in relevant accounting policies and disclosure notes for these areas.

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

Costs associated with debt restructuring (premiums and discounts) are credited and debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repayment of original debt in line with accounting regulations. Where premiums and discounts have been charged to the CIES, Scottish Government regulations allow the impact on the General Fund Balance to be spread over future years in line with any replacement loan.

##### **Financial Assets**

The financial assets of the Council comprise entirely of Loans and Receivables, which are assets that have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are recognised in 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. For the Council's short term deposits and most of its other lending, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest, and interest credited to the Comprehensive Income and Expenditure Statement (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.

#### **l) Government Grants and Contributions**

These 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. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service (revenue grants) or Taxation and Non-specific Grant Income (capital grants). Where

capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

#### **m) Heritage Assets**

The Council holds and conserves heritage assets for future generations principally for their contribution to knowledge and culture. There are 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.

As a general policy, Heritage Assets are recognised on the Balance Sheet where the authority has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the asset is not recognised on the Balance Sheet.

The carrying amount of Heritage Assets is reviewed where there is evidence of impairment eg where an item has suffered physical deterioration or breakage, or where doubt arises as to authenticity. Any impairment is recognised and measured in accordance with the Council's policy on impairment. It is likely that disposals of Heritage Assets will be made only occasionally. Where this does occur, the proceeds are accounted for in accordance with the Council's general provisions relating to disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements.

#### **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 it will bring benefits to the Council for more than twelve months. Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement (CIES).

#### **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**

##### **The Council as Lessee**

##### Finance Leases

Assets held under finance leases are recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

##### Operating Leases

Rentals paid under operating leases are charged to the relevant service account in the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased asset over the term of the lease.

##### **The Council as lessor**



## 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.

### *r) Overheads and Support Services*

The net cost of overheads and support services are fully allocated to service users, 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 accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services. The method of allocation is determined by the individual support services, and is based on seven guiding principles detailed in the CIPFA *Service Reporting Code of Practice 2015/16*.

### *s) Property, Plant and Equipment*

#### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of the asset 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, in line with IFRS 13:

- 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 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.

#### **Impairment**

The Council recognises the impairment of non-current assets, and any material reduction in asset value as a result of changing market conditions or clear consumption of an asset is recognised in the Comprehensive Income and Expenditure Statement only to the extent that the loss exceeds the balance on the Revaluation Reserve relating to the specific asset. An impairment review is conducted annually as part of the Council's revaluation programme.

### **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 a 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.

### **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.

#### ***t) Public Private Partnerships (PPP) and Similar Contracts***

The PPP agreement for the provision of school buildings, their maintenance and other facilities is accounted for in accordance with International Financial Reporting Interpretations Committee (IFRIC) 12 Service Concession Arrangements. The Council carries the assets and associated liability to the PPP operator on its balance sheet. The annual amount payable to the PPP operator (the unitary charge) is apportioned between operating costs, interest payments and the repayment of debt. The property, plant and equipment of the PPP scheme are depreciated over the useful life of the assets and the associated liability to the operator is reduced by the principal repayments paid as part of the unitary charge.

#### ***u) Provisions, Contingent Liabilities and Contingent Assets***

##### **Provisions**

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.

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.

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.

##### **Contingent Assets and Liabilities**

A contingent asset or liability arises where an event has taken place that gives the Council a possible benefit or 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 assets or 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 benefit / obligation cannot be measured reliably.



Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### 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 be included in 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 2015/16.

#### 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 2016/17 Code:

1. Amendments to IAS19 *Employee Benefits* (Defined Benefit Plans:Employee Contributions)
2. *Annual Improvements to IFRSs 2010-2012 Cycle*
3. Amendment to IFRS11 *Joint Arrangements* (Accounting for Acquisitions of Interests in Joint Operations)
4. Amendment to IAS16 *Property, Plant and Equipment* and IAS38 *Intangible Assets* (Clarification of Acceptable Methods of Depreciation and Amortisation)
5. *Annual Improvements to IFRSs 2012-2014 Cycle*
6. Amendment to IAS1 *Presentation of Financial Statements* (Disclosure Initiative)
7. The changes in the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
8. The changes to the format of the Fund Account and the Net Assets Statement

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 financial statements. Changes as a result of 1-5 above are narrow in scope, and it is anticipated that implementation will not have a material impact on the 2016/17 financial statements. The implementation of 6-8 above will represent a change in accounting policy, and as this will impact on the presentational layout of the 2016/17 financial statements, may require a restatement of 2015/16 figures.

In addition to the above, there are fundamental changes in the 2016/17 Code as a result of the move to measuring the *Highways Network Asset* at Depreciated Replacement Cost in accordance with the measurement methodologies specified in the CIPFA Code of Practice on Transport Infrastructure Assets. It will see the creation of a new *Highways Network Asset* as a separate class of property, plant and equipment, and includes specific recognition, measurement and derecognition policies for those assets. This will represent a change in accounting policy from 1 April 2016. The carrying amount of assets (1 April 2015 measurement at depreciated historical cost) expected to be classified as *Highways Network Asset* is £166m. The expected amount of any revaluation gains and losses to be recognised on reclassification and remeasurement under the new policy is not yet known, and cannot reasonably be estimated.

## 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 has confirmed that only operating leases exist in 2015/16. In some cases the lease transaction is not always conclusive and the Council has used judgement in determining that no finance lease arrangement exist that transfer 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 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:



Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Estimation of the fair values and useful lives of assets are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current 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 £2m for the potential outcome of outstanding claims arising from the Equal Pay Initiative. An additional sum of £2.050m is ear-marked in the General Fund balance. The potential cost of known claims will continue to be reviewed in 2016/17 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 £0.2m 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 £18.387m.
Collection Levels of Arrears	At 31 March 2016 the Council had a balance of sundry debtors of £5.8m. A review of significant balances suggested that an allowance for doubtful debts of £2.9m 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 £0.290m 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. 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.

Item	Nature	(Income) / Expenditure £000
Unitary Charge Payment	PPP agreement for the provision of six secondary schools	14,524
Housing Benefit Paid	Benefit paid to support customers on low incomes with housing rent costs	19,249
Equal Pay Provision	Reversal of element of provision	(2,050)

## 6. Events After the Balance Sheet Date

The Group Director - Finance & Corporate Assets issued the Unaudited Annual Accounts on 10 June 2016 and the Chief Financial Officer prepared the Audited Annual Accounts which were authorised for issue on 27 September 2016. Events taking place after this date are not reflected in the financial statements or notes. There are no identified events before this date which provided information about conditions existing at 31 March 2016. It has been agreed that there are no adjusting or non-adjusting events after the balance sheet date.

## 7. External Audit Costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with the Code of Audit Practice in financial year 2015/16 were £0.277m (2014/15 £0.277m).

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. In addition, the Council is in the process of finalising a further comprehensive job evaluation exercise which may also impact on liability and produce a spate of new claims. 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 2016, East Dunbartonshire Council had two outstanding employment tribunal cases. The potential maximum financial exposure to the Council from such compensation claims and associated costs is in the region of £0.150m (2014/15 £0.123m).

## 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 following sets out a description of the reserves that the adjustments are made against, and the 2015/16 and 2014/15 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*.



2015/16	Usable Reserves				Movements in Unusable Reserves
	General Fund	Housing Revenue Account	Other Statutory Funds	Capital Fund	
	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the CIES*:</b>					
Charges for Depreciation and Impairment of Non-Current Assets	19,943	9,245	0	0	(29,188)
Charges for Impairment of Assets Held for Sale	0	0	0	0	0
Revaluation losses on Property, Plant and Equipment	2,242	0	0	0	(2,242)
Revaluation losses on Assets Held for Sale	2,224	0	0	0	(2,224)
Amortisation of Intangible Assets	699	13	0	0	(712)
Capital grants and contributions applied	(16,902)	(2,631)	0	0	19,533
Capital/Other funds applied to fund capital expenditure	0	0	(1,590)	(1,893)	3,483
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	940	1,236	0	0	(2,176)
<b>Insertion of items not debited or credited to the CIES:</b>					
Statutory provision for the financing of capital investment	(11,772)	(2,377)	0	0	14,149
Capital expenditure charged against the General Fund and HRA balances	(169)	(1,749)	0	0	1,918
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to the CIES	0	0	0	0	0
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES.	(1,006)	(1,400)	0	842	1,564
Use of the Capital Receipts Reserve to finance new capital expenditure.	0	0	0	0	0
<b>Adjustments primarily involving the Financial Instrument Adjustment Account:</b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(179)	(40)	0	0	219
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	12,812	267	0	0	(13,079)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>					
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.	(934)	0	0	0	934
<b>Total Adjustments</b>	<b>7,898</b>	<b>2,564</b>	<b>(1,590)</b>	<b>(1,051)</b>	<b>(7,821)</b>

\* CIES - Comprehensive Income and Expenditure Statement

Note 9 continued:

2014/15	Usable Reserves				Movements in Unusable Reserves
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Capital Fund	
	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the CIES*:</b>					
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 fund 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)
<b>Insertion of items not debited or credited to the CIES:</b>					
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
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to the CIES	0	0	0	0	0
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
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
<b>Adjustments primarily involving the Financial Instrument Adjustment Account:</b>					
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
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	10,903	170	0	0	(11,073)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>					
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
<b>Total Adjustments</b>	<b>(1,368)</b>	<b>2,990</b>	<b>(163)</b>	<b>3,326</b>	<b>(4,785)</b>

\* 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 2015/16.

	General Fund	Housing Revenue Account	Transfers (to)/from Other Statutory Reserves		
			Capital Receipts Reserve	Capital Fund	Other Statutory Funds
	£000	£000	£000	£000	£000
<b>2015/16 TRANSFER</b>					
Capital Fund applied to meet cost of principal repayments	4,947	0	0	(4,947)	0
HRA transfer to General Fund	93	(93)	0	0	0
Transfer of funds to Education replacement fund	(110)	0	0	0	110
Agreed contribution for vehicle repairs & renewals	(500)	0	0	0	500
<b>Total Transfers 2015/16</b>	<b>4,430</b>	<b>(93)</b>	<b>0</b>	<b>(4,947)</b>	<b>610</b>
<b>2014/15 TRANSFER</b>					
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
<b>Total Transfers 2014/15</b>	<b>3,372</b>	<b>0</b>	<b>0</b>	<b>(3,675)</b>	<b>303</b>

## 11. Property, Plant and Equipment

### a) Effects of Changes in Estimates

In 2015/16 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. During 2015/16 all valuations were provided by external valuers, who are members of the Royal Institute of Chartered Surveyors (MRICS) and RICS registered valuers. Valuations were undertaken in accordance with the RICS Valuation Professional Standards (The Red Book) published in January 2014 and updated in January 2015 with regard to valuation of property assets for inclusion within the financial statements. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of RICS.

The significant assumptions applied in estimating the fair values are:

- The definition of fair value as determined by the International Valuation Standards Council is "the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties". This is consistent with the concept of market value, and to level 1 within the IFRS13 hierarchy.
- Infrastructure, community assets (except where a valuation option has been adopted) and assets under construction is measured at historic cost. All other classes of property, plant and equipment is measured at current value. Current value is the amount that would be exchanged for the asset in its existing use.
- Surplus assets have been valued at level 1 of the fair value hierarchy "quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date", which is consistent with the concept of market value.
- 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.
- 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).

Revaluation Cycle	Last	Next
<b>Land and Property Type:</b>		
Commercial & Industrial	31/03/2016	31/03/2021
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

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 2015/16

	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 <sup>(1)</sup>
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2015	10,188	166,454	4,410	26,599	420,140	199,919	4,521	832,231	126,465
Additions	17,716	9,103	0	4,064	3,130	7,411	0	41,424	0
Donations	0	0	0	0	518	0	0	518	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	(1,781)	0	(898)	(2,679)	0
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	(2,750)	0	(326)	(3,076)	0
Derecognition - Disposals	0	0	0	(264)	0	(1,391)	0	(1,655)	0
Derecognition - Other	0	0	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	700	700	0
Other reclassifications	(12,141)	0	0	0	12,844	202	(905)	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
<b>At 31 March 2016</b>	<b>15,763</b>	<b>175,557</b>	<b>4,410</b>	<b>30,399</b>	<b>432,101</b>	<b>206,141</b>	<b>3,092</b>	<b>867,463</b>	<b>126,465</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2015	0	(42,381)	0	(15,876)	(31,588)	(10,917)	(636)	(101,398)	(11,496)
Depreciation charge	0	(3,798)	0	(2,681)	(13,444)	(7,036)	(82)	(27,041)	(3,833)
Depreciation written out to the Revaluation Reserve	0	0	0	0	1,894	0	153	2,047	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	834	0	0	834	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	(404)	0	0	0	0	(1,743)	0	(2,147)	0
Derecognition - Disposals	0	0	0	156	0	157	0	313	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	0	0	0	0	0
<b>At 31 March 2016</b>	<b>(404)</b>	<b>(46,179)</b>	<b>0</b>	<b>(18,401)</b>	<b>(42,304)</b>	<b>(19,539)</b>	<b>(565)</b>	<b>(127,392)</b>	<b>(15,329)</b>
<b>Net Book Value</b>									
<b>At 31 March 2016</b>	<b>15,359</b>	<b>129,378</b>	<b>4,410</b>	<b>11,998</b>	<b>389,797</b>	<b>186,602</b>	<b>2,527</b>	<b>740,071</b>	<b>111,136</b>
<b>At 31 March 2015</b>	<b>10,188</b>	<b>124,073</b>	<b>4,410</b>	<b>10,723</b>	<b>388,552</b>	<b>189,002</b>	<b>3,885</b>	<b>730,833</b>	<b>114,969</b>

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

**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 <sup>(1)</sup>
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b>At 31 March 2015</b>	<b>10,188</b>	<b>166,454</b>	<b>4,410</b>	<b>26,599</b>	<b>420,140</b>	<b>199,919</b>	<b>4,521</b>	<b>832,231</b>	<b>126,465</b>
<b>Accumulated Depreciation and Impairment</b>									
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
<b>At 31 March 2015</b>	<b>0</b>	<b>(42,381)</b>	<b>0</b>	<b>(15,876)</b>	<b>(31,588)</b>	<b>(10,917)</b>	<b>(636)</b>	<b>(101,398)</b>	<b>(11,496)</b>
<b>Net Book Value</b>									
<b>At 31 March 2015</b>	<b>10,188</b>	<b>124,073</b>	<b>4,410</b>	<b>10,723</b>	<b>388,552</b>	<b>189,002</b>	<b>3,885</b>	<b>730,833</b>	<b>114,969</b>
<b>At 31 March 2014</b>	<b>4,911</b>	<b>119,777</b>	<b>2,986</b>	<b>10,041</b>	<b>396,179</b>	<b>186,122</b>	<b>3,834</b>	<b>723,850</b>	<b>118,801</b>

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

**d) Depreciation**

The depreciation methods applied by the Council are disclosed separately in **Note 1** Accounting Policies within section (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 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 Buildings
	£000	£000	£000	£000	£000	£000
As at 31 March 2016	275,588	1,155	1,918	0	111,136	389,797
As at 31 March 2015	270,368	637	2,578	0	114,969	388,552

#### 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 2016, the Council has commitments on capital contracts for the construction or enhancement of property, plant and equipment for housing and non-housing projects in 2015/16 and future years, with contracted costs of £3.573m (2014/15 £0.809m) and £24.837m (2014/15 £3.976m) respectively. The commitments are:

Details	£000
Lairdsland Primary School New Build	106
Lenzie Meadow PS	3,184
Woodhill/Auchinairn PS	10,426
Lennxotown Hub	54
Bearsden Hub	2,390
Huntershill Redevelopment	6,903
Kilmardinny House Refurbishment & Extension	1,774
Housing New Build - West Baldoran	3,273
Housing Capital - Windows	300
<b>Total</b>	<b>28,410</b>

## 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 2016	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
<b>31 March 2016</b>	<b>2,023</b>	<b>605</b>	<b>576</b>	<b>3,204</b>

Cost or Valuation				
1 April 2015	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
<b>31 March 2015</b>	<b>2,023</b>	<b>605</b>	<b>576</b>	<b>3,204</b>

**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 20<sup>th</sup> 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 £0.712m in 2015/16 (2014/15 £0.521m) has been charged across various services and included in the Net Expenditure of Services within the Comprehensive Income and Expenditure Statement.

2014/15 £000	Movement in Intangible Assets	2015/16 £000
	<b>Balance at start of year:</b>	
2,490	Gross carrying amounts	3,510
(1,417)	Accumulated amortisation	(1,938)
<b>1,073</b>	<b>Net carrying amount at 1 April</b>	<b>1,572</b>
1,020	Purchases	554
0	Disposals	0
(521)	Amortisation for the year	(712)
<b>1,572</b>	<b>Net carrying amount at end of year</b>	<b>1,414</b>
	<b>Comprising:</b>	
3,510	Gross carrying amounts	4,064
(1,938)	Accumulated amortisation	(2,650)
<b>1,572</b>	<b>Total</b>	<b>1,414</b>

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



## 14. Assets Held for Sale (Current)

2014/15		2015/16
£000		£000
9,662	Balance outstanding at start of year	5,208
5	Additions	0
	Assets newly classified as held for sale:	
66	- Property, Plant and Equipment	0
0	Revaluation gains/(losses) reflected in Revaluation Reserve	(184)
290	Revaluation gains/(losses) reflected in Surplus or Deficit on Provision of Services	(2,224)
0	Impairment (losses)/reversal reflected in Surplus or Deficit on Provision of Services	0
	Assets declassified as held for sale:	
(477)	- Property, Plant and Equipment	(700)
(4,338)	Assets sold	(834)
5,208	Balance outstanding at year end	1,266

## 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.

2014/15		2015/16
£000		£000
256,981	Opening Capital Financing Requirement	255,075
	Capital Investment:	
34,588	Property, Plant and Equipment	41,423
1,020	Intangible Assets	555
5	Assets Held for Sale	0
0	Revenue Expenditure Funded from Capital Under Statute	0
35,613	Total Capital Investment	41,978
	Sources of Finance:	
1,816	Capital Receipts	1,564
19,918	Government Grants and Other Contributions	19,015
1,192	Contribution from Capital Funds	3,483
1,157	Capital from Current Revenue	1,918
24,083	Total Capital Receipts, Grants & Other Contributions	25,980
11,106	Loans Fund Principal Repayments	11,489
2,330	PPP / Finance Lease Principal Repayments	2,660
37,519	Total Sources of Finance	40,129
255,075	Closing Capital Financing Requirement	256,924
(1,906)	Movement in Year	1,849
	Explained by:	
(1,906)	Increase/(Decrease) in underlying need to borrow (supported by Government )	1,849
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
(1,906)	Increase / (decrease) in Capital Financing Requirement	1,849

## 16. Impairment Losses

During 2015/16 the Council incurred impairment losses of £2.147m (2014/15 - £2.161m) which were charged to the Comprehensive Income and Expenditure Account. This is comprised; £1.743m for Council Dwellings (2014/15 - £1.468m) and £0.404m for Other Land and Buildings (2014/15 - £0.693m).

## 17. Schools Public Private Partnership

2015/16 was the sixth 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 2016:	Payments for Services (incl. lifecycle maintenance)	Repayment of Liability	Finance Interest	Total
	£000	£000	£000	£000
Payable within 1 year	3,722	2,676	7,740	14,138
Payable within 2 to 5 years	18,571	10,401	30,168	59,140
Payable within 6 to 10 years	32,511	13,426	34,318	80,255
Payable within 11 to 15 years	43,279	13,679	31,190	88,148
Payable within 16 to 20 years	38,462	26,670	31,947	97,079
Payable within 21 to 25 years	23,790	22,565	16,642	62,997
<b>Total</b>	<b>160,335</b>	<b>89,417</b>	<b>152,005</b>	<b>401,757</b>

### 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:

2014/15		2015/16
£000		£000
<b>94,407</b>	<b>Balance outstanding at start of year</b>	<b>92,077</b>
0	Additions during the year	0
(2,330)	Payments during the year	(2,660)
0	Capital contributions in the year	0
<b>92,077</b>	<b>Balance outstanding at year-end</b>	<b>89,417</b>
<b>Included in Balance Sheet</b>		
2,660	Current (included within Short Term Creditors)	2,676
89,417	Non-Current (shown separately on Balance Sheet)	86,741
<b>92,077</b>	<b>Total</b>	<b>89,417</b>

### 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 2015		31 March 2016	
Long-term	Current	Long-term	Current
£000	£000	£000	£000
0	18,000	0	22,000
29	13,412	25	13,825
<b>Financial Assets:</b>			
<b>Investments: Loans and Receivables</b>			
<b>Debtors: Loans and Receivables</b>			
<b>Financial Liabilities:</b>			
<b>Borrowings</b>			
134,932	19,859	132,237	15,733
<b>Other Long-term Liabilities</b>			
89,417	2,660	86,741	2,676
<b>Creditors</b>			
1,700	31,624	3,415	35,842

#### b) Income, Expense, Gains and Losses

2014/15			2015/16		
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
(7,917)	0	(7,917)	(7,573)	0	(7,573)
0	0	0	0	0	0
0	0	0	0	0	0
(7,917)	0	(7,917)	(7,573)	0	(7,573)
<b>Total expense in Surplus or Deficit on Provision of Services</b>					
0	107	107	0	130	130
0	107	107	0	130	130
<b>Total income in Surplus or Deficit on Provision of Services</b>					
(7,917)	107	(7,810)	(7,573)	130	(7,443)
<b>Net gain / (loss) for the year</b>					

#### 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 2015/16.

#### 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 2016
- 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 2016 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:

Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
18,000	18,000	Financial assets	22,000	22,000
13,441	13,441	Debtors	13,850	13,850

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 (2014/15 £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.

31/03/2015 Restated		Fair Value of Financial Liabilities	31 March 2016	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
154,791	218,015	Financial liabilities	147,970	224,531
92,077	165,542	PPP and finance lease liabilities	89,417	160,023
33,324	33,324	Creditors	39,257	39,257

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. The long-term debtors and creditors held 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 Chief Financial Officer
- 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 2015/16, 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) |

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 2016 totalling £28.600m were placed with banks and Money Market Funds, and held in sterling. Of this £6.600m was of a short-term nature and therefore classed as Cash and Cash Equivalents. The balance of £22.000m 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 2015 Estimated maximum exposure to default and uncollectability		31 March 2016		
		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 with banks, building societies and local authorities	22,000	0.0%	0
594	Customers (trade debtors excl. Council Tax)	5,804	10.5%	609

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 £5.804m (2014/15 £5.660) was due from sundry debtor income billed to customers and housing benefit overpayments as shown in the table above. However, only £3.885m (2014/15 £3.877m) 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 2015		31 March 2016
£000		£000
444	Less than three months	630
231	Three to six months	182
597	Six months to one year	382
2,605	More than one year	2,691
<b>3,877</b>	<b>Total</b>	<b>3,885</b>

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 £2.9m for 2015/16 (2014/15 £2.8m), based on an assessment of sundry debtors and the Council's history of collectability within various categories of customers.

HRA Housing rent arrears of £0.998m (2014/15 £0.774m) existed at the year end. The Council has processes in place to pursue these arrears and has a bad debt provision of £0.746m (2014/15 £0.531m) 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 Works 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 2015		31 March 2016
£000		£000
19,859	Less than one year	15,733
7,791	Between one and two years	6,643
20,956	Between two and five years	22,958
16,458	Between five and 10 years	7,837
9,108	Between 10 and 15 years	13,292
17,133	Between 15 and 20 years	19,586
16,506	Between 20 and 25 years	9,845
2,000	Between 25 and 30 years	2,000
44,980	Over 30 years	50,076
<b>154,791</b>	<b>Total</b>	<b>147,970</b>
<b>Analysed as:</b>		
19,859	Current	15,733
134,932	Non-Current	132,237
<b>154,791</b>	<b>Total</b>	<b>147,970</b>



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 2016, with all other variables held constant.

31 March 2015		31 March 2016
£000		£000
	<b>Impact on taxpayer</b>	
0	Increase on interest payable on variable rate borrowings	0
(110)	Increase on interest receivable on variable rate lending	(200)
<b>(110)</b>	<b>Net effect on Comprehensive Income and Expenditure Statement</b>	<b>(200)</b>
	<b>Other presentational changes</b>	
24,857	Decrease in the "fair value" of fixed rate borrowing (no impact on the Surplus or Deficit in the Comprehensive Income and Expenditure Statement)	30,127

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

In February 2016, the Council transferred their own internal stores operation to an external managed store. The remaining stock at point of transfer was sold to the external provider. There was an element of stock written off.

2014/15				2015/16		
Consumable Stores	Maintenance Materials	Total		Consumable Stores	Maintenance Materials	Total
£000	£000	£000		£000	£000	£000
675	175	850	Balance outstanding at start of year	630	174	804
4,462	813	5,275	Purchases	3,779	535	4,314
(4,507)	(814)	(5,321)	Recognised as an expense in the year	(3,830)	(688)	(4,518)
0	0	0	Written off balances	0	(15)	(15)
630	174	804	Balance outstanding at the year-end	579	6	585

## 21. Debtors

31 March 2015			31 March 2016	
Current	Long-term		Current	Long-term
£000	£000		£000	£000
5,225	0	Central government bodies	6,080	0
1,021	0	Other local authorities	983	0
189	0	NHS bodies	867	0
119	0	Public corporations and trading funds	17	0
8,512	29	External to general government	7,320	25
<b>15,066</b>	<b>29</b>	<b>Total</b>	<b>15,267</b>	<b>25</b>

## 22. Cash and Cash Equivalents

31 March 2015		31 March 2016
£000		£000
26	Cash held by the Council	39
(1,789)	Bank current accounts	(5,008)
13,677	Deposits up to three months with UK banks, building societies and local authorities	6,742
<b>11,914</b>	<b>Total</b>	<b>1,773</b>

## 23. Current Intangible Assets

31 March 2015		31 March 2016
£000		£000
962	Carbon Reduction Commitment Allowance	908
<b>962</b>	<b>Total</b>	<b>908</b>

## 24. Creditors

31 March 2015				31 March 2016		
Current		Long-term		Current		Long-term
Creditors	Receipts in Advance	Creditors		Creditors	Receipts in Advance	Creditors
£000	£000	£000		£000	£000	£000
(4,957)	(5)	0	Central government bodies	(4,269)	(265)	0
(1,589)	0	0	Other local authorities	(2,777)	0	0
(559)	(475)	0	NHS bodies	(107)	0	0
(319)	0	0	Public corporations and trading funds	(226)	0	0
(26,375)	(5)	(1,700)	External to general government	(30,868)	(6)	(3,415)
(33,799)	(485)	(1,700)		(38,247)	(271)	(3,415)

## 25. Provisions

	Current Provisions				
	Uninsured Liability	Teachers Conditions	Equal Pay	Restructuring	Total
Notes	(1)	(2)	(3)	(4)	
	£000	£000			£000
Balance at 1 April 2015	417	300	4,050	0	4,767
Additional provisions made in 2015/16	10	0	0	495	505
Amounts used in 2015/16	(427)	0	0	0	(427)
Unused amounts reversed in 2015/16	0	(300)	(2,050)	0	(2,350)
<b>Balance at 31 March 2016</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>495</b>	<b>2,495</b>



	Long term Provisions	
	Insurance	Total
Notes	(5)	
	£000	£000
<b>Balance at 1 April 2015</b>	<b>435</b>	<b>435</b>
Additional provisions made in 2015/16	2	2
Amounts used in 2015/16	(52)	(52)
Unused amounts reversed in 2015/16	(23)	(23)
<b>Balance at 31 March 2016</b>	<b>362</b>	<b>362</b>

#### 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. This was concluded in 2015/16, and a small increase was required to enable full settlement of this cost.
- (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 made a decision to revert to previously applied local pay and conditions for Teachers. This issue was concluded in 2015/16, and additional costs were met within existing budgets. This meant the provision was no longer required and was written back to revenue in the year.
- (3) This relates to a provision for the potential outcome of outstanding equal pay claims. The detailed information in support of the provision has been updated, and based on this, a decision taken to transfer a sum of £2.050m to the general fund balance to hold as an ear-marked balance, and reduce the provision by this amount. The sum of £4.050m for equal pay still remains.
- (4) The Council has been undertaking service redesign, and this restructuring has resulted in costs associated with voluntary severance. A number of employees were approved for voluntary severance prior to 31 March 2016, but have leaving dates later than this. A provision has been created for these estimated costs.
- (5) An assessment of identified liabilities in respect of insurance claims outstanding against the former Strathclyde Regional Council and Strathkelvin District Council is the basis of this provision. The Council were notified of the inability for a solvent run off of the former Municipal Mutual Insurance, and this triggered a claw back of previously settled costs, resulting in the potential for increased costs to be met by the Council in future years. Further claw back was notified in 2015/16, with the balance representing the potential outstanding liability.

## 26. Usable Reserves

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

31 March 2015		31 March 2016
£000		£000
(12,558)	General Fund Balance	(19,694)
(1,840)	HRA Balance	(2,054)
(12,147)	Capital Fund	(6,149)
(122)	Central Energy Efficiency Fund	(32)
0	Education Replacement Fund	(110)
(1,500)	Vehicle Renewal & Repair Fund	(500)
<b>(28,167)</b>	<b>Total Usable Reserves</b>	<b>(28,539)</b>

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. 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 2015		31 March 2016
<b>£000</b>		<b>£000</b>
552	Modernisation, Efficiency and Reform initiatives	235
1,415	External funding carried forward to complete projects	1,331
500	Contribution to ring fenced Treasury Management reserve	800
1,303	Service Commitments to ongoing projects	955
500	Contribution to Repairs & Renewals Fund	500
0	Ear-marked for Equal Pay	2,050
348	Commitment to budget pressures	3,919
<b>4,618</b>	<b>Total Earmarked Reserves</b>	<b>9,790</b>
3,000	Prudential Reserve	3,000
1,984	Treasury Management Reserve	2,184
2,906	Contingency Reserve	4,570
50	Uninsured Losses Reserve	150
<b>7,940</b>	<b>Total Non-Earmarked Reserves</b>	<b>9,904</b>
<b>12,558</b>	<b>Total General Fund Balance</b>	<b>19,694</b>

## 27. Unusable Reserves

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

31 March 2015		31 March 2016
<b>£000</b>		<b>£000</b>
(3,850)	Financial Instruments Adjustment Account	(3,631)
332,217	Capital Adjustment Account	339,518
153,543	Revaluation Reserve	149,531
(195,212)	Pensions Reserve	(145,904)
(7,879)	Employee Statutory Adjustment Account	(6,945)
<b>278,819</b>	<b>Total Unusable Reserves</b>	<b>332,569</b>

### 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 2015		31 March 2016
<b>£000</b>		<b>£000</b>
(4,071)	<b>Balance at 1 April</b>	(3,850)
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement (CIES)	0
221	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	219
221	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	219
<b>(3,850)</b>	<b>Balance at 31 March</b>	<b>(3,631)</b>

### 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 2015		31 March 2016
£000		£000
321,527	Balance at 1 April	332,217
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):</b>	
(25,262)	Charges for depreciation and impairment of assets	(29,188)
(1,222)	Valuation movements on Property, Plant and Equipment	(4,466)
(521)	Amortisation of intangible assets	(712)
(5,974)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(2,176)
(32,979)		(36,542)
5,726	Adjusting amounts written out of the Revaluation Reserve	3,196
(27,253)	Net written out amount of the cost of non-current assets consumed in the year	(33,346)
	<b>Capital financing applied in the year:</b>	
1,816	Use of the Capital Receipts Reserve to finance new capital expenditure	1,564
20,342	Capital grants and contributions credited to the CIES that have been applied to capital financing	19,533
1,192	Use of the Capital/Other funds to finance capital expenditure	3,483
13,436	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	14,149
1,157	Capital expenditure charged against the General Fund and HRA balance (CFCR)	1,918
37,943		40,647
332,217	Balance at 31 March	339,518

### 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 are:

- 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 2015		31 March 2016
£000		£000
159,281	Balance at 1 April	153,543
8	Revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services	(816)
(20)	Impairment losses on non-current assets charged to the Revaluation Reserve	0
(2,693)	Difference between fair value depreciation and historical cost depreciation	(2,605)
(3,033)	Accumulated gains on assets sold or scrapped	(591)
153,543	Balance at 31 March	149,531

#### 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 2015		31 March 2016
£000		£000
(153,134)	<b>Balance at 1 April</b>	(195,212)
(31,005)	Actuarial gains or (losses) on pension assets and liabilities	62,387
(27,117)	Reversal of items relating to net charges for retirement benefits charged to Surplus or Deficit on the Provision of Services in the CIES	(29,490)
16,044	Employer's pension contributions paid to Strathclyde Pension Fund	16,411
<b>(195,212)</b>	<b>Balance at 31 March</b>	<b>(145,904)</b>

#### 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 due but not used by 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31 March 2015		31 March 2016
£000		£000
(8,982)	<b>Balance at 1 April</b>	(7,879)
8,982	Settlement or cancellation of accrual made at the end of the preceding year	7,879
(7,879)	Amounts accrued at the end of the current year	(6,945)
1,103	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	934
<b>(7,879)</b>	<b>Balance at 31 March</b>	<b>(6,945)</b>

## 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 2015/16	Committees					Total £000
	Education & Children's Services £000	Integrated Health & Social Care £000	Development & Regeneration £000	Neighbourhood Services* £000	Other £000	
Fees, charges and other service income	(3,931)	(13,044)	(3,424)	(28,353)	(3,439)	(52,191)
Government Grants	(177)	0	(5)	(694)	(19,175)	(20,051)
<b>Total Income</b>	<b>(4,108)</b>	<b>(13,044)</b>	<b>(3,429)</b>	<b>(29,047)</b>	<b>(22,614)</b>	<b>(72,242)</b>
Employee Expenses	76,865	13,324	5,049	24,530	25,068	144,836
Other service expenses	37,366	41,210	11,392	29,299	44,041	163,308
<b>Total Operating Expenses</b>	<b>114,231</b>	<b>54,534</b>	<b>16,441</b>	<b>53,829</b>	<b>69,109</b>	<b>308,144</b>
<b>Net Expenditure</b>	<b>110,123</b>	<b>41,490</b>	<b>13,012</b>	<b>24,782</b>	<b>46,495</b>	<b>235,902</b>

\* HRA net income in year included in Neighbourhood Services is £0.307m and the total for the General Fund across all Committees is £236.209m.

Service Income & Expenditure 2014/15 Restated according to new structure implemented in 2015/16	Committees					Total £000
	Education & Children's Services £000	Integrated Health & Social Care £000	Development & Regeneration £000	Neighbourhood Services* £000	Other £000	
Fees, charges and other service income	(3,886)	(12,998)	(3,411)	(28,748)	(3,217)	(52,260)
Government Grants	(211)	(131)	(15)	(489)	(19,072)	(19,918)
<b>Total Income</b>	<b>(4,097)</b>	<b>(13,129)</b>	<b>(3,426)</b>	<b>(29,237)</b>	<b>(22,289)</b>	<b>(72,178)</b>
Employee Expenses	77,207	13,601	4,746	24,310	24,920	144,784
Other service expenses	37,005	38,987	12,321	27,525	44,888	160,726
<b>Total Operating Expenses</b>	<b>114,212</b>	<b>52,588</b>	<b>17,067</b>	<b>51,835</b>	<b>69,808</b>	<b>305,510</b>
<b>Net Expenditure</b>	<b>110,115</b>	<b>39,459</b>	<b>13,641</b>	<b>22,598</b>	<b>47,519</b>	<b>233,332</b>

\* HRA net income included in Neighbourhood Services in 2014/15 was £0.996m and the total for the General Fund across all Committees was £234.328m.

**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.

2014/15 £000		2015/16 £000
<b>233,332</b>	<b>Net expenditure in the Service Analysis</b>	<b>235,902</b>
0	Net expenditure of services and support services not included in the Analysis	0
30,319	Amounts in the CIES not reported to management in the Analysis	40,279
(30,615)	Amounts included in the Analysis not included in the CIES (Net Cost of Services)	(31,741)
<b>233,036</b>	<b>Cost of Services in the Comprehensive Income and Expenditure Statement</b>	<b>244,440</b>

**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**

	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
2015/16	£000	£000	£000	£000	£000	£000
Fees, charges & other income	(52,191)	0	0	(52,191)	0	(52,191)
Interest and investment income	0	0	0	0	(130)	(130)
Taxation and Non-Specific Grant Income	(20,051)	122	0	(19,929)	(258,460)	(278,389)
<b>Total Income</b>	<b>(72,242)</b>	<b>122</b>	<b>0</b>	<b>(72,120)</b>	<b>(258,590)</b>	<b>(330,710)</b>
Employee costs	144,836	5,791	0	150,627	0	150,627
Other service costs	163,308	0	(31,741)	131,567	6,354	137,921
Capital Accounting	0	34,366	0	34,366	0	34,366
Interest Payments	0	0	0	0	15,475	15,475
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	(230)	(230)
<b>Total Expenditure</b>	<b>308,144</b>	<b>40,157</b>	<b>(31,741)</b>	<b>316,560</b>	<b>21,599</b>	<b>338,159</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>235,902</b>	<b>40,279</b>	<b>(31,741)</b>	<b>244,440</b>	<b>(236,991)</b>	<b>7,449</b>

**Reconciliation of Service Income and Expenditure to the Surplus or Deficit on the Provision of Services in the CIES**

	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
2014/15	£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)
<b>Total Income</b>	<b>(72,178)</b>	<b>0</b>	<b>0</b>	<b>(72,178)</b>	<b>(252,649)</b>	<b>(324,827)</b>
Employee costs	144,784	3,295	0	148,079	0	148,079
Other service costs	160,726	0	(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)
<b>Total Expenditure</b>	<b>305,510</b>	<b>30,319</b>	<b>(30,615)</b>	<b>305,214</b>	<b>22,366</b>	<b>327,580</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>233,332</b>	<b>30,319</b>	<b>(30,615)</b>	<b>233,036</b>	<b>(230,283)</b>	<b>2,753</b>

## 29. Agency Services

Agency income earned in the year is as follows:

2014/15		2015/16
£000		£000
827	<b>East Dunbartonshire Leisure and Culture Trust</b> - for provision of miscellaneous corporate support services, facilities management, property and grounds maintenance, refuse collection, fleet management and pest control	678
310	<b>Scottish Water</b> - in return for billing and collection of water charges	310
1	<b>North Glasgow College</b> - for the provision of a payroll service	0
100	<b>Royal Bank of Scotland</b> - compensation for misselling	0
103	<b>Inspired</b> - re-imbursement reduction in cost of insurance for PPP schools	103
<b>1,341</b>	<b>Total</b>	<b>1,091</b>



### 30. Grant Income

The Council credited the following grants and contributions to the CIES in 2015/16:

2014/15	Credited to Taxation and Non-Specific Grant Income	2015/16
£000		£000
157,388	General Revenue Grant	163,375
49,912	Council Tax and Community Charge	50,364
24,901	Non-Domestic Rates	25,188
20,342	Capital Grants and Contributions	19,533
<b>252,543</b>	<b>Total Taxation and Non-Specific Grant Income in the CIES</b>	<b>258,460</b>

2014/15	Credited to Services (within Net Cost of Services in the CIES)	2015/16
£000		£000
906	Education	945
12,696	Social Work	12,839
18,497	Housing Benefits	18,922
1,802	Other	1,401
<b>33,901</b>	<b>Total</b>	<b>34,107</b>

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 £ 0.271m (2014/15 £0.485m)
- Long-term Grants Receipts in Advance £3.415m (2014/15 £1.700m)

### 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 2015/16 is shown in the Remuneration Report.

During 2015/16, one member was employed by another local authority to which the Council paid £0.981m (2014/15 £1.154m), mainly in respect of joint services and placements for social work and education services. In 2015/16, further services to the value of £2.395m (2014/15 £2.279m) were commissioned from business, charitable, community, health and educational organisations in which 6 members had an interest. Contracts were entered into in full compliance with the Council's standing orders. In addition, grants totalling £0.002m (2014/15 £0.001m) were paid to community and charitable organisations in which 2 members declared an interest.

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

#### c) Officers

Senior Officers have not disclosed any material transactions with related parties during 2015/16.

**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 worked in partnership with NHS Greater Glasgow and Clyde to implement the integration of health and social care, and the East Dunbartonshire Health and Social Care Partnership went live on 3 September 2015.

**e) Entities Controlled or Significantly Influenced by the Council**

The Council has subsidiaries over which it has control, a joint venture that it shares control with NHS Greater Glasgow & Clyde and associate companies over which it exerts significant influence. These entities and material transactions with them in financial year 2015/16 are detailed below. Further disclosure of these entities is made within the Group Accounts.

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

2014/15	2015/16
Net Expenditure	Net Expenditure
£000	£000
4,370 East Dunbartonshire Leisure and Culture Trust	4,835
351 Mugdock Country Park Joint Management Committee	351
<b>4,721 Total</b>	<b>5,186</b>

The Council's contribution to its joint venture, the Integrated Joint Board (East Dunbartonshire Health & Social Care Partnership) is shown on the face of the Comprehensive Income and Expenditure Statement. An equal amount of commissioning income was received from the IJB and is included in Social Work income in the CIES. More information on the IJB is included in Note 4b of the Group Accounts.

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

2014/15	2015/16
Net Expenditure	Net Expenditure
£000	£000
3,183 Strathclyde Partnership for Transport	3,207
219 Strathclyde Concessionary Travel Joint Board	219
665 Dunbartonshire and Argyll and Bute Valuation Joint Board	665
83 SEEMIS LLP	83
79 Scotland Excel	71
78 Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee (Clyde Plan)	72
9,738 Hub West Scotland Limited	14,137
<b>14,045 Total</b>	<b>18,454</b>

## 32. Leases

### East Dunbartonshire Council as Lessor

#### Operating Leases

The Council has granted commercial leases for properties to various tenants on a range of lease terms. These arrangements are accounted for as operating leases. The rental income receivable in 2015/16 was £1.24m (£1.067m 2014/15) and is included in the Comprehensive Income and Expenditure Account. The rents receivable in future years under these non-cancellable leases are shown in the table below.

31 March 2015	31 March 2016
£000	£000
(92) Not later than one year	(146)
(1,955) Later than one year and not later than five years	(1,875)
(3,973) Later than five years	(3,143)
<b>(6,020) Total</b>	<b>(5,164)</b>

### East Dunbartonshire Council as Lessee

#### Operating Leases



The Council leases vehicles on a variety of lease terms that are accounted for as operating leases. The rentals payable in 2015/16 were £1.227m (2014/15 £2.194m) 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 2015		31 March 2016
£000		£000
768	Not later than one year	154
1,005	Later than one year and not later than five years	1,356
0	Later than five years	0
<b>1,773</b>	<b>Total</b>	<b>1,510</b>

### 33. Termination Benefits

The Council approved the termination of the contracts of a number of employees in 2015/16, incurring costs of £5.3m (2014/15 £3.7m). Some of these contract terminations related to Senior Officers and these are detailed in the Remuneration Report. The termination benefits were payable to 101 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 Public Pensions Agency (SPPA) on behalf of 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.

In 2015/16, the Council paid £7.461m in respect of teachers' retirement benefits; the employer contribution rate for teachers per the STSS increased to 17.2% of pensionable pay from 1 September 2015 as a result of the government's changes to public sector pension schemes. The figures for 2014/15 were £6.993m and 14.9%. The Council paid over £6.786m to the Scottish Government in respect of 2015/16 contributions (2014/15 £6.416m), leaving a balance of £0.675m to be paid over at the balance sheet date (2014/15 £0.577m).

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. The lump sums payable totalled £0.037m in 2014/15 and there were none in 2015/16.

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.

2014/15	Comprehensive Income and Expenditure Statement	2015/16
£000		£000
	<b>Cost of Services:</b>	
15,850	Current service cost	18,050
4,593	Past service costs (incl. curtailments)	5,086
0	(Gain)/loss from settlements	0
	<b>Financing and Investment Income and Expenditure</b>	
6,674	Net interest expense	6,354
<b>27,117</b>	<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>29,490</b>
	<b>Other Post-employment Benefits charged to Other Comprehensive Income and Expenditure</b>	
(24,757)	Expected return on scheme assets	2,735
14,740	Actuarial (gains) and losses arising on changes in demographic assumptions	0
63,442	Actuarial (gains) and losses arising on changes in financial assumptions	(56,590)
(22,420)	Other (if applicable)	(8,532)
<b>31,005</b>		<b>(62,387)</b>
<b>58,122</b>	<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(32,897)</b>

2014/15	Movement in Reserves Statement	2015/16
£000		£000
(27,117)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(29,490)
16,044	Employer's contributions payable to scheme	16,411
(11,073)	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(13,079)

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 2016	31 March 2015
	<b>£000</b>	<b>£000</b>
Fair Value of Employer Assets	467,009	455,353
Present Value of Defined Benefit Liability*	(612,913)	(650,565)
<b>Net liability arising from defined benefit obligation</b>	<b>(145,904)</b>	<b>(195,212)</b>
*Unfunded liabilities included in the figure for present value of liabilities:		
Unfunded liabilities for Pension Fund	32,765	32,398
Teachers' unfunded pensions	23,352	25,586
Unfunded liabilities prior to 1996 local government reorganisation	8,570	9,625
	<b>64,687</b>	<b>67,609</b>

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment benefits. The total liability of £145.904m has had an impact on the net worth of the authority, resulting in an improvement of £49.308m in the balance sheet position. 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 a decrease of £49.308m in the deficit at the balance sheet date. The most significant change that had an impact on this during the year was the result of an increased net discount rate over the period, the positive impact of which outweighed the likely lower than expected asset returns.

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

2014/15		2015/16
<b>£000</b>		<b>£000</b>
<b>564,329</b>	<b>Opening Balance at 1 April</b>	<b>650,565</b>
15,850	Current Service Cost	18,050
24,379	Interest Cost	20,922
3,341	Contributions by Scheme Participants	3,379
	Remeasurement (gains) and losses:	
14,740	Change in demographic assumptions	0
63,442	Change in financial assumptions	(56,590)
(22,420)	Other experience	(8,532)
4,593	Past Service Costs / (Gains)	5,086
0	Liabilities extinguished on Settlement	0
(3,382)	Estimated Unfunded Benefits Paid	(3,619)
(14,307)	Estimated Benefits Paid	(16,348)
<b>650,565</b>	<b>Closing Balance at 31 March</b>	<b>612,913</b>

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

2014/15		2015/16
<b>£000</b>		<b>£000</b>
<b>411,195</b>	<b>Opening Balance at 1 April</b>	<b>455,353</b>
17,705	Interest Income on Plan Assets	14,568
	Remeasurement gain / (loss):	0
24,757	Expected Rate of Return on Pension Fund Assets	(2,735)
3,341	Contributions by Scheme Participants	3,379
12,662	Contributions by the Employer	12,792
3,382	Contributions re Unfunded Benefits	3,619
0	Assets distributed on Settlement	0
(3,382)	Unfunded Benefits Paid	(3,619)
(14,307)	Benefits Paid	(16,348)
<b>455,353</b>	<b>Closing Balance at 31 March</b>	<b>467,009</b>

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 2015.

**f) Local Government Pension Scheme assets comprised:**

2014/15	Fair Value of Scheme Assets	2015/16
<b>£000</b>		<b>£000</b>
11,188	<b>Cash and Cash Equivalents</b>	16,092
	<b>Equities Securities:</b>	
	By Industry type	
43,032	Consumer	43,800
34,360	Manufacturing	34,988
13,519	Energy and Utilities	13,760
31,659	Financial Institutions	32,223
18,509	Health and Care	18,840
26,195	Information Technology	26,664
2	<b>Debt Securities: Corporate Bonds (non investment grade)</b>	1
44,309	<b>Private Equity</b>	45,427
41,602	<b>Real Estate: UK Property</b>	50,170
	<b>Investment Funds and Unit Trusts</b>	
130,649	Equity	121,219
57,652	Bonds	56,998
172	Commodities	159
1,539	Infrastructure	0
827	Other	6,555
139	<b>Derivatives: Other</b>	113
<b>455,353</b>	<b>Total</b>	<b>467,009</b>

31 March 2015	Pension Fund assets by Category	31 March 2016
76%	Equities	73%
13%	Bonds	12%
9%	Property	11%
2%	Cash	4%
<b>100%</b>		<b>100%</b>

**g) 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 2016. 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 2015	Longevity at 65 for current pensioners (years):	31 March 2016
22.1	Men	22.1
23.6	Women	23.6
31 March 2015	Longevity at 65 for future pensioners* (years):	31 March 2016
24.8	Men	24.8
26.2	Women	26.2
* Figures assume member aged 45 as at the last formal valuation date		
31 March 2015	Financial assumptions:	31 March 2016
4.3%	Rate of increase in employee earnings	4.2%
2.4%	Rate of increase in pensions / inflation	2.2%
3.2%	Rate for discounting scheme liabilities	3.5%



#### h) Sensitivity Analysis

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

Sensitivities at 31 March 2016	Approximate % Increase to Employer Obligation	Approximate Monetary Amount £'000
0.5% decrease in Real Discount Rate	10%	60,665
1 year increase in member life expectancy	3%	18,387
0.5% increase in the Salary Increase rate	3%	19,901
0.5% increase in the Pension Increase rate	6%	39,654

#### 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 pension expense for the period to 31 March 2016 and the projected pension expense for the year to 31 March 2017 allow for the LGPS career average revenue earnings (CARE) benefit design. The figures are based on Hymans' understanding of the provisions of the Fund and are subject to change as any changes are made to the fund.

The total employer's contributions expected to be made by the Council to Strathclyde Pension Fund in the year to 31 March 2017 is £10.785m.

The assumed weighted average duration of the defined benefit obligation is 18.3 years, effective as at the previous formal valuation as at 31 March 2014 (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.

### 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

There have been no material prior period adjustments applied in these Accounts.

## 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.

2014/15		HRA Income and Expenditure Statement		2015/16	
£000			£000	£000	
	<b>Income</b>				
(12,323)	Dwelling Rents		(12,735)		
(108)	Non Dwelling Rents		(110)		
(364)	Other Income		(354)		
<b>(12,795)</b>	<b>Total Income</b>			<b>(13,199)</b>	
	<b>Expenditure</b>				
3,351	Repairs and Maintenance		3,698		
3,023	Supervision and Management		2,951		
8,511	Depreciation, impairment and revaluation of non-current assets		9,258		
209	Movement in the allowance for bad debtors		267		
426	Other Expenditure		429		
<b>15,520</b>	<b>Total Expenditure</b>			<b>16,603</b>	
<b>2,725</b>	<b>Net Expenditure</b>			<b>3,404</b>	
26	HRA services share of Corporate and Democratic Core			26	
<b>2,751</b>	<b>Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>			<b>3,430</b>	
0	HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services			46	
<b>2,751</b>	<b>Net Cost of HRA Services</b>			<b>3,476</b>	
HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:					
(197)	(Gain) or Loss on sale of HRA non-current assets			(164)	
1,379	Interest payable and similar charges			1,503	
(9)	Interest and investment income			(12)	
81	Pension interest cost and expected return on pension assets			85	
(2,011)	Capital Grants and Contributions			(2,631)	
<b>1,994</b>	<b>(Surplus) or deficit for the year on HRA services</b>			<b>2,257</b>	



**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 1987 Act.

2014/15	Movement on the HRA Statement	2015/16
£000		£000 £000
(844)	Balance on the HRA at end of the previous reporting period	(1,840)
1,994	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	2,257
	Adjustments between accounting basis and funding basis under statute:	
(8,511)	Depreciation, impairment and revaluation of non-current assets	(9,258)
197	Gain or loss on sale of HRA non-current assets	164
35	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	40
(170)	Net charges made for retirement benefits in accordance with IAS19	(267)
2,307	Loans fund principal	2,377
1,141	Capital expenditure funded by the HRA	1,749
2,011	Capital Grants and Contributions	2,631
(2,990)	Total Adjustments between accounting basis and funding basis under statute:	(2,564)
(996)	Net decrease or (increase) before transfers to or from reserves	(307)
0	Transfers to or (from) earmarked reserves	93
(996)	(Increase) or decrease in year on the HRA	(214)
(1,840)	Balance on the HRA at the end of the current reporting period	(2,054)

## Notes to the Housing Revenue Account

### 1. Number and Type of Dwelling

	Opening Number	Changes in Year	Closing Number
<b>Houses</b>			
Bungalow	13	0	13
Semi-Detached	694	(7)	687
Detached House	4	0	4
Terraced House	1,089	(4)	1,085
<b>Total Houses</b>	<b>1,800</b>	<b>(11)</b>	<b>1,789</b>
<b>Flats</b>			
Maisonette	101	0	101
Four in a Block	747	(2)	745
Tenement Flat	936	(1)	935
Homeless: 8 apartment	1	0	1
Homeless: 6 apartment	1	0	1
Homeless: 2 apartment	3	0	3
<b>Total Flats</b>	<b>1,789</b>	<b>(3)</b>	<b>1,786</b>
<b>Grand Total</b>	<b>3,589</b>	<b>(14)</b>	<b>3,575</b>

In 2015/16 there were 13 new properties (7 new builds) and 27 disposals giving a reduction of 14. A total of 32 new homes were under construction as at 31 March 2016, to be added to stock upon their completion during 2016/17.

### 2. Arrears and Bad Debt Provisions

2014/15	2015/16
£000	£000
317	409
457	589
<b>774</b>	<b>998</b>
<b>531</b>	<b>746</b>

Arrears as at 31 March:

Total provision in respect of uncollectable rents

### 3. Void Rent Loss

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

2014/15	2015/16
£000	£000
105	150

Rent loss arising from void properties

## 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

2014/15		2015/16
£000		£000
<b>60,960</b>	<b>Gross Council Tax levied and contribution in lieu</b>	<b>61,609</b>
	Less:	
(4,596)	Council Tax Reduction Scheme (applicable from 1 April 2013)	(4,378)
(5,819)	Other discounts and reductions	(5,882)
(1,011)	Write-off of uncollectable debts and allowance for impairment	(1,036)
537	Prior year adjustments	191
(165)	Transfer to Reserve	(140)
<b>49,906</b>	<b>Net Council Tax Income</b>	<b>50,364</b>
6	Adjustment to previous years' community charge and council tax	0
<b>49,912</b>	<b>Net Council Tax Income Transferred to General Fund</b>	<b>50,364</b>

### 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	1,108	3,701	8,308	8,235	10,433	6,950	6,532	622	45,889
Exemptions	na	(83)	(139)	(224)	(156)	(151)	(77)	(78)	(9)	(917)
<b>Chargeable Dwellings</b>	<b>0</b>	<b>1,025</b>	<b>3,562</b>	<b>8,084</b>	<b>8,079</b>	<b>10,282</b>	<b>6,873</b>	<b>6,454</b>	<b>613</b>	<b>44,972</b>
Disabled Reductions	0	(1)	(15)	(59)	(39)	(83)	(57)	(43)	(3)	(300)
Effectively Chargeable	1	15	59	39	83	57	43	3	0	300
<b>Adjusted Chargeable Dwellings</b>	<b>1</b>	<b>1,039</b>	<b>3,606</b>	<b>8,064</b>	<b>8,123</b>	<b>10,256</b>	<b>6,859</b>	<b>6,414</b>	<b>610</b>	<b>44,972</b>
Discounts (50% or reduced)	0	(11)	(49)	(57)	(34)	(55)	(53)	(48)	(9)	(316)
Single Discount (25%)	0	(694)	(2,130)	(3,649)	(2,904)	(2,799)	(1,425)	(1,016)	(69)	(14,686)
<b>Total Equivalent Dwellings</b>	<b>1</b>	<b>860</b>	<b>3,049</b>	<b>7,123</b>	<b>7,380</b>	<b>9,529</b>	<b>6,476</b>	<b>6,136</b>	<b>588</b>	<b>41,142</b>
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	--
<b>Band D Equivalents</b>	<b>1</b>	<b>573</b>	<b>2,371</b>	<b>6,332</b>	<b>7,380</b>	<b>11,646</b>	<b>9,355</b>	<b>10,227</b>	<b>1,176</b>	<b>49,061</b>
										Contributions in lieu
										0
										<b>Total</b>
										<b>49,061</b>
										Provision for bad debts
										(981)
										<b>Council Tax Base</b>
										<b>48,080</b>

The numbers in the above table reflect the position as at March 2016.

### 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 2015/16 was £1,142 (2014/15 £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

2014/15		2015/16
£000		£000
<b>31,960</b>	<b>Gross Rates levied and contributions in lieu</b>	<b>32,032</b>
	Less:	
(7,624)	Reliefs and other deductions	(7,700)
(2)	Payment of interest	0
(323)	Write-offs of uncollectable debts and allowance for impairment	(321)
<b>24,011</b>	<b>Net Non-Domestic Rates Income</b>	<b>24,011</b>
(742)	Prior year adjustment	(619)
<b>23,269</b>	<b>Contribution to national non domestic rate pool</b>	<b>23,392</b>

### 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 2015/16 was 48p (2014/15 47.1p).

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 1.3p (2014/15 1.1p) on the rate poundage.

### d) Rateable Values and Number of Premises as at 1 April 2015

	Number of Subjects	Rateable Value
		£000
Industrial	508	9,140,060
Commercial	1,459	36,364,260
Others	547	22,067,820
Formula Valued (public undertakings)	10	28,820
<b>Total</b>	<b>2,524</b>	<b>67,600,960</b>

## 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. The 2014/15 figures below are restated to show the market value of the investments held by the Robert Lillie Trust and the change in these over the year rather than the original value of the investments.

#### a) Income and Expenditure Account

2014/15 Restated		2015/16				
Total		Charitable Trusts (CTs)			Other CTs	Total
		R Lillie	W Patrick	EDC CTs		
£000		£000	£000	£000	£000	£000
(77)	Income in year	(6)	(1)	0	0	(7)
10	Expenditure in year	13	0	18	0	31
(67)	(Surplus)/Deficit	7	(1)	18	0	24

#### b) Balance Sheet

2014/15 Restated		2015/16				
Total		Charitable Trusts (CTs)			Other CTs	Total
		R Lillie	W Patrick	EDC CTs		
£000		£000	£000	£000	£000	£000
<b>Assets:</b>						
200	External Investments	193	0	0	0	193
189	Internal Investments	36	101	11	28	176
5	Debtors	1	0	0	0	1
394	<b>Total Assets</b>	230	101	11	28	370
0	Less Current Liabilities	0	0	0	0	0
394	<b>Net Assets / (Liabilities)</b>	230	101	11	28	370
<b>Represented by:</b>						
339	Capital balance at 31 March	230	54	3	34	321
55	Revenue balance at 31 March	0	47	8	(6)	49
394	<b>Total Balance at 31 March</b>	230	101	11	28	370

#### 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, memorial cairns and 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 £0.757m as at 31 March 2016 (2014/15 £0.796m). 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. The 2014/15 figures below are restated to show the market value of the investments held by the Talbot Crosbie Bequest and the change in that over the year rather than the original value of the investments.

### a) *Income and Expenditure Account*

2014/15 Restated			2015/16	
General	T Crosbie		General	T Crosbie
£000	£000		£000	£000
0	(299)	Income in year	0	(26)
0	9	Expenditure in year	16	65
0	(290)	(Surplus)/Deficit	16	39

### b) Balance Sheet

2014/15 Restated			2015/16	
General	T Crosbie		General	T Crosbie
£000	£000		£000	£000
		<b>Assets:</b>		
0	680	External Investments	0	632
98	105	Internal Investments	82	118
0	11	Debtors	0	7
<b>98</b>	<b>796</b>	<b>Total Assets</b>	<b>82</b>	<b>757</b>
0	0	Less Current Liabilities	0	0
<b>98</b>	<b>796</b>	<b>Net Assets / (Liabilities)</b>	<b>82</b>	<b>757</b>
		<b>Represented by:</b>		
87	712	Capital balance at 31 March	82	664
11	84	Revenue balance at 31 March	0	93
<b>98</b>	<b>796</b>	<b>Total Balance at 31 March</b>	<b>82</b>	<b>757</b>

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.

The Council has been reviewing the Trusts it currently holds, and Council of 15 November 2012 nominated four Members of East Dunbartonshire Council to act as Trustees for all registered Trusts held by the Council. In addition, the Council has been 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. The funds from some Trusts have been disbursed to other charities that will use the funds for the purpose for which they were donated. Further work will be undertaken in future years.

## Group Financial Statements

### a) Introduction

The *Code of Practice on Local Authority Accounting in the United Kingdom 2015/16* 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. East Dunbartonshire Leisure and Culture Trust Limited and Mugdock Country Park Joint Management Committee have been consolidated in to the Group Statements as subsidiaries as at 31 March 2016.

##### Joint Venture

The Code defines a joint venture as an entity which the authority has contractually agreed to share control with another party(ies) such that significant decisions require unanimous consent and the joint venturers have rights to the net assets of the arrangement. The Council has identified one entity which meets the definition of a joint venture at 31 March 2016, the East Dunbartonshire Health & Social Care Partnership, an Integrated Joint Board established with the NHS Greater Glasgow and Clyde Health Board.

##### Associates

The Code defines an associate as an entity for which the authority is an investor that has significant influence, i.e. the power to participate in the financial and operating policy decisions of the entity. The entities that have been included in the group accounts as associates are Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee and 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 2016. 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 joint venture has a financial year end of 31 March 2016 and has been consolidated using the equity method as required by 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 entity. These results are shown as a separate line within 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 Council's share of the voting rights in the Health & Social Care Partnership (50%).

The three associates have also been consolidated at their financial year ends of 31 March 2016 using the equity method as above, which is in compliance with the Code. 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 2015/16 that share was as follows:

- Strathclyde Partnership for Transport – In 2015/16 the Council contributed 5.06% of budgeted operating costs (5.06% in 2014/15);
- Strathclyde Concessionary Travel Scheme Joint Committee – In 2015/16 the Council contributed 5.14% of estimated operating costs (5.14% in 2014/15);
- Dunbartonshire and Argyll and Bute Valuation Joint Board – In 2015/16 the Council contributed 24.95% of estimated operating costs (24.95% in 2014/15)

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

The 2014/15 figures are restated to reflect the change in the Leisure and Culture Trust's 2014/15 figures following a change to their accounting policies to comply with FRS 102 and the change in the Common Good and Trust figures.



## Group Movement in Reserves Statement

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

	Usable Reserves			Unusable Reserves			Total Group Reserves
	East Dunbartonshire Council	Group Entities	Total Group	East Dunbartonshire Council	Group Entities	Total Group	
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2014 Restated</b>	<b>26,135</b>	<b>5,274</b>	<b>31,409</b>	<b>314,621</b>	<b>1,154</b>	<b>315,775</b>	<b>347,184</b>
<b>Movement in reserves during 2014/15:</b>							
Surplus or (Deficit) on the Provision of Services	(2,753)	1,692	(1,061)	0	(1,455)	(1,455)	(2,516)
Other Comprehensive Income and (Expenditure)	0	0	0	(31,017)	(3,214)	(34,231)	(34,231)
<b>Total Comprehensive Income and (Expenditure)</b>	<b>(2,753)</b>	<b>1,692</b>	<b>(1,061)</b>	<b>(31,017)</b>	<b>(4,669)</b>	<b>(35,686)</b>	<b>(36,747)</b>
Adjustments between accounting basis and funding basis under regulations	4,785	0	4,785	(4,785)	0	(4,785)	0
<b>Net Increase of (Decrease) before Transfers to Other Statutory Reserves</b>	<b>2,032</b>	<b>1,692</b>	<b>3,724</b>	<b>(35,802)</b>	<b>(4,669)</b>	<b>(40,471)</b>	<b>(36,747)</b>
Transfers to/from Other Statutory Reserves	0	0	0	0	0	0	0
<b>Increase or (Decrease) in the year</b>	<b>2,032</b>	<b>1,692</b>	<b>3,724</b>	<b>(35,802)</b>	<b>(4,669)</b>	<b>(40,471)</b>	<b>(36,747)</b>
<b>Balance at 31 March 2015 Restated</b>	<b>28,167</b>	<b>6,966</b>	<b>35,133</b>	<b>278,819</b>	<b>(3,515)</b>	<b>275,304</b>	<b>310,437</b>
<b>Movement in reserves during 2015/16:</b>							
Surplus or (Deficit) on the Provision of Services	(7,449)	651	(6,798)	0	194	194	(6,604)
Other Comprehensive Income and (Expenditure)	0	0	0	61,571	4,371	65,942	65,942
<b>Total Comprehensive Income and (Expenditure)</b>	<b>(7,449)</b>	<b>651</b>	<b>(6,798)</b>	<b>61,571</b>	<b>4,565</b>	<b>66,136</b>	<b>59,338</b>
Adjustments between accounting basis and funding basis under regulations	7,821	0	7,821	(7,821)	0	(7,821)	0
<b>Net Increase of (Decrease) before Transfers to Other Statutory Reserves</b>	<b>372</b>	<b>651</b>	<b>1,023</b>	<b>53,750</b>	<b>4,565</b>	<b>58,315</b>	<b>59,338</b>
Transfers to/from Other Statutory Reserves	0	0	0	0	0	0	0
<b>Increase or (Decrease) in the year</b>	<b>372</b>	<b>651</b>	<b>1,023</b>	<b>53,750</b>	<b>4,565</b>	<b>58,315</b>	<b>59,338</b>
<b>Balance at 31 March 2016</b>	<b>28,539</b>	<b>7,617</b>	<b>36,156</b>	<b>332,569</b>	<b>1,050</b>	<b>333,619</b>	<b>369,775</b>

## 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.

2014/15			2015/16			
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:						
123,209	(5,414)	117,795	Education	123,672	(5,540)	118,132
15,546	(12,795)	2,751	Housing Revenue Account	16,675	(13,199)	3,476
23,563	(20,833)	2,730	Other Housing Services	24,794	(21,044)	3,750
15,580	(3,885)	11,695	Cultural and Related Services	16,720	(4,720)	12,000
15,992	(1,403)	14,589	Environmental Services	15,638	(1,500)	14,138
13,602	(2,235)	11,367	Roads and Transport	13,894	(2,141)	11,753
8,689	(1,814)	6,875	Planning and Development	11,446	(2,025)	9,421
0	0	0	Social Work - Contribution to IJB	24,661	0	24,661
69,753	(14,380)	55,373	Social Work - Provision of Services	73,097	(38,952)	34,145
2,633	0	2,633	Corporate and Democratic Core	3,004	0	3,004
5,404	(76)	5,328	Non Distributable Costs	8,449	(268)	8,181
4,920	(2,734)	2,186	Central Services to the Public	3,410	(1,326)	2,084
0	0	0	Share of Oper'g Results of Joint Ventures	(687)	0	(687)
(229)	0	(229)	Share of Operating Results of Associates	(500)	0	(500)
298,662	(65,569)	233,093	Net Cost of Services (1)	334,273	(90,715)	243,558
	(197)		(Gains) / Loss on Disposal of Non-current Assets			(230)
	(197)		Other Operating (Income) or Expenditure (2)			(230)
	15,890		Interest Payable and Similar Charges			15,475
	(31)		Share of Interest Payable by Associates			(42)
	6,674		Pension Interest Cost/Expected Return on Pension Assets			6,354
	113		Share of Pension Interest Cost/Expected Return on Pension Assets			112
	(483)		Interest Receivable and Similar Income			(163)
	0		Share of Interest Receivable by Associates			0
	0		(Gain) / Loss on early settlement of Borrowing			0
	22,163		Financing and Investment Income and Expenditure (3)			21,736
	(49,912)		Council Tax and Community Charge			(50,364)
	(24,901)		Non-Domestic Rates			(25,188)
	(157,388)		General Revenue Grant			(163,375)
	(20,342)		Recognised Capital Grants / Contributions			(19,533)
	(252,543)		Taxation and Non-Specific Grant Income (4)			(258,460)
	2,516		(Surplus) or Deficit on the Provision of Services (5)			6,604
			{{(1) + (2) + (3) + (4)}			
	(109)		(Surplus) or Deficit on the Revaluation of Property, Plant and Equipment assets			723
	20		Impairment losses on non-current assets charged to the Revaluation Reserve			0
	34,241		Actuarial (Gains) or Losses on Pensions Assets and Liabilities			(66,753)
	79		Other Unrealised (Gains) or Losses			88
	34,231		Other Comprehensive Income and Expenditure (6)			(65,942)
	36,747		Total Comprehensive Income and Expenditure {(5) + (6)}			(59,338)



## Group Balance Sheet

The Group Balance Sheet shows as at 31 March 2016 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 2015 Restated		31 March 2016
£000		£000
731,001	Property, Plant and Equipment	740,166
3,204	Heritage Assets	3,204
1,572	Intangible Assets	1,414
7,978	Investments in Associates & Joint Ventures	9,842
29	Long-term Debtors	25
<b>743,784</b>	<b>Long-term Assets</b>	<b>754,651</b>
962	Current Intangible Assets	908
18,000	Short-term Investments	22,000
5,208	Assets Held for Sale	1,266
809	Inventories	594
14,644	Short-term Debtors	14,744
16,178	Cash and Cash Equivalents	6,721
<b>55,801</b>	<b>Current Assets</b>	<b>46,233</b>
(19,859)	Short-term Borrowing	(15,733)
(34,609)	Short-term Creditors	(39,239)
(717)	Provisions	(2,495)
(485)	Short-term Grants Receipts in Advance	(271)
<b>(55,670)</b>	<b>Current Liabilities</b>	<b>(57,738)</b>
(134,932)	Long-term Borrowing	(132,237)
(1,184)	Liabilities in Associates	(718)
(89,417)	Other Long-term Liabilities (PPP contract)	(86,741)
(201,760)	Other Long-term Liabilities (Pensions)	(149,898)
(4,485)	Provisions	(362)
(1,700)	Long-term Grants Receipts in Advance	(3,415)
<b>(433,478)</b>	<b>Long-term Liabilities</b>	<b>(373,371)</b>
<b>310,437</b>	<b>Net Assets</b>	<b>369,775</b>
35,133	Usable Reserves	36,156
275,304	Unusable Reserves	333,619
<b>310,437</b>	<b>Total Reserves</b>	<b>369,775</b>

The audited accounts were issued on 27 September 2016.

I certify that this presents a true and fair view of the financial position of the Council at 31 March 2016, and its income and expenditure for the year ended 31 March 2016.



**Jamie Robertson CPFA**

**Chief Financial Officer**

27 September 2016

## 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.

2014/15 Restated £000		2015/16 £000
<b>2,516</b>	<b>Net (Surplus) or Deficit on the Provision of Services</b>	<b>6,604</b>
(44,785)	Adjust for Non-Cash Transactions	(50,359)
22,158	Adjust for Items in Net Surplus or Deficit that are Investing and Financing Activities	21,097
<b>(20,111)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(22,658)</b>
14,933	Investing Activities	18,633
279	Financing Activities	13,482
<b>(4,899)</b>	<b>Net (Increase) / Decrease in Cash and Cash Equivalents</b>	<b>9,457</b>
(11,279)	Cash and Cash Equivalents at 1 April	(16,178)
<b>(16,178)</b>	<b>Cash and Cash Equivalents at 31 March</b>	<b>(6,721)</b>

31 March 2015 £000	Cash and Cash Equivalents	31 March 2016 £000
(33)	Cash Held by Officers	(39)
(1,180)	Bank Current Accounts	1,269
(14,965)	Short-term Deposits (Temporary Investments)	(7,951)
<b>(16,178)</b>	<b>Total Cash and Cash Equivalents</b>	<b>(6,721)</b>



## 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 its Joint Venture and 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 one Joint Venture and three Associates. The accounting period end for all entities is the 31 March 2016.

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

2014/15 Restated					2015/16		
Group Share	Net Exp / (Inc)	Net Assets / (Liabs) Restated			Group Share	Net Exp / (Inc)	Net Assets / (Liabilities)
%	£000	£000		Consolidation Basis	%	£000	£000
<b>Subsidiaries:</b>							
100.0	2,877	(4,631)	ED Leisure & Culture Trust	Voting Rights	100.0	(2,965)	(1,666)
100.0	0	0	Mugdock Country Park Joint C'ttee	Voting Rights	100.0	0	0
100.0	(67)	394	EDC Trust Funds	Trustees	100.0	24	370
100.0	(290)	894	EDC Common Good	Trustees	100.0	55	839
<b>Joint Ventures</b>							
NA	0	0	ED Health & Social Care Partner.	Voting Rights	50.0	(687)	687
<b>Associates:</b>							
5.06	95	7,894	Strathclyde Partner. for Transport	Requisition	5.06	(1,175)	9,069
5.14	(1)	84	Strathclyde Conc. Travel C'ttee	Requisition	5.14	(2)	86
24.95	363	(1,184)	Dunbartonshire and Argyll and Bute Valuation Joint Board	Requisition	24.95	(466)	(718)
	<b>2,977</b>	<b>3,451</b>	<b>Total Consolidated Group Entities</b>			<b>(5,216)</b>	<b>8,667</b>
	33,770	306,986	<b>East Dunbartonshire Council</b>			(54,122)	361,108
	<b>36,747</b>	<b>310,437</b>	<b>Group Financial Statements</b>			<b>(59,338)</b>	<b>369,775</b>

## 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 2016 was £1.566m (2014/15 £4.491m) 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%:

2014/15 Restated		2015/16
£000		£000
10,009	Turnover	10,095
(2,877)	Profit or (loss) before tax	2,965
0	Taxation	0
(2,877)	Profit or (loss) after tax	2,965
168	Long term assets	95
3,266	Current assets	4,387
(1,517)	Current liabilities	(2,154)
(6,548)	Long term liabilities	(3,994)

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 2015/16 the Council contributed £0.351m (2014/15 £0.351m) to its operating costs.

The net assets of the Joint Committee at 31 March 2016 were nil. Title to the community assets of Mugdock Country Park rests with Stirling Council. Under the revised management agreement which came into effect from 1 April 2008, East Dunbartonshire Council has beneficial use of the fixed assets of Mugdock Country Park. East Dunbartonshire has a lease on these assets for £1 per year until 2049. Accordingly, it has been considered appropriate that the Park's fixed assets are consolidated into the accounts of the Council. At 31 March 2016, the total net book value of the Park's buildings and equipment was £580,748 and of community assets was £2,180,000.

*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) Joint Ventures

### East Dunbartonshire Health & Social Care Partnership

This is the statutory body responsible for integrating health and social care in the East Dunbartonshire area and it was established by order of Scottish Ministers on 27 July 2015 and empowered on 3 September 2015. In 2015/16, the Council contributed £24.661m (part year) to the Partnership's estimated operating costs, which represents the Council's agreed expenditure on adult social care services. The Council also provided some support services to the Integrated Joint Board at no cost as a "service in kind". These accounting arrangements are in line with the agreement of the Integrated Joint Board of 3 September 2015, have been reported to The Council's Policy and Resources Committee of 2 June 2016 and were approved at Council of 21 June 2016.

Significant balances involving transactions with EDHSCP are noted below. There is a risk to the Council that there could be an overspend on social care by EDHSCP. Accurate monitoring of expenditure and income by EDHSCP and the Council should highlight any issues at an early stage so action can be taken to resolve them.

£000		£000
0	Contribution to IJB	24,661
0	Commissioning Income from IJB	24,661
0	Balance due to IJB	1,398
0	Balance due from IJB	0

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

East Dunbartonshire Health and Social Care Partnership HQ Offices  
Stobhill Hospital  
300 Balgrayhill Road  
Glasgow  
G21 3UR

## c) 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 2015/16, the Council contributed £1.893m (2014/15 £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 2015/16, the Council contributed £0.219m (2014/15 £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 2015/16 the Council contributed £0.665m (2014/15 £0.665m) to the Board's estimated operating costs, which represents the Council's 24.95% agreed share of costs for the year.

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 and the resolution of some related legal issues, the intention is to wind up the company. 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 Council has taken on full obligations associated with the purchase of the 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

**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.

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 £0.071m (2.2%) to the consortium in 2015/16 (2014/15 £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 2015/16 (2014/15 £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 Council's Primary School Improvement Programme, the community hubs and a few other capital projects.



**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 2015/16 (2014/15 £0.083m) and was entitled to a membership percentage of 2.39% in 2015/16 (2014/15 2.39%).

**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 2015/16 (2014/15 £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 £0.002m (4.75%) in 2015/16 (2014/15 £0.001m, 4.54%).

**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 (City Deal)** – 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 Governments. 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 £0.042m (5.88%) in 2015/16 (2014/15 £0.004m, 5.88%).

## 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 £8.661m (£3.423m, 2014/15). 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:

2014/15	Pension Interest Costs / Expected Return on Pension Assets	2015/16
£000		£000
63	Strathclyde Partnership for Transport	62
50	Dunbartonshire and Argyll and Bute Valuation Joint Board	50
<b>113</b>	<b>Total for Consolidated Group Entities</b>	<b>112</b>
6,674	East Dunbartonshire Council single entity accounts	6,354
<b>6,787</b>	<b>Total for Group Comprehensive Income &amp; Expenditure Statement</b>	<b>6,466</b>

2014/15	(Surplus) or Deficit on the Provision of Services	2015/16
£000		£000
267	East Dunbartonshire Leisure & Culture Trust	193
(357)	Common Good and Trust Funds	79
0	Integrated Joint Board	(687)
(205)	Strathclyde Partnership for Transport	(532)
(1)	Strathclyde Concessionary Travel Scheme Joint Board	(2)
59	Dunbartonshire and Argyll and Bute Valuation Joint Board	104
<b>(237)</b>	<b>Total for Consolidated Group Entities</b>	<b>(845)</b>
2,753	East Dunbartonshire Council single entity accounts	7,449
<b>2,516</b>	<b>Total for Group Comprehensive Income &amp; Expenditure Statement</b>	<b>6,604</b>

## 7. Prior Period Adjustments

East Dunbartonshire Leisure and Culture Trust's accounts were restated to reflect the change in accounting policies required to comply with FRS 102. The Common Good and Trust figures were restated so that the asset figure reflected the market value of the investments held.

## 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 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-Domestic Rates Income Account, the Common Good and Trust Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 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 Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer 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 council and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; 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 2015/16 Code of the state of the affairs of the council and its group as at 31 March 2016 and of the income and expenditure of the council and its group 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 2015/16 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:

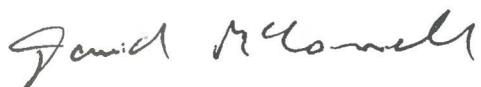
- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with 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, MA, CPFA  
Assistant Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
GLASGOW  
G2 1BT

28 September 2016

## 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.

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**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.