



# East Dunbartonshire Council

**Unaudited Accounts  
2020-21**



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**East Dunbartonshire Council**

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## Management Commentary

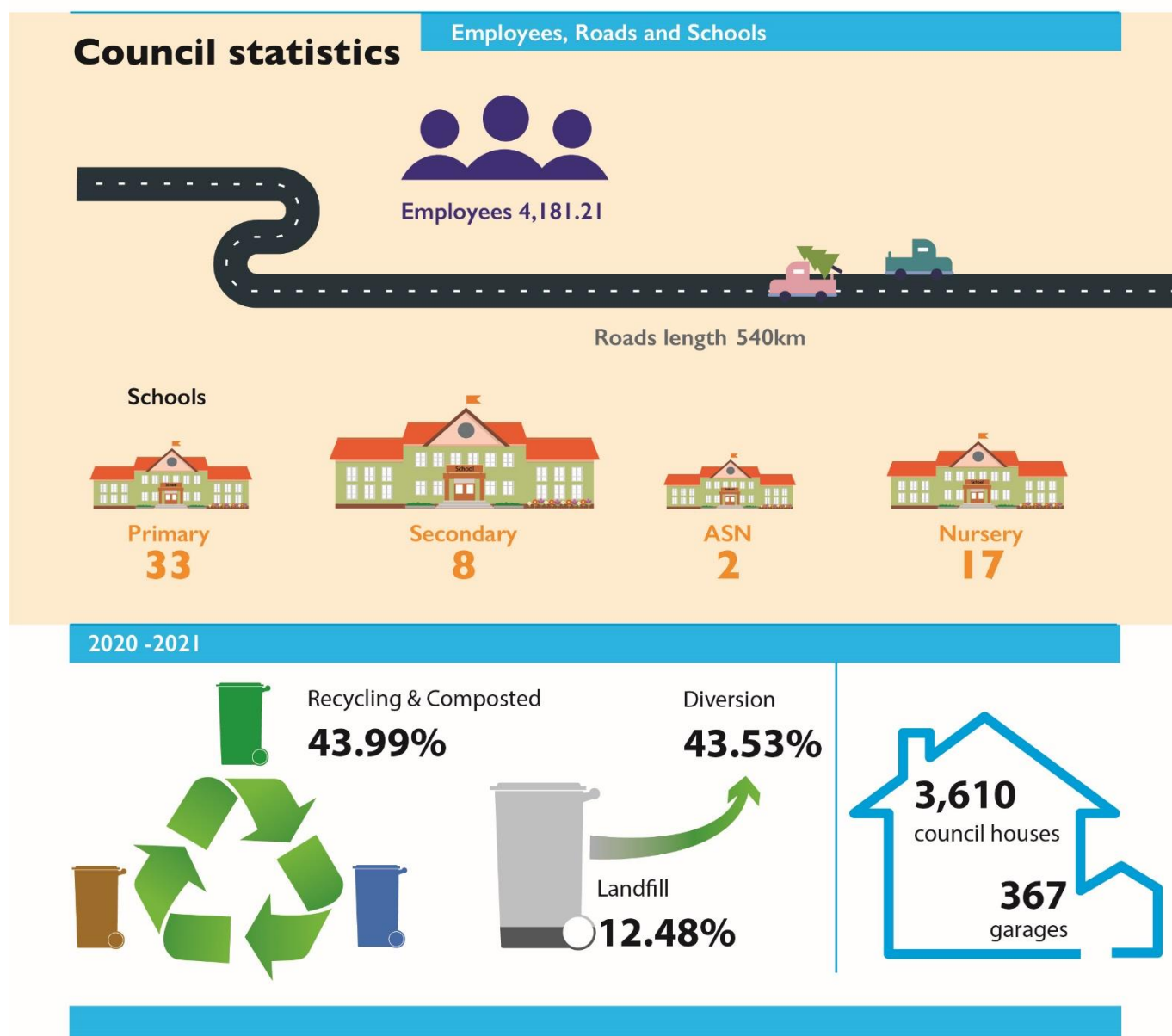
### 1. Introduction

The Management Commentary sets out the key messages on the Council's financial and service performance for 2020/21. It looks ahead to the challenges and risks the Council, its partners, residents and communities will face as we work together to meet the changing needs of the people of East Dunbartonshire.

The Annual Accounts present the financial position and performance of the Council demonstrating the stewardship of the public funds that support the Council's vision and key priorities. The financial position of the wider Council group is also presented. The format and content of the Annual Accounts accord with the Code of Practice on Local Authority Accounting in the United Kingdom.

### 2. East Dunbartonshire

East Dunbartonshire (Siorrachd Dhùn Bhreatainn an Ear) is north of Glasgow and sits between the Campsie Fells and the Kilpatrick Hills covering an area of 20,172 hectares, sharing borders with North Lanarkshire, Stirling and West Dunbartonshire. The council area was formed in 1996 as a result of the Local Government etc. (Scotland) Act 1994, from the former Bearsden & Milngavie District and most of the former Strathkelvin District within the wider Strathclyde Region. Our heritage is one of strategic significance albeit local priorities have understandably changed since Roman times to those that further our plans to be an excellent place to live, learn, visit or to establish and grow a business.



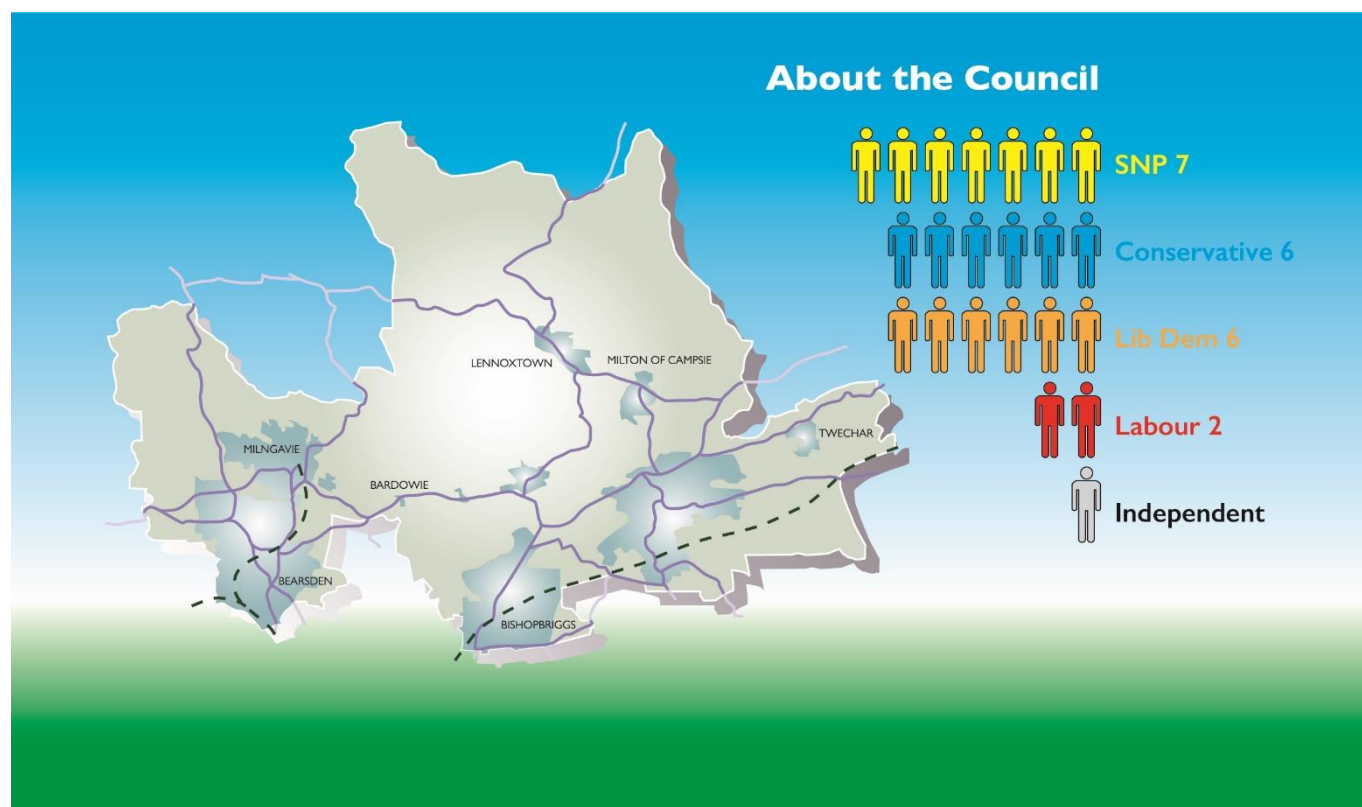


With an increasing population of approximately 108,640, East Dunbartonshire is in the mid-range of Scottish local authorities and covers an area of 77 square miles. In overall terms, the Council's population is expected to grow. However, this growth is not uniform throughout the age groups with our current population constituted by age ranges as follows:

- 0 – 15, children and young people, totalling 19,398
- 16 – 64 totalling 64,766 people
- 65 +, older adults, totalling 24,476.

East Dunbartonshire council area has several places of interest including the Campsie Fells, West Highland Way and the Lillie Art Gallery. The Council area is comprised of a mixture of urban and rural areas including those in and around Bearsden, Bishopbriggs, Kirkintilloch, Milngavie, Lenzie, Milton of Campsie, Lennoxtown, Torrance, Auchinairn and Twechar. Based on a range of indicators and a history of improving performance it is often cited as one of, if not the, best place to live in Scotland.

Following the Scottish Local Elections in May 2017 East Dunbartonshire Council is constituted by 22 Elected Members from four political parties with a single independent Elected Member. Councillors' roles include discussing political issues and agreeing policies about the provision of services and how public money is spent. The next local government elections will take place on the 5 May 2022. The relative split of political parties is shown below.



Together these Elected Members constitute the Council with Officer Structures cascading from the Chief Executive, as the Head of Paid Service, to two Deputy Chief Executives, one Chief Finance Officer, ten Executive Officers and their operational teams. The structure of the Senior Management Team (SMT) was approved at the Council meeting on the 20 September 2018. Further information on the Council's leadership structure is provided within the Remuneration Report also included within these Annual Accounts.

### 3. Key Risks, Uncertainties and Financial Pressures

Over the last decade the Council's Annual Accounts and Financial Statements have served to reflect a period of change. Significant events in prior years, such as the impact of continued financial austerity and demographic change, have shaped the Council to remain sustainable and continue to perform well against a backdrop of reduced funding. Such austerity and increased demand on resources has often been referred to as unprecedented. Whilst its impact has been challenging for the Council to manage, and the cumulative impact significant, collectively it served to galvanise systems, structures, teams, governance arrangements and strategies to the extent that change has been well managed and has never served as a fundamental shock to the Council and its operations. At the end of

the financial year 2020/21, worldwide events are such that the term unprecedented and considerations around austerity now seem mild by comparison.

#### a) *Risks*

The Council's Corporate Risk Register has long tracked the potential for a major emergency or similar event that may fundamentally challenge operations. These civil contingency risks are assessed as having the potential for the highest impact on Council operations, our communities and businesses. Combined with a low likelihood of such events occurring this risk remained managed, monitored and afforded an appropriate treatment strategy. Within the Council's wider Group and within our partners similar evaluations were made within their risk registers including those specific risks attached to pandemic flu within the Health & Social Care Partnership. Recognising that risk exposures change, and in line with good governance processes, Council and Partner risk registers remained under review during the course of the year

In late December 2019 and early January 2020, the risk environment changed with the spread of the new and novel coronavirus. The risk environment, similar to the infection rates, increased with the virus, spreading slowly at first and then very quickly threatening to overwhelm public services. The first 100,000 cases emerged over three months, the second took just twelve days with events escalating significantly just before the financial year-end. Unlike previous worrying but economically minor diseases, the novel coronavirus combines several features. It is highly contagious and often asymptomatic, particularly during the early phase of infection. It is sufficiently dangerous in enough cases that it threatens to overwhelm health services, and yet not deadly enough to exhaust the available hosts and burn out.

The scale of the action taken to manage and mitigate the spread and impact of the novel coronavirus (known as COVID-19) is, and continues to be, unprecedented. COVID-19 is therefore the principal risk facing the Council. In responding to this risk, and throughout March 2020, the Council's Civil Contingency Planning Group met on a daily basis to ensure that the Council remained prepared and due consideration was given to emerging information, advice and guidance which was often updated from day to day. On the 18 March 2020, the Council initiated the 'respond' phase of its civil contingency planning, applying Government advice and triggering emergency service delivery protocols within services. In the following days announcements on school closures, home working protocols, key worker, essential care and protection services were initiated and communication channels widened to ensure critical messages were available to all staff, residents, communities and businesses.

The Council's COVID response has, and will continue to, present a number of material business and financial challenges. These challenges are emerging and change every day. As well as directly dealing with the impact of the virus, protecting communities, and the implementation of new, revised and enhanced services, the Council continues to deliver core services remotely, through revised command and control arrangements. The consequences of COVID will be significant and wide reaching in terms of scale, scope and cost.

To date the UK Government has made additional funding available to enable the Scottish Government to respond to the pandemic. Significant funding has been directed through Councils in order to provide appropriate local responses aligned to specific policy initiatives. Despite such funding, there is a risk that significant additional pressures will be placed on the Council's already finite resources. Additional financial support from UK and Scottish Governments is critical to ensuring that the Council remains financially sustainable.

At the start of the financial year COSLA, SOLACE and Directors of Finance initiated a cost collection exercise. This work sought to ensure that those additional costs of responding to the emerging emergency were captured in a consistent way. This was supplemented to monitor any additional funding received including that resulting from UK Government announcements through the Barnett Consequentials and latterly guaranteed sums. The Council's initial projection reflected a deficit position of approximately £8.255m with this figure, when consolidated with all Council expectations, forming the basis for additional funding as the year progressed. Whilst much of this funding was provided for specific, policy driven initiatives, some funding remained unhypothecated and directed for general use.

Towards the end of the financial year the pace at which funding provided increased significantly with the Council's anticipated deficit unwinding to the point that funding ran ahead of expenditure. Whilst this provides some resilience for the immediate future, this position is not expected to be sustained in the long term. Significant caution is advised when making reference to Council Reserves as they are subject to their own policy and strategy with much of this new funding being for specific purposes. They also represent a point in time with limited assurances on the sufficiency of future funding levels and the planned path to recovery yet to be fully formed. The development of an earmarked element of the General Fund set aside to accommodate Covid Recovery is a prudent way to manage the future cost implications of the Council's next steps. This therefore represents a timing difference between funds being set aside and their eventual use. To make reference to the increase in balances without acknowledging these wider implications would be to misrepresent the overall financial position of the Council and not account for the longer-term risks associated with Covid-19.

During the course of the year the publication of the Coronavirus Act on the 6 April 2020, and subsequently extended for reporting provisions for the 2020/21 financial year, was a material consideration and included a number of significant requirements for the Council to apply. Provisions in relation to housing, vulnerable children and adults, justice, alcohol licencing and the functioning of public bodies were applied and this, along with a range of other resource prioritisation actions through Command and Control arrangements reshaped the focus of Council operations during the year. This has had the impact of causing significant variation in Council expenditure profiles established as part of the 2020/21 Budget, which was set in the month prior to the pandemic taking hold. The provisions of the Act were temporary but proportionate to the threat faced. They were only intended to be in place as long as required to respond to the situation and may change throughout the course of the year. Whilst the provisions of the Act are intended to be short lived there will be long term implications and the full extent of is only now beginning to emerge and planned for over the medium to long term.

## b) Governance

The Council's Administrative Scheme governs specific and general powers of delegation to senior officers. This supplements the powers delegated to various committees, boards and other decision-making bodies. This enables decisions to be made in an appropriate and transparent manner, but which also enables day-to-day business to progress. Given the backdrop of current events and Government advice, the regular cycle of Council meeting was stood down with arrangements similar to those provisions enacted during the summer recess brought into effect. Those duties that would normally require Council/Committee approval were delegated to the Chief Executive in the intervening period (in whose absence Depute Chief Executives) and in consultation with any other Officers deemed necessary.

The Council has continued to discharge its legal and statutory responsibilities during the course of the year. Such activities are reflected within these Accounts, which will also include reference to the immediate and potential future impact of COVID-19. A number of inherent uncertainties remain including the point at which each phase of the Scottish Government's 'route map through and out of the crisis' will be initiated. Correspondingly a number of accommodations will be required within the Council's strategy, business model and performance regime.

COVID-19 will significantly impact our communities and businesses with its effects having the potential to reverberate for many years. These Accounts and those in future years will bear testament to this impact reflecting the Council's subsequent and sustained response in its role to support residents, business and communities. More than ever this reinforces the Council Vision of:

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

Whilst the COVID-19 response remains the Council's key focus, other risks continue to have the potential to significantly impact operations either singularly or linked to ongoing events. The Council's established and comprehensive risk management process, constituted by the Corporate Risk Register and supported by Operational Risk Registers, remains of paramount importance. Each of these risk registers has been subject to regular scrutiny and updated to reflect evolving risk exposures within the Council.

## c) Risk Management

Risk registers continue to reflect significant challenges over the short, medium and long term with financial pressures, technological developments, partnership demands, demographic factors, public policy developments, and political direction all adding to the risks and uncertainty within the Local Government Sector.

The need to manage risks relating to public sector austerity and reducing financial resources, within an environment of increasing demand for services, and driven by demographic change is one of the key longer-term challenges and risks for the Council. Add the impact of COVID-19 into this and the challenge becomes exponentially more nuanced. Such pressures have required the significant and ongoing reshaping of service delivery with the Council taking this forward as part of the Transformation Programme; Your Services, Your Choices and associated Budget Reduction Strategy. Delivery against these also represents a key risk and, despite the Council's response to meet these challenges, ongoing austerity and real terms reductions in grant funding remains. The Council has a clear plan for the required next steps with further transformation being implemented to shape the future delivery of Council services. The nature, timing and extent of these is now likely to change, however the key Corporate Risks and areas of uncertainty remains as follows:

- **Civil Contingencies.** Whilst the above narrative highlights the risks associated with the ongoing civil contingencies response there remains a potential for a secondary spike in cases and this remains a risk.
- **Scottish Government Funding.** The Council has been working with the Scottish Government, through CoSLA, to evaluate the impact of the current crisis. The Scottish Government has made additional funding available to cover hardship, food poverty, welfare, social security and HSCPs. However, there is a risk that the funding distributed is insufficient to cover the full cost of the Council's COVID response in the medium term and beyond.

- **Health & Social Care.** With the Health & Social Care Partnership delivering a front line response to current events it will be challenging to sustain their existing strategic aims and within current financial settlements. Additional funding and assurances have been provided by the Scottish Government however, and similar to the Council position, there remains a risk that this does not cover the total costs incurred and with the strategy requiring to be changed to accommodate this new environment.
- **Capital Programme.** With many development sites on lockdown and material adjustments to working practices on reopening, there remains a risk that timescales and costs within the capital programme will increase. Changing priorities will require the 10 year Capital Programme to be re-evaluated to accommodate options to, for example, enhance home working, accommodate service delivery or organisational transformation may impact the shape and existing commitments within the Capital Programme.
- **Britain's Exit from the European Union.** Whilst the macroeconomic impact of Brexit may have been superseded by current events, any new UK and Scottish Government policy intervention measures may impact Council operations and the economy and so remains under review.

## 1. Objectives and Strategy

There is a strong tradition of effective partnership working in East Dunbartonshire. This has delivered successful outcomes for the area. The East Dunbartonshire Community Planning Partnership (ED CPP) involves partner organisations working together to ensure effective use of resources, engagement with the community, and the delivery of services. These interactions improve the lives and outcomes of people across East Dunbartonshire. The current Local Outcome Improvement Plan set out the following outcomes and the mechanisms through which these will be achieved and these are constituted by:

1. East Dunbartonshire has a sustainable and resilient economy with busy town and village centres, a growing business base, and is an attractive place in which to visit and invest



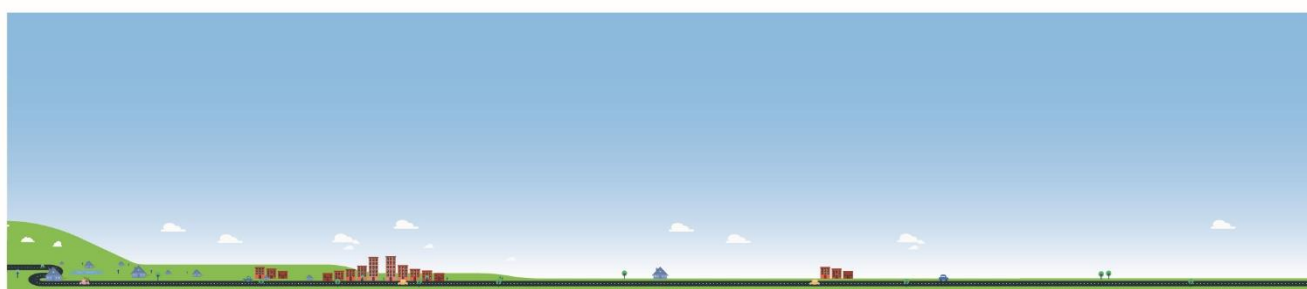
2. Our people are equipped with knowledge, skills for learning life and work



3. Our children and young people are safe, healthy and ready to learn



4. East Dunbartonshire is a safe place in which to live, work and visit



5. Our people experience good physical and mental health and wellbeing with access to a quality built and natural environment in which to lead healthier and more active lifestyles



6. Our older population and more vulnerable citizens are supported to maintain their independence and enjoy a high quality of life, and they, their families and carers benefit from effective care and support services.

The ED CPP Local Outcomes Improvement Plan (LOIP) was prepared in 2017, with an annual review report provided in summer of 2019. It meets the requirements of the Community Empowerment (Scotland) Act 2015 and, through



its delivery, the Council and its partners continue to demonstrate improvement, focusing on reducing disadvantage across the authority and achieving the vision for East Dunbartonshire.

Whilst much has been achieved to date, the nature, timing and extent of the challenges continue to change and grow, in both size and complexity. Previous challenges resulting from the economic downturn and on-going austerity will be subsumed within a partnership COVID-19 response which will fundamentally affect our local communities with associated impact on partnership and Council services. This response, against a backdrop of financial constraint, means that it is vital that resources are targeted in an effective, economic and efficient way and that the Council, in conjunction with Partners, can continue its work to address the inequalities within our communities.

In developing a response, the Council and its partners will need to refresh its previous rigorous analysis of local needs, engaging widely across all communities. This will enable us to clearly identify those specific issues that affect people and communities across East Dunbartonshire. The Council recognises that working with our people and communities is central to the achievement of our outcomes, and these reflect requirements of the Community Empowerment (Scotland) Act 2015.

Whilst these principles and priorities have been well established and applied to good effect during the course of the financial year, these will now need to be reviewed. This will potentially include revisiting the outcomes and priorities of our LOIP and also of our four Place Plans. Partners locally are working together and will move towards the creation of a new normal against the context of an ongoing health crisis and a sustained period of lockdown as the local, Scottish and UK economies are unlocked.

Through annually refreshed Business Improvement Plans (BIPS), each strategic service area sets out how they will contribute to these strategic priorities for the coming year. Progress against these plans is currently reported on a regular basis through the How Good is Our Service (HGIOS) Self Evaluation Framework. The Council's Strategic Planning and Performance Framework (SPPF) ensures that relevant information on the performance of services is available to officers, elected members and our local communities. This includes the publication of benchmarking data allowing us to make meaningful comparisons with other areas

While the SPPF remains fit for purpose, the landscape around performance management and reporting is quickly changing, especially in light of developments around the ongoing Covid-19 pandemic and opportunities for improvements that have arisen. At a time when future planning and performance arrangements have to be approved, some key areas for improvement have been developed to be taken forward, in line with the Council's high level aspirations, to inform future arrangements for service planning and performance reporting.

The 2020/21 financial year represents a period of time that was dominated by the Covid-19 pandemic and associated emergency response. This response created a large volume of additional workstreams across all service areas alongside new and innovative ways of delivering services. As a result of the shift in priorities and in some cases the complete cessation of services for essential reasons, existing performance measures have been severely impacted in many areas. Despite this, performance has been reported for scrutiny purposes against existing indicators and targets in order to demonstrate the impact that the pandemic has had on "business as usual" service performance.

#### 4. Key Achievements in 2020/21

Although the Covid-19 pandemic had a significant impact on Council operations and service delivery throughout 2020/21, a number of key initiatives and projects were able to be progressed. In addition to the significant acceleration of online services and online application processes for service delivery as a result of the pandemic. Highlights across Education, Social Care, Sport and Leisure and the provision of affordable homes in the area included:

- Construction beginning on the £42.5 million new Allander Leisure and Day Care Centre, which includes a new, state-of-the-art sports and leisure complex, as well as a support centre for adults with learning disabilities.
- Delivery of 27 new Council houses in Bearsden, including a total of 26 flats and a specially adapted terraced house.
- Commencing construction of 87 new affordable homes, a mixture of Council houses and shared equity homes, on the former Tom Johnston House Council HQ site in Kirkintilloch. Provision and delivery of over 1900 digital devices and 300 Wi-Fi devices to those in need across schools to facilitate home-based learning.
- Agreeing the lease for the management and operation of the planned new Kirkintilloch Community Sports Complex with Rob Roy Football club.
- Beginning construction of the stunning £40.9 million new Boclair Academy in Bearsden.

- Progressing construction of three fantastic new Early Years Centres in Milngavie, Bearsden and Kirkintilloch to increase provision throughout the area.



#### **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. Government grants, fees & charges, Council Tax income, Non-Domestic Rate Income (subject to pooling arrangements) and interest/returns on investments provide resources for the General Fund. The General Fund is split between uncommitted balances (the level of funding available to the Council to manage financial risks and unplanned expenditure) and balances that have been earmarked for specific purposes.

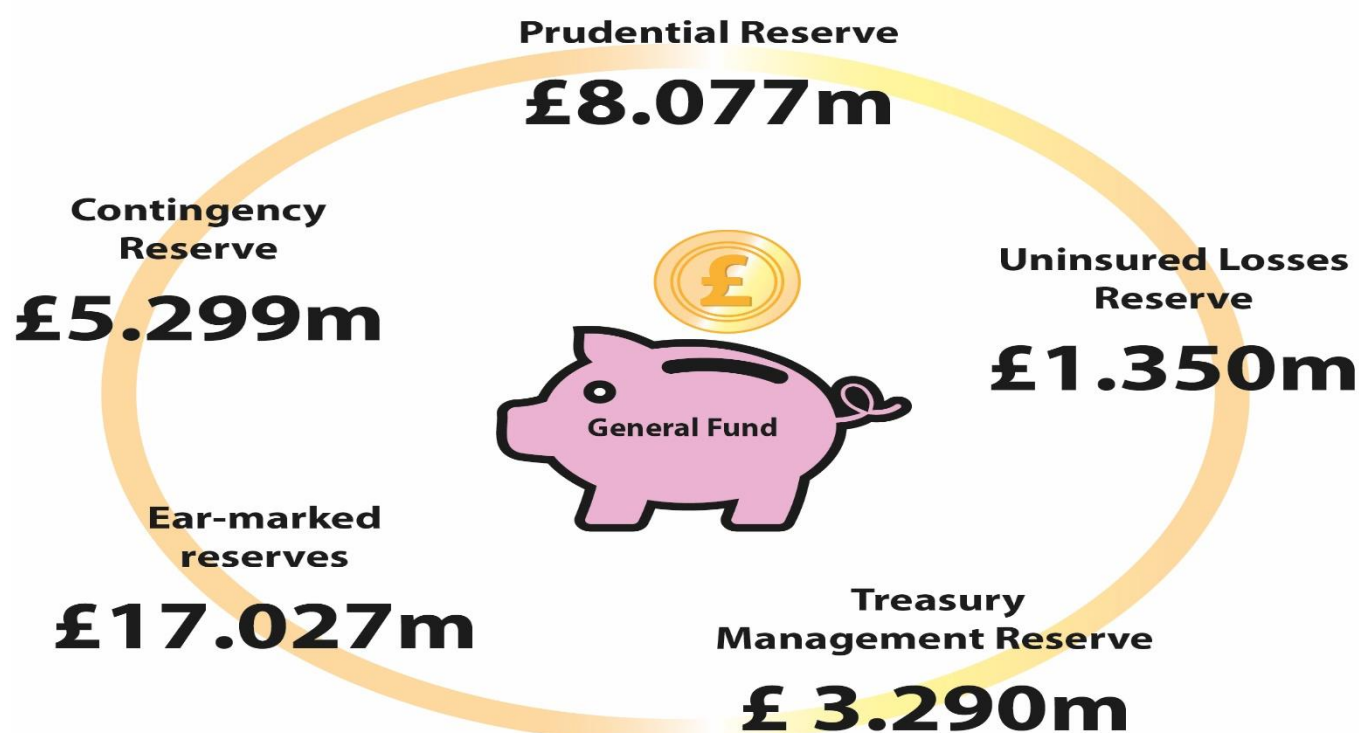
The Council recognises the potential impact of ongoing uncertainty and, in line with its Policy & Strategy on Reserves has retained the Prudential Reserve reflecting current levels of uncertainty and risk. The Prudential Reserve for 2020/21 equates to £8.077m.

The Council's Unallocated General Fund balance, established for minimum level of designated funds to ensure stable service delivery, meet future needs and protect against financial instability, has been retained at 2% of the Council's net expenditure. This equates to £5.299m and is in line with East Dunbartonshire's Reserves Strategy.

The Council's Treasury Management Reserve has increased to £3.290m in 2020/21 which allows for re-profiling of revenue costs and providing long-term resilience in future years.

Earmarked reserves are used for intended purposes and are reported as such. The Council's Earmarked reserves for 2020/21 are £17.027m an increase of £11.375m however £9.082m relate to Funding for Covid Recovery, £3.604m for the Council's budget gap and £2.489m for Corporate Cost of Change and Recovery.

## Financial Performance for 2020/21



### Principal Sources of Finance

As noted above the principal sources of finance are the General Revenue Grant, Council Tax income and Non-Domestic Rate Income. **Table 1** below shows a comparison of the principal sources of finance compared with the previous financial year; further analysis of this information is included in the ratio analysis later in this Commentary.

**Table 1** shows that the General Revenue Grant, provided by the Scottish Government, is the Council's main source of funding. The settlement for 2019/20 was provided based on a single rather than multi-year settlement. Single year settlements do not provide certainty regarding future funding levels, represent a significant risk for the Council and limit the effectiveness of longer term financial planning. The level of Council Tax is set by the Council and is the most significant funding source over which local authorities have control.

**Table 1: Principal Sources of Finance within the Council**

2019/20	Principal Source of Finance	2020/21
£000		£000
167,418	General Revenue Grant	201,761
63,200	Council Tax	65,077
22,669	Non-Domestic Rates	15,238
<b>253,287</b>		<b>282,076</b>

The net income from Non-Domestic Rates (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 2020/21 was £15.238m (£22.669m in 2019/20). Further details are provided in the Non-Domestic Rates Income account.

General Fund Outturn

**Table 2: General Fund Revenue Outturn (Per Outturn) Reconciled to EFA**

Detailed Analysis of Net Service Outturns	Final Performance Report			Building the Expenditure & Funding Analysis		
	Final Budget	Final Outturn	Final Variance	Amounts Not Included In Net Cost of Service per Management Commentary	HSCP Reserves	Net Expenditure Chargeable to General Fund
	£'000	£'000	£'000	£'000	£'000	£'000
CEx, Dep CEx, Joint Boards & Misc	27,846	19,458	8,388	140		19,598
Assets & Facilities	35,992	35,550	442	(10,796)		24,754
Roads & Transportation	7,375	7,739	(364)			7,739
Neighbourhood Services	11,137	11,241	(104)	(133)		11,108
General Fund Housing	293	742	(449)		202	944
Land, Planning & Development	971	937	34			937
Place & Community Planning	3,719	3,632	87			3,632
Education	108,800	106,040	2,760			106,040
Finance, Audit & Performance	4,069	3,557	512			3,557
Legal & Democratic Services	2,577	2,362	215			2,362
Organisational Transformation	4,298	3,904	394			3,904
Customer & Digital Services	8,000	7,513	487			7,513
HSCP	57,720	52,470	5,250		5,049	57,519
<b>General Fund Net Expenditure</b>	<b>272,797</b>	<b>255,145</b>	<b>17,652</b>	<b>-10,789</b>	<b>5,251</b>	<b>249,607</b>
Debt charges	12,350	9,784	2,566	11,085	0	20,869
<b>Total GF Net Expenditure</b>	<b>285,147</b>	<b>264,929</b>	<b>20,218</b>	<b>296</b>	<b>5,251</b>	<b>270,476</b>
General Revenue Grants & NDR	(216,583)	(216,859)	276	(140)		(216,999)
Council Tax Income	(65,927)	(65,077)	(850)			(65,077)
Application of HSCP Reserves	0	5,251	(5,251)	0	(5,251)	0
Application of Reserves	(873)	(873)	0			
Transfers To / From Other Reserves	0	0	0			
<b>Net (Surplus) / Deficit for Year</b>	<b>1,764</b>	<b>(12,629)</b>	<b>14,393</b>	<b>156</b>	<b>0</b>	<b>(11,600)</b>
Balance 1 April 2019						23,443
Net Surplus / (Deficit) for Year						11,600
<b>Balance 31 March 2020</b>						<b>35,043</b>

**Internal Reporting adjustments include:**

Discretionary relief, principal and interest for PPP and finance leases and finance costs relating to financial instruments

The Comprehensive Income & Expenditure Statement (CIES) sets out the Council's funding and spending in accordance with accounting requirements which is different to the way we report performance within the year. The Expenditure Analysis (EFA) provides a link between the budget management reports, reported within the year and the figures in the CIES. The reconciliation above assists users of the accounts to follow the figures between these statements.

**Table 2** highlights how the Council returned a net deficit for the year of £11.600m within the General Fund services. This demonstrated management efficiencies and additional income received to deal with Covid pressures. In addition, the decision to increase Council Tax by 3.95% protected Council services with in-year collection rates decreasing marginally to 96.69%. **Table 2** helps the Council to "tell the story" of the Annual Accounts as a number of presentational changes now required by the *2020/21 Local Authority Code of Practice* means that this is increasingly difficult. This table now shows the variation between what is reported through the Council's Service Committees and the requirements of the Expenditure and Funding Analysis in **Note 1** of these Annual Accounts.



During 2020/21, the Council continued to face significant financial pressures. The most significant of these was the Covid pandemic. The final position of spend on Covid was met by late redeterminations from the Scottish Government in March 2021. This has led to an increase in reserves which will be used to offset additional Covid pressures in future years. The Movement in Reserves Statement shows an overall net increase in the Council's total General Fund balance of £11.600m for the year, representing the movement in total balances from £23.443m in the prior year to £35.043m at the end of 2020/21. This is shown in **Table 2** with further analysis being reflected in **Table 3** below.

**Table 3: Movement in Uncommitted Balances**

General Fund Balances	Uncommitted Balances £000	Earmarked Balances £000	Total Balances £000
<b>Balance B/Fwd 1 April 2020</b>	<b>(17,791)</b>	<b>(5,652)</b>	<b>(23,443)</b>
Movement in 2020/21:			
Net Increase in Balances 2020/21	(225)	(14,079)	(14,304)
Use of Balances 2020/21	0	2,704	2,704
<b>Balance C/Fwd 31 March 2021</b>	<b>(18,016)</b>	<b>(17,027)</b>	<b>(35,043)</b>

During the course of the year, uncommitted balances have increased by £0.225m. The movement in Earmarked General Fund balances is outlined in **Note 22**, which reflects the movements attributable to, for example, previous financial commitments that have been, or are in the process of being finalised.

Reflecting on the financial risks associated with the ongoing reduction in funding levels the Council continues to plan to ensure financial resilience, sustaining its Contingency Reserve at 2% of net expenditure, sustaining the Prudential Reserve, increasing its Treasury Management Reserve in line with Loans Repayments expected and allowing for additional earmarked elements as required. Such action will allow future flexibility, sustain financial resilience and provide a position that seeks to enable the Council to manage future financial risks.

#### **b) Housing Revenue Account Performance**

Housing Revenue Account performance reflects the overall position that the income generated during the course of the year funded the running costs. This included financing of £2.000m of capital expenditure (2019/20 £3.616m) and total income generated from council house and homeless rents of £14.729m (2019/20 £14.208m). The final outturn position for the year was an increase in the surplus of £2.459m against a prior year balance of £6.483m. Further analysis being provided in **Table 4** below.

**Table 4: Housing Revenue Account**

**Table 4: Housing Revenue Account**



Housing Revenue Account Balance		£000
<b>Opening balance 1 April 2020</b>		<b>(6,483)</b>
<b>Movement in 2019/20</b>		
Adverse (Positive) Variances		(2,459)
Application of HRA balance		0
<b>Closing balance 31 March 2021</b>		<b>(8,942)</b>

Overall, the majority of operational costs showed favourable variances at the year end as a result of Covid 19, staffing vacancies, effective management processes and the reduction in debt charges from the Loans Fund change. The closing surplus for the Housing Revenue Account (HRA) is £8.942m (2019/20 £6.483m). This is available to meet a number of ongoing commitments, and to provide financial resilience against future pressures.

### **c) Group Accounts**

Where Local Authorities have a material interest in other organisations, they are required to prepare group accounts in addition to their own Financial Statements. The group accounts consolidate the Council's Financial Statements, the Common Good & Trust Funds and six other entities, including two subsidiaries: East Dunbartonshire Leisure and Culture Trust Limited and Mugdock Country Park Joint Committee. The effect of combining these entities on the Group Balance Sheet is to increase reserves and net assets by £21.8m, creating an overall net asset of £347.3m. This includes the combined pension liability of these organisations similar to that of the Council. However, as there is no reason to suggest the future funding to these organisations will not continue, the accounts have been prepared on a going concern basis.

### **d) Capital Finance**

The level of capital spend undertaken by local authorities is governed by the provisions of The Prudential Code for Capital Finance in Local Authorities developed by 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 2020/21**

The Council's priorities for General Services Capital Expenditure are set out within the 10 Year Capital Investment Plan, which establishes the major assets projects for the year. The review of this plan informed the General Services Capital Budget, approved in March 2020. During the course of the year, the Council delivered a significant programme of capital works with £29.781m of capital expenditure being applied; a figure that approximates to 78% of the revised budget of £38.070m after slippage into future years. Some of the most significant capital projects undertaken during the year are highlighted below.



The Housing Services Capital Budget was approved by Council in March 2020. The plan for the Housing capital budget is separately informed by the long-term housing business plan. Expenditure on Housing capital was £13.605m less than the original budget, mainly due to the pandemic and the restrictions it imposed across the capital programme generally, resulting in an underspend in the Corporate Housing Programme of £4.844m and new build developments of £5.179m and capital programme of £3.582m. However, works on void properties were able to be carried out and were accelerated in areas such as electrical rewiring and asbestos removal where this was possible.

A more detailed explanation of the capital variances for both General Fund and Housing capital programmes is presented in the final outturn report 2020/21. A summary of Capital Expenditure and Income for both General Services and Housing is shown in Table 5, this reflects the required balance funded from borrowing; additional analysis is included within Note 13.

**Table 5: Capital Expenditure and Income**

	Budget £000	Outturn £000	Under (Overspend) £000	Underspend % Budget
<b>Capital Expenditure</b>				
General Services	38,070	29,781	8,289	(21.8%)
Housing Capital	24,383	10,778	13,605	(55.8%)
	<b>62,453</b>	<b>40,559</b>	<b>21,894</b>	
<b>Capital Income</b>				
General Services	18,220	13,668	4,552	(25.0%)
Housing Capital	13,749	5,821	7,928	(57.7%)
	<b>31,969</b>	<b>19,489</b>	<b>12,480</b>	
<b>Funded from borrowing</b>	<b>30,484</b>	<b>21,070</b>	<b>9,414</b>	30.9%

### 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 £329.065m at 31 March 2021 (£311.791m at 31 March 2020). The outturn capital financing requirement compared to the actual external borrowing is shown in Table 6 below.

**Table 6: Capital Financing Requirement**

	2019/20 £000
Actual External Borrowing	208,080
PPP/Finance Lease Liability	79,434
	<b>287,514</b>
Capital Financing Requirement	327,784
<b>Under Borrowed</b>	<b>40,270</b>

Actual external borrowing and long term liabilities are less than the capital financing requirement by £40.270m (£31.237m 2019/20), indicating that the Council is reporting a slightly decreased under-borrowing 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. The Council's Treasury Management Strategy includes a plan to address this over the medium to long 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 with the Outturn Report for the Financial Year following the completion of the Annual Accounts.

### e) Borrowing

The operational boundary for external debt for the Council for 2020/21 was £300m (2019/20 £300m). The actual level of outstanding long and short-term debt, including long-term liabilities at the year end totalled £286m (2019/20 £278m). At 31 March 2021, the Council had borrowing of £210m (2019/20 £198m), comprising long-term borrowing of £147m (2019/20 £148m), and short-term borrowing (repayable within 12 months) of £63m (2019/20 £50m). The short-term borrowing includes accrued interest on long-term loans of £1.8m (2019/20 £2.0m). The average interest

rate for all loans was 3.218% (2019/20 3.711%). The Council paid £7.000m (2019/20 £7.463m) of interest and similar charges on external loans and received £0.041m (2019/20 £0.014m) of interest and investment income.

#### **f) Balance Sheet as at 31 March 2020**

The Balance Sheet sets out the total net worth of East Dunbartonshire Council at 31 March 2021. When comparing the net worth of the Council at the date of the last Balance Sheet on 31 March 2020 it can be seen that there has been an overall decrease in the net worth of the authority of £29.272m in the past 12 months.

**Table 7: Movement in Net Worth**

<b>Movement in Year</b>	<b>£000</b>
Long-term Assets	6,839
Current Assets	39,389
Current Liabilities	(39,423)
Long-term Liabilities	(36,076)
<b>Net Movement</b>	<b>(29,271)</b>

Movements in the net worth of the Council are attributed to:

- **Long-term Assets** - increase in assets being built and acquired
- **Current Assets** - increase in current assets as a result of an increase in short term debtors and holding short-term investments, consistent with the Council's treasury management strategy
- **Current Liabilities** – increase in short term creditors and borrowing in line with the borrowing note above
- **Long-term Liabilities** – movement due to actuarial losses (discussed in pensions below)

#### **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 27 and 28** to the accounts. As at 31 March 2021, the Council's Pension Fund had a net pension liability of £174m (2019/20 £134m). 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 2021, which is currently unfunded. This is a significant change on 2019/20. Although there was a significant return on scheme assets as stock markets recovered from the impact of the Covid 19 pandemic, the forecast implications of the new economic circumstances have resulted in a greater increase in the predicted liabilities of the scheme. The Council continues 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.

#### **h) 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. These can be seen in **Table 8**.



**Table 8: Accounting Ratios**

Accounting Ratio	2020/21 % or £	2019/20 % or £	Explanation
<b>Reserves</b>			
Uncommitted General Fund Reserves as a % of annual budgeted net expenditure	6.3%	7.0%	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	1.3%	-3.8%	Reflects slight decrease in the uncommitted resources available within the General Fund Balance.
<b>Council Tax</b>			
In-year Collection Rate	96.7%	97.0%	Demonstrates the Council's effectiveness in collection of local taxation.
Council Tax Income as a % of Overall Revenue Funding	23.1%	25.0%	Demonstrates the funds received from Council Tax as a % of overall funding requirement.
<b>Financial Management</b>			
Actual Outturn as a % of Budget	92.9%	97.9%	Demonstrates actual expenditure under budget improving the Council's financial position at the year end (excluding HSCP).
Actual Contribution to/(from) Uncommitted General Fund Balance	£0.225m	-£0.698m	Demonstrates the Council's application of reserves to support Council decisions during the year.
<b>Debt &amp; Borrowing</b>			
Capital Financing Requirement	£329.3m	£311.8m	This is the amount of unfunded capital expenditure.
External Debt Levels	£284.4m	£277.8m	The amount of external debt held by the Council. Slight increase on last year due to temporary loans taken for cashflow purposes.
Ratio of Financing Costs to Net Revenue Stream - General Fund	4.6%	7.9%	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	19.5%	12.0%	Demonstrates how much of the housing revenue budget is tied up in supporting borrowing

## 5. Future Developments and Financial Planning

The Council continues to undertake financial planning both in the medium term and beyond, incorporating and evaluating risks, uncertainties and financial pressures to reflect good financial management practices. Financial planning assumptions were revised as part of the budget setting process and updated following the publication of the Scottish Government's second Medium Term Financial Strategy (MTFS) in June 2019.

With additional information on future developments relating to Government policy, principles, borrowing, reserves and infrastructure investment the second iteration of the MTFA supplemented the first. However, further work was ongoing to include further detail in relation future planning, spending priorities, the economic context, demographic change, automation and climate change.

Future challenges will now require the above work to be reviewed in light of the wide ranging and significant impacts of COVID-19 and the UK Government, Scottish Government and Council response. Work continues to address short-term budget pressures, how these will impact the medium term with longer-term financial strategies also requiring immediate attention. The Scottish Government has established its recovery priorities and these in turn will impact on Council priorities. Future funding must be enable Local Government to focus and play its key part in longer-term recovery. Any future UK Spending review, fiscal event or emergency budget will have implications on the Council's budget. This has the potential to impact the following areas of high priority areas for the Council.

## a) *Inclusive Economic Growth*

Throughout most of 2020 and the beginning of 2021, the Council has been working with its community partners in East Dunbartonshire's Economic Partnership (EDEP) to produce an Economic Recovery Plan. EDEP is a group of representatives from key agencies (including: Scottish Enterprise, Visit Scotland, the Federation of Small Businesses, East Dunbartonshire Chamber of Commerce, East Dunbartonshire Volunteer Association, Scottish Canals, Forestry and Land Scotland).

The first version of the Economic Recovery Plan was completed in August 2020 and approved at Council on 1st October 2020 with the understanding that it was designed to be reviewed and updated as more information on the unfolding economic crisis became available. As part of this information gathering process a public survey was undertaken in November 2020 to gain feedback on the Plan and find out how businesses and people who live and/or work in East Dunbartonshire have experienced the economic impacts of COVID-19.

The Economic Recovery Plan was updated following the public survey and the March 2021 version is now available online to support local businesses and communities. The actions in the Plan cover four priority areas: Business; People; Community; and Environment and it outlines the commitment of the Council and its Community Partners towards making plans for a better future, with emphasis on social, environmental and economic wellbeing.

East Dunbartonshire Council are in the progress of producing a new Local Development Plan (LDP2), a statutory document under the *Planning (Scotland) Act*, the purpose of which is to guide all planning decisions made in East Dunbartonshire. Following public consultation on the Proposed Local Development Plan 2 which ended in January 2021, officers have analysed all submissions and considered the issues raised. The outcomes of this process will be considered by the Council's Place, Neighbourhood and Corporate Assets Committee on 27 May 2021. The proposed LDP2 includes a specific policy aimed towards creating a supportive business environment and encouraging development that will generate sustainable and permanent employment opportunities. It also has a strong focus on 'place', with policies for each of the local community areas which take into account their unique challenges and opportunities to promote inclusive economic development.

The Council also continues to collaborate with seven other local authorities to deliver the actions set out in the Regional Economic Strategy 2017-2035, which include tackling poverty and barriers to economic activity across the City Region. East Dunbartonshire Council is also part of Glasgow City Deal and work is underway to deliver the local City Deal project, which will support the local economy and will include regeneration activities in Bishopbriggs town centre and improved road, public transport and active travel links.

## b) *Child Poverty*

East Dunbartonshire Council submitted a plan to tackle child poverty to the Scottish Government in June 2019. The plan aims to contribute to the Scottish Government targets set out in the Child Poverty Act of 2017 which sets out four statutory, income-based targets (all after housing costs), to be achieved by 2030. The primary aim is that fewer than 10% of children are in relative poverty. This means fewer than one in ten children living in households on low incomes, compared to the average UK household.

According to Scottish Government research around one in four children in Scotland lives in poverty. East Dunbartonshire had 16% of children living in poverty according to Scottish Government statistics in 2020. This compares to 1 in 4 children living in poverty nationally and is one of the lowest rates of any Local Authority in Scotland. The key findings show that children in households with a single parent, adults with a disability, at most one adult in employment, or three or more siblings, were more likely to have limited resources. Children who lived in families with two or more adults, or at least two adults in employment, were less likely to have limited resources.

## c) *Wellbeing*

The Council continues to focus on employee health and well-being. At the start of the pandemic, the Council established an infrastructure to support the Covid-19 response. This provided a 7-day call monitoring service alongside the implementation of individual risk assessment process to support the continuation of essential services. The safe return of staff to the workplace was of paramount importance with further work being specified to enhance reporting of Covid19 sicknesses and working alongside occupational health services to offer adapted provision including virtual appointments and consultations. During the course of the year, this has been vital to support Council employees.

We continue our commitment to ensuring a holistic approach to managing absence and well-being through line managers and the targeted provision of training. Following approval of the revised Absence Management Policy,

training was specified and rolled out to assist in the management of both short and long-term absences. Of key focus was the need to ensure that good practice in this regard is applied consistently. Building on the previous success, the Council has now achieved the Gold Award for Healthy Working Lives.

#### d) *Climate Change*

Covered within sustainability below, the Climate Change (Scotland) Act 2009 requires public bodies to produce annual reports detailing measures being taken to address climate change.

Table 9: 2021-22 Budget Allocations

Strategic Area	Budget £000
Depute Chief Executive - EP&B	134
Education	106,393
Health and Social Care Partnership	58,401
Organisational Transformation	4,422
General Fund Housing	1,149
Customer & Digital	7,276
Legal & Democratic	2,570
Depute Chief Executive - PNCA	5,516
Roads & Environment	6,655
Neighbourhood Services	11,043
Assets & Facilities	36,415
Land & Planning	1,027
Place & Community	3,119
Finance & Audit	3,886
Chief Executive/Miscellaneous/Joint Boards	7,886
Debt Charges	12,175
	<b>268,067</b>

The Council's 2021/22 budget has an assessed financial gap of £7.460m, based on current events, past experiences and expectations that the Local Government settlement would be challenging several options were tabled to close the gap including recovery planning, fiscal flexibilities, a review of existing grant schemes and use of reserves. The latest 2021/22 budget allocated across Executive Officers is shown in **Table 9** with this being the basis for reports to the Council's Policy and Resources Committee. Within Council services, the reduction in funding comes at a time of sustained cost pressures and demographic demands on our services. Despite such challenges Council performance has largely been sustained during which time services have been reshaped to provide a more efficient and effective model of delivery. The Council continues to anticipate demand pressures alongside ongoing financial austerity, sustained reductions in funding and increased cost pressures.

## 6. *Other Significant Information*

### a) *Sickness Absence*

The average number of working days per employee lost through sickness absence for teachers was 3.29 days (2019/20 5.32 days). For all other local government employees the average was 5.58 days (2019/20 11.49 days).

### b) *Personal Data Incidents*

The Council had seventy-five recognised data protection breaches during 2020/21, two of which were reportable.

### c) *Register of Interests*

A Register of Interests for each Councillor is available on the Council's website via:

- Home Page > Council & Democracy > Committees & Councillors > Councillors > Councillors 2017

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

#### **d) Sustainability**

During 2020/21, the Council began the process of preparing a Climate Action Plan, in response to the UK and Scottish Governments' declarations of an Environment and Climate Change Emergency during the previous year. A 'Climate Conversation', which runs into 2021-22, was launched during 2020-21 as the first stage of gathering local public opinion to inform policy and action planning.

The initial preparatory work undertaken during 2020-21 for the Climate Action Plan highlighted the ambition for the document to draw together and build on various existing sustainability agendas, including the ongoing delivery of the Sustainability and Climate Change Framework, corporate Carbon Management Plan, Local Biodiversity Action Plan, Green Network Strategy, Open Space Strategy, Active Travel Strategy and emerging Circular Economy Strategy. The provisions of these documents are augmented by ongoing organisation-wide integration of sustainability into policy-making, through measures such as Strategic Environmental Assessment.

During 2020-21, significant steps were made towards the production of a Local Heat and Energy Efficiency Strategy, which will form part of the Climate Action Plan. Funded by the Scottish Government, a project was undertaken to investigate building decarbonisation opportunities in two pilot areas in East Dunbartonshire, to inform an area-wide approach.

Through these agendas, and through the various other agendas being undertaken by the Sustainability Policy Team in partnership with other stakeholders, progress is being made in aligning 'green' agendas to social and economic priorities, to seek efficiencies and avoid future costs.



## 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 secure best value under the *Local Government in Scotland Act 2003*. The Council is committed to addressing any governance issues identified and to keeping arrangements under review.

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.

The Council has 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 Council put in place temporary variations in governance arrangements during the financial year to manage the impact of the coronavirus (COVID-19) pandemic. Further detail on these variations is provided below.

### Impact of COVID-19 pandemic on governance arrangements

#### 1) Impact on business as usual in the delivery of services

The COVID-19 pandemic impacted all Council services from the end of 2019/20 and throughout 2020/21, and whilst many services have now resumed, it continues to impact on service priorities and how services are delivered. Within these Accounts, the Management Commentary provides a chronology of events in relation to the Council's response to COVID-19 for the year. The initial Council response to the pandemic followed Scottish and UK Government Guidance and sought to deliver on a number of key principles. Firstly, the Council continued to deliver services where possible through home working, online & telephone. Secondly, provision for children of key workers and for vulnerable children was put in place. Thirdly, the East Dunbartonshire Health & Social Care Partnership continued to provide essential care and protection services in line with Business Continuity Plans and the Caring for People Plan. Finally, all other frontline Council services initially moved to emergency service delivery only.

At the peak of the first wave of the pandemic, there was a material impact on the delivery of most services in line with the above principles, with the suspension of services such as face-to-face teaching, recycling collections and non-essential repairs and maintenance. The first lockdown in March 2020 and subsequent restrictions also had a material impact on the capital programme, including the completion of three new Early Years Centres and works to reconfigure Southbank House and the KHCC which suffered COVID-19 related delays. These changes to service delivery were required due to Scottish Government restrictions, COVID-19 related impacts on staffing, and the prioritisation of the essential COVID-19 response services such as distribution of COVID-19 business support grants, school meals support, support for residents who were shielding, or tested positive and/or who were identified as a contact and so required to self-isolate. Where possible, services have now resumed. Education has returned to full face to face teaching from 6 April 2021, Waste has resumed the full range of collections, and the capital programme is progressing. This is in addition to the ongoing COVID-19 response including support for mass vaccinations and community testing and recovery planning. The pressures on services therefore continue, with front line services and the most vulnerable in our communities being the priorities.

#### 2) Governance Implications

Civil Contingency Arrangements were initiated in the Council's preliminary 'response' phase. Council strategies, resources, service provision and governance arrangements were appropriately flexed to accommodate. The initiation of the Council's Civil Contingency Arrangements in the preliminary 'response' phase to the coronavirus pandemic resulted in the suspension of established decision-making structures and the delegation of powers to the Chief Executive. Similar provisions are normally actioned during the Council's annual recess but were put in place to ensure safe working protocols were maintained whilst operation decision making sustained. Alternative arrangements to ensure Elected Members were informed regarding the activity of the Council was put in place, via regular engagement between the Chief Executive and political Group Leaders and also via regular Technical Notes, including detailed fortnightly Elected Member Technical Note Service Updates. The Council and key quasi-judicial meetings recommenced virtually in June 2020, followed by some further governance arrangements, including Committees, resuming in October 2020 as an element of recovery was possible at that stage. However,

the arrival of the second wave of the pandemic and the related Scottish Government announcement on Monday 4 January of enhanced 'Stay at Home' restrictions resulted in revisions being reintroduced, with the suspension of committees and boards until May 2021. Councils and Special Councils meetings have continued throughout 2021 as scheduled with some Committees having been reinstated from May 2021. A fuller resumption of committees is planned for August 2021 as a step towards the Council's COVID-19 recovery with the inclusion of scrutiny panels and other meetings which have not taken place since March 2020.

### **3) Financial Pressure & Funding Consequences**

The Council's response to the coronavirus pandemic has, and will continue to result in additional costs being incurred. Short term financial pressures include those associated with: delaying the implementation of savings options, reduced organisational transformation activity, an enhanced system of business grants, resource pressures manifesting as staff overtime, and the costs of implementing new systems, processes and governance arrangements. Changes in Scottish Government policy have required a significant response from Local Government. Many of these new policies are aimed at welfare, hardship, wellbeing, communities, health and businesses and have fallen to Councils to deliver either singularly or in conjunction with others. Each new policy has required suitable changes to, or the establishment of new processes. Correspondingly, the scale of the Council's response has been significant with these new and revised processes requiring a balance to be found between providing a swift response to support recovery whilst adhering to the principles of best value and good governance, coupled with the minimisation of fraud and irregularity.

The longer-term impacts are more difficult to quantify due to unknowns such as the long-term efficacy of vaccines and their effectiveness against new variants. Risks such as sustained periods of economic changes including increased unemployment and permanent changes in how people live and work leading to changed demand patterns for goods and services will affect local businesses, our residents, communities, Partners and Group entities. As the short term economic shock gives way to the potential for higher unemployment this may, for example, impact on debtors' ability to pay, increased eligibility for council tax discounts and risks relating to social care costs through the Health and Social Care Partnership.

### **4) Longer-term changes to priorities, programmes, strategies and plans**

The pandemic has had profound health, social, and economic impacts of unprecedented scale, with permanent implications for our society. COVID-19 has accelerated a change in public services and magnified a number of risks. The Council has responded to COVID-19 by changing how it works and what services and activities it provides. The Council intends to capitalise on those advances made because of COVID-19 and reflect on a number of lessons learned. Such lessons include how well joint working has shaped the response and how this will be continued into the future. This includes joint working both internally across Council services, with the HSCP and the EDLCT; and with our community planning partners and other public sector agencies and third sector organisations.

2021/22 is seeing continuing focus, firstly, on protecting individuals and communities and thereafter, providing support during the period of recovery. Working with colleagues from NHS GGC, our local HSCP and Leisure Trust to enable the ongoing roll out of targeted and mass vaccination and testing programmes as required will continue as one of our top priorities. This will be supported alongside our work on wider public health protection and support. The Council has also prioritised the work required to support our children and young people in returning to early years and education in a safe and supported way to continue our focus on the exceptional educational provision for which East Dunbartonshire is widely recognised. Our communities have significant numbers of older and vulnerable people and we shall maintain our commitments to those elderly and vulnerable individuals who require our support through a range of care and other support services. East Dunbartonshire's local economy and businesses have been hard hit by the impact of the pandemic and the various restrictions and other measures introduced during lockdowns periods. Whilst we have ensured significant levels of financial support has been directed to businesses over recent months, we will continue to work to assist our local businesses, many of which are the lifeblood of our local communities and town centres and will be key in seeing a return to normal community and town centre life.

It is important that Council plans for a strategic review of priorities and local outcomes to inform future COVID-19 Recovery Plans and future prioritisation of services and resources. This review will include lessons learned from the impact and response to COVID-19 and a review of Corporate Performance & Improvement. A review of 'Prioritising our Services, Prioritising our Resources' will be undertaken through a refreshed Budget Engagement Process. The outcomes of this engagement programme will inform any revisions to strategic priorities and the budget planning process for 2022/23 and beyond. In addition, a review of the Local Outcome Improvement Plan will be undertaken in conjunction with the Community Planning Partnership to ensure that there is a continuing focus on the most important priorities for our local residents, communities and businesses.

## The governance framework

Whilst noting the temporary variations that have been outlined above, key features of the governance framework are set out in the following paragraphs, with any further COVID-19 impacts detailed in the narrative.

### 1. 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 Local Outcome Improvement Plan (LOIP) to its strategic and local outcomes and priorities.

The LOIP sets out the outcomes that all Community Planning partners aim to achieve with the people of East Dunbartonshire. It acts as the core plan for everything the Council does; and it is, in essence, the delivery plan for community planning in East Dunbartonshire. The LOIP also sets out how the East Dunbartonshire Community Planning Partnership contributes to the Scottish Government's key objectives through its sixteen national outcomes.

Our LOIP covers a 10-year period with the current period being 2017-27. 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 LOIP, the Community Planning Partnership carried out a rigorous analysis of local needs and engaged widely across all our communities. This has enabled us to identify the specific issues that affect people and communities across East Dunbartonshire and helped us plan what we want to achieve over the next decade and detail how we will know we are getting there. As has been noted at section D. above, in response to the COVID-19 pandemic, Officers will work with community planning partners to review the current priorities and outcomes within the East Dunbartonshire Local Outcome Improvement Plan (LOIP). This will help to ensure that there is a continuing focus on the most important priorities for local residents, communities and businesses, with particular consideration of the impact of COVID-19 on local needs.

### 2. Common Purpose, Clear Functions and Roles

The Council provides a clear statement of roles and responsibilities through its Administrative Scheme. These were revised and approved at Council in September 2019. Officers will keep the Administrative Scheme under review and provide regular updates to ensure that it reflects current arrangements including decision-making, organisational structures and strategic responsibilities.

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. However, 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 role is to give advice to Elected Members and to the Council, and thereafter to carry out the Council's work under the direction and scrutiny of the Council and its Committees.

### 3. 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 of Scotland.

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

In 2020/21, the Council continued to develop its counter-fraud activities, taking a zero tolerance approach to fraud. The Corporate Fraud Team continues to undertake proactive investigative work focussing on the new high-risk area of Covid-19 Business Grants. Work also continued on other areas of risk including Council Tax Reduction, Single Person Discount, Housing Tenancy, School Placing Requests, Blue Badges and Licencing.

#### 4. 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.

A revised Workforce Strategy approved by Council in June 2018 set out the long term Workforce and Succession Planning, outlining the basis on which Council would plan, resource, develop and support delivery of services in the future. Based on high-level principles around the pressures and challenges Council faces, the strategy is also set in the context of emerging technologies to deliver services. This strategy has been updated periodically based on the organisational context.

The Workforce Strategy continues to reflect the changing context and challenges faced by services. The strategy and its associated actions recognise the longer term planning required within services through Council's well-established Early Career Programmes. These continue to support areas of expansion, demographic pressure and areas of skill development required for sustaining services in the future.

The Workforce Strategy and the Leadership Competency Map recognise the foundations of emerging digital skills, innovation, adaptability and flexibility in the future roles and delivery of services for the future. The linkages across the Workforce and digital capabilities continue to be emphasised through national programmes and the Council's own Transformation Programme.

A review and refresh of the strategy will take place on the basis of the response by services to the COVID pandemic and the requirements in the short, medium and longer term for recovery. The strategy will reflect the response to COVID-19 with expansion of areas such as Cleaning, Quality Assurance in cleaning and Health & Safety. The strategy will also reflect upon the response to the pandemic that continues to be delivered by Council and any requirements for continued resourcing. The strategy will include a focus on the wellbeing of our workforce, an emphasis on the role of a trauma informed workforce and will include service delivery as a core theme throughout.

Integral to preparing for the future is the alignment of the Workforce Strategy and the Leadership Competency Map. It is important to recognise the foundations of emerging digital skills, innovation, adaptability and flexibility in future roles and the delivery of services for the future. The linkages across the workforce and digital capabilities continue to be emphasised through national programmes, skill development and the Council's own Transformation Programme.

The Council's Transformation Programme has established longer-term projects crossing into 2021/22 with the continuation of digital functionality that evolves the workforce, communication and collaboration, as well as enhancing the customer experience of Council services. Elements of these projects were accelerated in the COVID pandemic as the Council responded and continued to deliver essential services.

The Council continues to engage actively in the Digital Partnership through the Local Government Digital Office, with participation in a number of workstreams continuing, in recognition of the benefits of the partnership in setting and supporting the digital opportunities for the future.

The Council continues to ensure that the Workforce Strategy and Digital Strategy alignment enables longer term planning with the 'art of the possible' featuring prominently throughout. Understanding the gaps in our current and future resource requirements remains, with action planning in place to ensure these remain managed. This is a key enabler in supporting improvements in service delivery, structures, systems and overall performance through people and in support of Best Value.

Training needs analysis continues across all services, based on service roles and taking account of priorities and future requirements. Delivery through e-learning solutions continues to feature as a priority for the Workforce Strategy with opportunities through collaboration and sharing. The Elected Member development programme continues to be progressed and reported within an established rolling programme of Elected Member briefings and workshops for specific topics and developments.

Commitments for 2021/22 include the revisiting of the Employee Survey which took place in September 2019, concluding in October 2019, covering key themes around:

- Leadership
- Communication and Engagement
- Management
- Teamwork
- Wellbeing



The survey return rate was 32.3%. The results give an understanding of how the workforce feels about the role they carry out, the team they work in and working for the Council and provide organisational and service based results and actions. The revisiting of the survey will allow for an expansion on smart working for the future as well as emphasis on wellbeing in light of COVID recovery.

## 5) Informed & Transparent Decision Making

The Council sets out its processes and controls to be rigorous and transparent about how decisions are taken and to listen and act 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, Strategic and Operational Risk Registers providing support and assurance that risk exposures are known and managed. Furthermore, the committee report template includes links to the LOIP and sets out key risks and any mitigating actions. In addition, the Council and each standing Committee receives an outstanding business statement as part of the agenda for each meeting. This provides Members with an update of outstanding decisions and actions taken to implement these and enables ongoing scrutiny and assurance of performance against decisions.

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 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 LOIP objectives, transformational activities and co-ordinating activities for the Scrutiny Panels.

## 6) Engaging with Local People & Stakeholders

The Council seeks to engage effectively with 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 *Community Empowerment (Scotland) Act 2015*. Community Planning places a statutory duty on a range of national, regional and local organisations to plan in partnership for their local area and, in doing so, reduce inequality of outcomes across their communities. 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 Local Outcome Improvement Plan
- review performance in implementation of the Local Outcome Improvement Plan
- approve the remit of the Community Planning Executive Group
- review the work of the Community Planning Executive Group and the Local Outcome Delivery Groups
- ensure full and active engagement of all partners and the wider community.

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

The Council's Consultation and Engagement process connects with local people and communities in a wide range of ways to seek their views on the performance of our services and to 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's Consultation and Engagement Strategy 2021-24 supports all consultation and engagement activity, seeking to ensure consistency of approach across all strategic areas. An area-wide budget consultation exercise was undertaken in 2019, '20/20 Vision', which sought community input into budget and income generating priorities for 2020 and beyond. The Council, in partnership with its Community Planning Partners, continues to engage with its communities, with a particular emphasis on our most vulnerable areas within Hillhead and Harestanes, Lennoxton and Auchinairn, with the aim of working together with local people to regenerate these areas more effectively.

The *Public Bodies (Joint Working) (Scotland) Act 2014* requires the establishment of an 'integration authority' to deliver nationally agreed outcomes for health and social care. The Act aims to integrate health and social care

services by delegating the planning, commissioning and oversight of a range of health services and adult social care. In East Dunbartonshire, this is achieved via a separate legal body, known as East Dunbartonshire Health and Social Care Partnership (HSCP). The delegated services include adult social care and children's services. East Dunbartonshire Council delegated the relevant portion of the Council budget to the HSCP who in turn directed East Dunbartonshire Council to provide a range of specified Council services.

## 7) CIPFA Financial Management Code

A self-assessment against the recently published CIPFA Financial Management Code had been planned for 2020/21 but has been delayed due to the COVID-19 response. This will be performed in 2021/22 and an action plan developed to ensure compliance.

## 8) Review of Effectiveness

The 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 the Corporate Management Team and the Executive Officers within the Council who have responsibility for the development and maintenance of the governance environment, by the Audit & Risk Manager's Annual Report, and by comments made by the external auditors and other review agencies and inspectorates.

During 2020/21, the 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 given the focus on the COVID-19 response 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, Executive Officers have a responsibility to ensure their own governance arrangements are adequate and operating effectively. In line with the CIPFA/SOLACE Framework, each Executive Officer is required to make an annual statement confirming that this is the case. For 2020/21, these Executive Officer disclosures confirm the adequacy and effective operation of corporate governance arrangements and financial controls. These assurances extend to include progressing the following areas, in addition to the areas highlighted by Internal Audit for improvement at section 10 c) below:

- Equalities Reporting which has previously been delayed is now being progressed to report on previous outcomes and develop new outcomes for the 2021-25 Mainstreaming Equalities Report; and,
- Improvements to the Council's ICT security defences to mitigate the increasing threat of cyber-attack, which faces public bodies and other organisations.

Executive Officers have also provided an update on the following issue which was highlighted as requiring improvement in the 2019/20 governance statement:

- In 2019/20, the Council referred itself to the Health and Safety Executive (HSE) in relation to a Health and Safety issue within a specific Council building. The HSE carried out an inspection and notified the Council of past contravention of regulations; however, noted that the Council had already taken mitigating action in this regard and so did not require further action to be taken. Mitigating actions to address these risks have included a review of the assurance processes relating to building health and safety compliance. Internal Audit are in the process of completing a review of Buildings Regulatory Compliance to provide further assurance over the controls in this area.

Based on Internal Audit work completed in 2020/21 in accordance with Public Sector Internal Audit Standards (PSIAS), the Audit & Risk Manager has concluded that the Council's internal control procedures were generally found to operate as intended, with reasonable assurance being provided on the integrity of Council controls. Improvements implemented in the course of 2020/21 following internal audit recommendations made previously have included the establishment of separate access for Officers performing HR and Payroll tasks in order to reduce risks in the Payroll function. A number of additional recommendations have been made by the internal audit team in 2020/21 in order to improve controls further across the Council, and action plans developed with management to address the risks identified. The main areas that the internal audit team highlighted as requiring further improvement are included in section 10 c) below.

The level of assurance provided by the internal audit 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 Management Report and the Annual Audit Report.

The Audit Scotland Management Report for 2019/20 reported on the following key issues: timeliness of completion of reconciliations, user access rights, the timeliness of the review of NDR reliefs/discounts, authorisation of journals, payroll exception reports and standing data and housing rent arrears. An action plan has been agreed to address the issues raised, with responsible officers and target dates set. Audit Scotland's 2019/20 Annual Audit Report also highlighted timescales for Equalities Reporting as an area for improvement. This work has been delayed in part due to the prioritisation of the COVID pandemic response. However, as mentioned above, the review is now being progressed across all corporate services.

## 9) Assurances Provided

The Council's Audit & Risk Manager provides Internal Audit services to the HSCP. The constitution of the Health & Social Care Partnership requires that a set of Annual Accounts be prepared in accordance with relevant Accounting Codes and these will include their own Annual Governance Statement.

East Dunbartonshire Council has provided assurances to the HSCP that an adequate and effective system of internal control is in place.

The Council has received funding from Glasgow City Region – City Deal, for the commencement of a City Deal capital project and for a Working Matters employability project. The Audit & Risk Manager has provided assurance to Glasgow City Region over this expenditure, through a formal opinion. This states that the Council's procedures around governance and financial control are operating adequately and that there are no significant matters which require to be raised which would have a material impact on the Glasgow City Region Annual Assurance Statement for financial year 2020/21.

## 10) 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 either are 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. In completing the review of governance arrangements in the current year, the following have been noted for inclusion as part of the ongoing governance improvement plan:

### *a) Reinstatement of governance arrangements*

As part of the Council's COVID-19 recovery actions it is planned that in 2021/22 there will be a reinstatement of governance arrangements that have been fully or partly suspended at times during the pandemic. This includes the regular committee reports on performance and risk management, and the reintroduction of some scrutiny panels.

### *b) 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.

### *c) Internal Audit Work*

Further to the completion of the internal audit work for 2020/21, and following up on previously raised internal audit actions, the main area that the Internal Audit Team highlighted as requiring further improvement was controls around the commissioning of social care and contract management. Progress is being made towards mitigating risks in this area, with Contract Management in the Council being addressed through resourcing, programmes of work, monitoring, the development of reporting on Social Care un-commissioned spend and through the Scotland Excel framework. However, these risks will continue to be kept under review, with auditors monitoring compliance with the agreed actions as part of an established six monthly cycle, and progress being reported to the Audit & Risk Management Committee.

#### *d) Best Value*

The Council articulates its ongoing commitment to Best Value and continuous improvement through a well established Strategic Planning and Performance Framework, which is intended to provide a clear roadmap from our strategic priorities to our operational activity. The framework identifies how our day-to-day activities feed into the delivery of the agreed outcomes and guiding principles of the East Dunbartonshire Local Outcomes Improvement Plan (LOIP). The effectiveness of the Council's approach and ongoing work to demonstrate Best Value are assessed by Audit Scotland and reported to the Accounts Commission on an annual basis and a more detailed Best Value Audit Review will be published in September 2021. The findings of this report will be incorporated into the Council's Strategic Review being undertaken in 2021/22.

#### *e) Public Performance Reporting*

Effective performance management and reporting is key to ensuring that we know we are achieving our LOIP objectives. The Council currently monitors its outcomes through long and short-term indicators, with a consistent line of target setting from Council Strategic Group Business Improvement Plans (BIPs), progress monitoring via How Good is Our Service (HGIOS) and Performance and Progress Reports to the meetings of the Community Planning Board, Council, and Service Committees. Reporting is ordinarily on a quarterly basis to the relevant Service Committee, which ensures regular, effective scrutiny, which is supplemented by scrutiny of performance that is undertaken via the Scrutiny Panels. The suspension of the Council's usual decision making processes as a result of the COVID-19 pandemic has necessitated some delays in the publication of How Good is Our Service reports and Business Improvement Plans. Nonetheless, the 2019/20 statutory reporting deadlines were met with the publication of the Public Performance Report. The publication of a single annual public performance report clearly linking performance to the priority outcomes and guiding principles of the LOIP provides a comprehensive summary of year end performance across all service areas. Enhanced transparency to our communities is achieved through regular publication of performance information on the Council website and social media channels.

There are lessons to be learned through the Council's response to the pandemic which will be taken on board in our future approach to the strategic planning and performance framework. The Council aspires to revise and update its approach to strategic planning and performance for 2021/22 and beyond, to become more reactive to local circumstances in real time with a more dynamic outlook. Key aspirations are:

- realignment of corporate priorities in response to the post Covid-19 landscape,
- a shift to real time and reactive planning and reporting,
- improved data gathering and reporting to better inform and engage with communities and better measurement of Outcomes to Communities,
- increased use of benchmarking data in a meaningful way,
- better use of area based data to inform strategic planning, and
- enhanced opportunities for scrutiny and governance.

It is proposed that the aspirations identified above inform a new approach to strategic planning and performance reporting. An indicative timescale and action plan has been developed and reported to Council to allow progress to be reported against this plan.

Comparing our performance with that of other Councils is a key factor in ensuring Best Value and the most recent benchmarking data available highlights that we are a high performing council, with the majority of our benchmarking indicators remaining within the top two quartiles of Scottish Local Authorities. The Council's Performance Team provided detailed outturn analysis on the Local Government Benchmarking Framework data, with the analysis informing our annual Public Performance Report.

#### *f) Scrutiny of Transformation*

Transformation continues to be key to the Council achieving its outcomes. The Transformation Programme Board provides structured officer-level scrutiny chaired by the Depute Chief Executive – Education, People & Business. The Transformation programme is further scrutinised via the Policy & Resources Committee and through the Audit & Risk Management Committee and Scrutiny Panels. These arrangements have been subject to suspension due to the COVID-19 response and will be reinstated when circumstances allow.

#### *g) Audit & Risk Management Committee*

The full Strategic Service Committee is chaired by the Opposition Group Leader, providing scrutiny on the Council's Audit & Risk Management activities. The cycle of meetings is ordinarily aligned to the six meeting cycle.

#### *h) Workforce Planning*

As reported previously at section 4, the Council's Workforce Strategy is a supporting pillar of the Council's governance and transformation programme. The Workforce Strategy is interlinked with the strategic priorities set out in the Prioritisation of Services and the Council's Digital Strategy. Scrutiny of these strategies is provided through ongoing reporting to the Policy & Resources Committee. Review and refresh of these strategies will take place in 2021/22 with regard to the context of the COVID-19 pandemic, Audit Scotland reports and Scottish Government strategies. The review will allow for reflection on the prioritisation of services and resources and alignment to commitments made by Council.

#### *i) Community Planning*

The Local Outcomes Improvement Plan includes a set of guiding principles and all partners are directed to consider these principles in their approaches. The principles include Best Value, prevention and early intervention, co-production and engagement, and fair and equitable services. This demonstrates our commitment to involving communities at the earliest point to ensure transparency in decision-making, and to maximise the impact of our efforts through inclusive approaches. An area-wide budget consultation exercise will be undertaken on the budget priorities for 2022/23 in the coming year.

### **11) Conclusion**

We consider the governance and internal control environment operating in 2020/21 to provide reasonable and objective assurance that significant risks affecting the achievement of 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 the governance arrangements and these are set out above. Systems are in place for regular review and improvement of the governance and internal control environment. Temporary arrangements have been put in place in response to the COVID-19 pandemic as a necessary measure to enable the Council to meet its civil contingency responsibilities and to allow the prioritisation of services provided to the most vulnerable in the community. As steps towards reintroducing established governance arrangements are taken, the Council will continue to review its Corporate Governance arrangements and take any additional steps, as required, to enhance these additional arrangements. These steps will address the need for improvements and the internal audit team will monitor their implementation and operation as part of its 2021/22 programme of work.



## 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 Finance 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* as modified by the *Coronavirus (Scotland) Act 2020*), 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.

### The Chief Finance Officer's Responsibilities

The Chief Finance 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 2020/21 (the Accounting Code)*.

In preparing these Annual Accounts, the Chief Finance 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 Finance 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 2021.

.....  
**Jamie Robertson CPFA**  
**Chief Finance Officer**  
Date: 29 June 2021

## 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.

The Regulations permit the Council to remunerate one Leader of the Council and one Provost. For 2020/21 the Regulations set the salary for the Leader as £35,713 (2019/20 £34,944) and the maximum salary for the Provost as £26,785 (2019/20 £26,208). The remuneration arrangements for the Joint Leaders of East Dunbartonshire Council will rotate annually as agreed in report EPB/089/18/KMD to Council of 26 April 2018.

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 £245,513 for 2020/21 (2019/20 £240,229) and the maximum number of Senior Councillors is 11. A Senior Councillor may only be remunerated for one senior position regardless of the senior positions held. 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.

#### Remunerated Elected Member Positions Held During the Course of the Financial Year

Position Held	01/04/2020 to 31/03/2021
Joint Leaders of the Council	A Polson, V Moody
Provost	A Brown
Depute Provost	G Pews
Convener:	
Audit & Risk Management	G Low
Education	J Goodall
Place, Neighbourhood & Corporate Assets	W Hendry
Policy & Resources Committee	V Moody
Chair - Planning Board	R O'Neil
Chair - Licensing Board	J Gibbons
Vice Convener:	
Audit & Risk Management	G Renwick
Education	G McGinnigle
Place, Neighbourhood & Corporate Assets	S Murray
Policy & Resources Committee	A Polson
Vice Chair - Planning Board	S Thornton

The Council has a representative on the Board of NHS Greater Glasgow and Clyde and the representative receives remuneration from the National Health Service (NHS) for that position. This position was held by Councillor Mechan for 2020/21.

Excluding the Leader of the Council and the Provost, the additional remuneration paid to these Senior Councillors in 2020/21 totalled £245,513 (2019/20 £240,888).

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 2019/20	Councillor	Office held as at 31 March 2019	Salary and Allowances	Taxable Expenses	Total 2020/21
£			£	£	£
35,040	V Moody	Joint Leader of the Council, Convener	26,785	0	26,785
26,280	A Polson	Joint Leader of the Council, Vice Convener	35,713	0	35,713
26,280	A Brown	Provost	26,785	0	26,785
22,022	G Pews	Depute Provost	22,445	0	22,445
22,424	G Low	Main Opposition Leader, Convener	22,855	0	22,855
23,125	J Goodall	Convener	23,569	0	23,569
24,878	W Hendry	Convener	25,355	0	25,355
22,424	R O'Neil	Chair of Planning Board	22,855	0	22,855
19,240	J Gibbons	Chair of Licensing Board	19,609	0	19,609
19,240	G Renwick	Vice Convener	19,609	0	19,609
19,240	G McGinnigle	Vice Convener	19,609	0	19,609
22,788	S Murray	Vice Convener	23,213	0	23,213
19,240	S Thornton	Vice Chair of Planning Board	19,609	0	19,609
302,221	<b>Total</b>		308,011	0	308,011

Salaries are calculated based on 365 days and paid four-weekly which can give rise to small differences in the actual payments made between financial years.

### 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:

2019/20	2020/21
£	£
459,867 Salaries – Council Duties	468,697
12,170 Expenses	5,458
<b>472,037</b>	<b>474,155</b>

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 was Vice Convener of the Dunbartonshire and Argyll and Bute Valuation Joint Board but received no remuneration from the Council for this role.

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

Councillor	Office	Pension Contributions		Accrued Pension Benefits			
		Year to 31 March 2021	Year to 31 March 2020	As at 31 March 2021		As at 31 March 2020	
		£	£	Pension	Lump Sum	Pension	Lump Sum
		£	£	£000	£000	£000	£000
V Moody	Joint Leader, Convener	5,169	6,763	6	2	5	2
A Polson	Joint Leader, Vice Convener	6,893	5,072	2	0	1	0
A Brown	Provost	5,169	5,072	2	0	1	0
G Pews	Depute Provost	4,332	4,250	1	0	1	0
G Low	Convener	4,411	4,328	5	2	5	2
J Goodall	Convener	4,549	4,463	2	0	1	0
R O'Neil	Chair of Planning Board	4,411	4,328	2	0	1	0
J Gibbons	Chair of Licensing Board	3,785	3,790	5	1	4	1
G Renwick	Vice Convener	3,785	3,713	4	1	4	1
G McGinnigle	Vice Convener	3,785	3,713	1	0	1	0
S Murray	Vice Convener	4,480	4,396	2	0	1	0
<b>Total</b>		<b>50,769</b>	<b>49,888</b>	<b>32</b>	<b>6</b>	<b>25</b>	<b>6</b>

Note: Membership of the pension scheme is not compulsory.

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 the state pension age.

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 1/49<sup>th</sup> of pensionable salary for each year of pensionable service from 1 April 2015; prior to this, different accrual rates applied, which included a lump sum.

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 table above relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment. 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. The salaries of East Dunbartonshire's other senior employees 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. There are now 2 grades of senior employees. The Deputy Chief Executives (Education, People & Business and Place, Neighbourhood & Corporate Assets) are on the scale previously set for Chief Official Grade 3, a scale from points 43 to 45. This scale was agreed at Council of 20 November 2014 and the Deputy Chief Executives transitioned to their new roles as per the Special Council of 17 May 2016. The Executive Officers were subject to a pay and grading review, effective from 1 July 2017. All Executive Officers included within this report are on Grade 17, a scale from points 135 to 141. Positions in the East Dunbartonshire Health and Social Care Partnership are not included in this report as the Integration 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.

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 persons;
- who holds a post that is politically restricted by reason of Section 2(1) (a), (b) or (c) of the *Local Government and Housing Act 1989*;
- whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

East Dunbartonshire Council include in this report, the members of the Corporate Management Team and the holders of key positions in the Council. Local authorities in Scotland are required by various statutes to make appointments to a number of specified offices, commonly referred to as 'statutory officers'. Where applicable, these designations have been given in square brackets:

#### Corporate Management Team

- Chief Executive [Head of Paid Service]
- Deputy Chief Executive, Education, People and Business (EPB)
- Deputy Chief Executive, Place, Neighbourhood and Corporate Assets (PNCA)

## Other Chief Officials

- Executive Officer - Education [Chief Education Officer]
- Executive Officer – Social Work [Chief Social Work Officer]
- Executive Officer – Finance & Audit, Chief Finance Officer [Section 95 Officer]
- Executive Officer - Legal & Democratic Services [Monitoring Officer]

## Remuneration of Senior Employees

2019/20 Salary, Fees & Allowances			2020/21 Salary, Fees & Allowances	2020/21 Annual Salary
£			£	£
133,983	G Cornes	Chief Executive	135,288	135,288
108,725	A Davie	Depute Chief Executive, EPB	109,344	109,344
106,450	T Glen	Depute Chief Executive, PNCA	109,344	109,344
100,667	J MacDonald	Executive Officer Education	103,107	103,107
94,679	C Sinclair	Chief Social Work Officer	103,107	103,107
97,997	J Robertson	Chief Financial Officer	103,107	103,107
98,247	K Donnelly	Chief Monitoring Officer	103,107	103,107
<b>740,748</b>	<b>Totals</b>		<b>766,404</b>	<b>766,404</b>

As well as salary, fees and allowances, East Dunbartonshire Council is also required to report the amount received by the senior employees above in respect of taxable expenses, compensation for loss of employment, other remuneration, bonuses and non-cash benefits. None received these types of remuneration in 2019/20 or 2020/21. Most salaries are calculated based on 365 days and are paid four-weekly which can give rise to small differences in the actual payments between financial years.

## 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.

		Pension Contributions		Accrued Pension Benefits			
		Year to 31 March 2021	Year to 31 March 2020	As at 31 March 2021		As at 31 March 2020	
				Pension	Lump Sum	Pension	Lump Sum
		£	£	£	£	£	£
G Cornes	Chief Executive	26,111	25,420	70	120	66	117
A Davie	Depute Chief Exec, EPB	21,103	20,545	30	10	25	10
T Glen	Depute Chief Exec, PNCA	21,103	20,545	52	0	47	0
J MacDonald	Chief Education Officer	0	18,694	0	0	46	80
C Sinclair	Chief Social Work Officer	18,676	18,273	6	0	4	0
J Robertson	Chief Finance Officer	19,900	18,817	31	25	26	24
K Donnelly	Monitoring Officer	19,900	18,694	12	0	7	0
<b>Total</b>		<b>126,793</b>	<b>140,988</b>	<b>201</b>	<b>155</b>	<b>221</b>	<b>231</b>

## 6. Local Government Pension Scheme Contribution Rates

From 1 April 2009, a five-tier contribution system was introduced with contributions from each member being based on how much pay falls into each tier. This is designed to give more equality between the costs and benefits of scheme membership. Part-time workers' contribution rates are worked out on whole-time pay rate for the job, with actual contributions paid on actual pay earned.



The tiers and members' contribution rates for 2020/21 whole time pay are as follows:	Contribution rate
On earnings up to and including £22,200	5.50%
On earnings above £22,201 and up to £27,100	7.25%
On earnings above £27,101 and up to £37,200	8.50%
On earnings above £37,201 and up to £49,600	9.50%
On earnings of £49,601 and above	12.00%

## 7. Remuneration of Other Employees

The number of Council employees, 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 as part of restructuring of the Council's services but exclude senior employees shown in the table before. The figures do include senior employees whose remuneration for the year exceeds that shown in the table in Section 4 as they were only in a senior position for part of the year (those in an acting position).

Remuneration	No. of Employees	
	2020/21	2019/20
£50,000 - £54,999	183	57
£55,000 - £59,999	64	23
£60,000 - £64,999	41	11
£65,000 - £69,999	15	3
£70,000 - £74,999	5	6
£75,000 - £79,999	2	6
£80,000 - £84,999	2	3
£85,000 - £89,999	2	8
£90,000 - £94,999	11	0
£95,000 - £99,999	0	2
£100,000 - £104,999	2	0
<b>Total Employees</b>	<b>327</b>	<b>119</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.

Value of Exit Packages in Bands	2020/21		2019/20	
	Number	Cost	Number	Cost
		£		£
£0 - £20,000	1	6,000	4	40,070
£20,001 - £40,000	0	0	0	0
£40,001 - £60,000	0	0	1	47,627
£60,001 +	0	0	0	0
<b>Total</b>	<b>1</b>	<b>6,000</b>	<b>5</b>	<b>87,697</b>

## 9. Subsidiary Entities – Remuneration and Pension Entitlement

The Council includes two subsidiary entities within its Group Accounts:

- 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 Depute Chief Executive – Place, Neighbourhood & Corporate Assets 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.

	2020/21				2019/20
	Salary, Fees & Allowances	Expenses	Other Remuneration	Total Remuneration	Total Remuneration
	£	£	£	£	£
M Grant - General Manager	85,296	0	0	85,296	83,041

	Year to 31 March 2021	Year to 31 March 2020	As at 31 March 2021		As at 31 March 2020	
			Pension	Lump Sum	Pension	Lump Sum
	£	£	£000	£000	£000	£000
M Grant - General Manager	16,462	16,958	41	69	38	67

Salaries are calculated based on 365 days and paid four-weekly which 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.

### 10. Trade Unions (Facility Time Publication Requirements) Regulations 2017

In addition to the regulations governing senior employees and councillors, the *Trade Union (Facility Time Publication Requirements) Regulations 2017*, which apply from 1 April 2017, require public sector employers to collect and publish a range of information on trade union facility time in respect of those employees who are Trade Union representatives. This information for 2020/21 will be available on the Council's website by 30th September 2021.

## Principal Financial Statements of Single Entity

The Annual Accounts summarise the Council's transactions for the year, its year end position at 31 March 2021 and its cash flows. The Annual Accounts are prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* (the Code), which is based on International Financial Reporting Standards (IFRSs). Every effort has been made to use plain language; 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 36 to 80)
- **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 87 to 96)

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

- **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 7**.
- **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' (i.e. 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.
- **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 that 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.

## Comprehensive Income & Expenditure Statement

2019/20			2020/21			Notes
Gross Expend.	Gross Income	Net Expend. or (Income)	Gross Expend.	Gross Income	Net Expend. or (Income)	
£000	£000	£000	£000	£000	£000	
<b>Service Revenue Accounts:</b>						
7,798	0	7,798	18,036	414	18,450	
33,500	(3,765)	29,735	30,525	(2,249)	28,276	
13,695	(1,450)	12,245	14,867	(1,273)	13,594	
13,805	(747)	13,058	13,550	(546)	13,004	
3,294	(2,139)	1,155	3,283	(2,269)	1,014	
2,182	(968)	1,214	2,191	(1,069)	1,122	
5,555	(1,236)	4,319	5,283	(690)	4,593	
125,156	(8,249)	116,907	133,397	(13,673)	119,724	
17,874	(15,515)	2,359	19,018	(15,236)	3,782	
3,590	(655)	2,935	3,042	(348)	2,694	
4,858	(212)	4,646	4,485	(148)	4,337	
11,148	(790)	10,358	9,656	(560)	9,096	
139,168	(78,981)	60,187	148,016	(87,114)	60,902	
19,887	(14,493)	5,394	19,040	(14,547)	4,493	
<b>401,510</b>	<b>(129,200)</b>	<b>272,310</b>	<b>424,389</b>	<b>(139,308)</b>	<b>285,081</b>	EFA
	(185)	(Gains) / Loss on Disposal of Non-current Assets			123	
	<b>(185)</b>	<b>Other Operating (Income) or Expenditure (2)</b>			<b>123</b>	
	15,084	Interest Payable and Similar Charges			14,471	
	4,756	Pension Interest Cost/Expected Return on Pension Assets			3,313	28
	(247)	Interest Receivable and Similar Income			(53)	17
	<b>19,593</b>	<b>Financing and Investment (Income) and Expenditure (3)</b>			<b>17,731</b>	
	(63,200)	Council Tax			(65,077)	
	(22,669)	Non-Domestic Rates			(15,238)	
	(167,418)	General Revenue Grant			(201,761)	
	(19,766)	Recognised Capital Grants / Contributions			(17,083)	
	<b>(273,053)</b>	<b>Taxation and Non-Specific Grant Income (4)</b>			<b>(299,159)</b>	
	<b>18,665</b>	<b>(Surplus) or Deficit on the Provision of Services (5)</b>			<b>3,776</b>	3
		{{(1) + (2) + (3) + (4)}				
		<b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of</b>				
	283	(Surplus) or Deficit on the Revaluation of Property, Plant and Equipment assets			(1,036)	23
	(71,529)	Actuarial (Gains) or Losses on Pensions Assets and Liabilities			26,531	28
	<b>(71,246)</b>	<b>Other Comprehensive (Income) and Expenditure (6)</b>			<b>25,495</b>	
	<b>(52,581)</b>	<b>Total Comprehensive (Income) and Expenditure {(5) + (6)}</b>			<b>29,271</b>	

## Movement in Reserves Statement

	Usable Reserves				Total Usable Reserves	Total Unusable Reserves	Total Reserves
	Main Revenue		Capital and Other				
	General Fund Balance	Housing Revenue Balance	Capital Receipts & Capital Fund	Other Funds			
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2020	23,443	6,483	6,001	817	36,744	318,042	354,786
Movement in reserves during 2020/21:							
Total Comprehensive Income and (Expenditure)	(1,495)	(2,281)	0	0	(3,776)	(25,495)	(29,271)
Adjustments between accounting basis and funding basis under regulations (Note 8)	13,095	4,740	307		18,142	(18,142)	0
Transfers to and from Other Statutory Reserves (Note 9)	0	0	0	0	0	0	0
Increase or (Decrease) in 2020/21	11,600	2,459	307	0	14,366	(43,637)	(29,271)
Balance at 31 March 2021 carried forward	35,043	8,942	6,308	817	51,110	274,405	325,515
Balance at 31 March 2019	23,911	4,779	6,013	730	35,433	266,772	302,205
Movement in reserves during 2019/20:							
Total Comprehensive Income and (Expenditure)	(16,486)	(2,179)	0	0	(18,665)	71,246	52,581
Restated adjustments between accounting basis and funding basis under regulations (Note 8) *	16,105	3,883	(12)	0	19,976	(19,976)	0
Transfers to and from Other Statutory Reserves (Note 9)	(87)	0	0	87	0	0	0
Increase or (Decrease) in 2019/20	(468)	1,704	(12)	87	1,311	51,270	52,581
Balance at 31 March 2020 carried forward	23,443	6,483	6,001	817	36,744	318,042	354,786



## Balance Sheet

31 March 2020		31 March 2021	
£000		£000	Notes
770,732	Property, Plant and Equipment	777,286	10
3,783	Heritage Assets	3,796	11
1,130	Intangible Assets	1,408	12
73	Long-term Debtors	67	19
<b>775,718</b>	<b>Long-term Assets</b>	<b>782,557</b>	
0	Current Intangible Assets	0	
977	Assets Held for Sale	710	13
620	Inventories	702	
22,112	Short-term Debtors	62,677	19
22,095	Cash and Cash Equivalents	21,104	
<b>45,804</b>	<b>Current Assets</b>	<b>85,193</b>	
(50,088)	Short-term Borrowing	(63,218)	17
(3,221)	Other Short-term Liabilities (PPP Contract)	(3,031)	
(72)	Other Short-term Liabilities (Finance Leases)	(85)	
(38,041)	Short-term Creditors	(64,422)	20
(194)	Provisions	(57)	21
(8,678)	Short-term Grants & Receipts in Advance	(8,904)	20
<b>(100,294)</b>	<b>Current Liabilities</b>	<b>(139,717)</b>	
(148,104)	Long-term Borrowing	(146,642)	17
(76,339)	Other Long-term Liabilities (PPP contract)	(73,309)	16
(2,730)	Other Long-term Liabilities (Finance Leases)	(3,009)	
(134,000)	Other Long-term Liabilities (Pensions)	(171,215)	28
(319)	Provisions	(360)	21
(4,950)	Long-term Grants & Receipts in Advance	(7,983)	20
<b>(366,442)</b>	<b>Long-term Liabilities</b>	<b>(402,518)</b>	
<b>354,786</b>	<b>Net Assets</b>	<b>325,515</b>	
36,744	Usable Reserves	51,110	22
318,042	Unusable Reserves	274,405	23
<b>354,786</b>	<b>Total Reserves</b>	<b>325,515</b>	

The unaudited annual accounts were issued on 29 June 2021.

I certify that this Balance Sheet presents a true and fair view of the financial position of the Council at 31 March 2021, and its income and expenditure for the year ended 31 March 2021.

.....  
**Jamie Robertson CPFA**  
**Chief Finance Office**  
 Date: 29 June 2021

## Cash Flow Statement

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

2019/20	Cashflow Categories	2020/21		Notes
		£000	£000	
18,665	<b>Net (Surplus) or Deficit on the Provision of Services</b>		3,776	CIES
	<b>Adjust for Non-Cash Movements</b>			
(34,341)	Depreciation and Impairment	(34,219)		
(1,505)	Revaluations	(94)		
(558)	Amortisation	(612)		
(2,586)	(Increase)/Decrease in Impairment for Bad Debts	(3,178)		
5,212	Increase/(Decrease) in Debtors	44,034		
(4,607)	(Increase)/Decrease in Creditors	(28,970)		
(15)	Increase/(Decrease) in Inventories	82		
(13,744)	Movement in Pension Liability	(10,684)		
(2,001)	Carrying Amount of Non-Current Assets Sold	(677)		
179	Other Non-Cash Transactions	99		
<b>(53,966)</b>		<b>(34,219)</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		
2,186	Proceeds from Sale of PPE and Intangible Assets	247		
19,766	Other Financing and Investment Activities	17,083		
<b>21,952</b>		<b>17,330</b>		
<b>(13,349)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>(13,113)</b>	
	<b>Investing Activities</b>			
43,240	Purchase of PPE and Intangible Assets	42,201		
(1,722)	Sale of PPE and Intangible Assets	(687)		
(23,274)	Other Receipts from Investing Activities	(21,890)		
<b>18,244</b>		<b>19,624</b>		
	<b>Financing Activities</b>			
(76,643)	Cash Receipts from Short-term and Long-term Borrowing	(141,814)		
2,712	Reducing Liabilities on Finance Leases and PPP	6,149		
66,098	Repayment of Short-term and Long-term Borrowing	130,145		
<b>(7,833)</b>		<b>(5,520)</b>		
<b>(2,938)</b>	<b>Net (Increase) / Decrease in Cash and Cash Equivalents</b>		<b>991</b>	
(19,157)	Cash and Cash Equivalents at 1 April		(22,095)	
<b>(23,095)</b>	<b>Cash and Cash Equivalents at 31 March</b>		<b>(21,104)</b>	

31 March 2020	Cash and Cash Equivalent	31 March 2021
£000		£000
(19)	Cash Held by Officers	0
5,040	Bank Current Accounts	5,608
(27,116)	Short-term Deposits (Temporary Investments)	(26,712)
<b>(22,095)</b>	<b>Total Cash and Cash Equivalents</b>	<b>(21,104)</b>

2019/20	Cash Flow Statement: Interest Paid and Received	2020/21
£000		£000
(247)	Interest Received	(53)
15,084	Interest Paid	14,471

## Notes to the Principal Financial Statements

### 1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis (EFA) is to show to Council Tax, rent and rate payers how the funding available to the Council (i.e. government grants, rents, fees and charges, Council Tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It shows how this expenditure is allocated for decision-making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2019/20				2020/21		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis (Note 2)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis (Note 2)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
13,038	5,240	7,798	Chief Exec. / Depute Ch. Ex.s / Joint Brds / Misc.	19,594	1,144	18,450
25,117	(4,618)	29,735	Assets & Facilities	24,755	(3,521)	28,276
6,217	(6,028)	12,245	Roads & Transportation	7,739	(5,856)	13,595
10,709	(2,349)	13,058	Neighbourhood Services	11,108	(1,895)	13,003
1,087	(68)	1,155	Housing	944	(70)	1,014
912	(302)	1,214	Land, Planning & Development	938	(184)	1,122
3,364	(955)	4,319	Place & Community Planning	3,632	(961)	4,593
101,217	(15,689)	116,906	Education	106,040	(13,684)	119,724
2,023	(337)	2,360	Finance, Audit & Performance	3,562	(220)	3,782
2,408	(527)	2,935	Legal & Democratic Services	2,362	(332)	2,694
4,023	(624)	4,647	Organisational Transformation	3,903	(434)	4,337
8,094	(2,263)	10,357	Customer & Digital Services	7,512	(1,584)	9,096
55,482	(4,705)	60,187	Social Work	57,518	(3,384)	60,902
<b>233,691</b>	<b>(33,225)</b>	<b>266,916</b>	<b>General Fund</b> (Management Commentary Table 2)	<b>249,607</b>	<b>(30,981)</b>	<b>280,588</b>
(3,441)	(8,835)	5,394	Housing Revenue Account	(5,339)	(9,832)	4,493
<b>230,250</b>	<b>(42,060)</b>	<b>272,310</b>	<b>Net Cost of Services</b>	<b>244,268</b>	<b>(40,813)</b>	<b>285,081</b>
(231,573)	22,072	(253,645)	Other Income and Expenditure	(258,328)	22,977	(281,305)
<b>(1,323)</b>	<b>(19,988)</b>	<b>18,665</b>	<b>(Surplus) or Deficit</b>	<b>(14,060)</b>	<b>(17,836)</b>	<b>3,776</b>
<b>(28,690)</b>			<b>Opening General Fund and HRA Balance</b>	<b>(29,926)</b>		
(1,323)			Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	(14,059)		
87			Transfers to / from Other Statutory Reserves	0		
<b>(29,926)</b>			<b>Closing General Fund and HRA Balance at 31 March (MIRS)</b>	<b>(43,985)</b>		

## 2. Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts.

Adjustments between Funding and Accounting Basis				
2020/21	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	STACA (Note 3)	Total Adjustments
	£000	£000	£000	£000
Chief Exec./Depute Ch. Ex.s/Joint Brds/ Misc.	(2,220)	3,364	0	1,144
Assets & Facilities	(1,635)	(1,886)	0	(3,521)
Roads & Transportation	(5,159)	(697)	0	(5,856)
Neighbourhood Services	(1,314)	(581)	0	(1,895)
Housing	(3)	(67)	0	(70)
Land, Planning & Development	(1)	(183)	0	(184)
Place & Community Planning	(663)	(298)	0	(961)
Education	(10,420)	(2,643)	(621)	(13,684)
Finance, Audit & Performance	0	(220)	0	(220)
Legal & Democratic Services	(14)	(318)	0	(332)
Organisational Transformation	0	(434)	0	(434)
Customer & Digital Services	(786)	(798)	0	(1,584)
Social Work	(867)	(2,461)	(56)	(3,384)
Housing Revenue Account	(9,683)	(149)	0	(9,832)
<b>Net Cost of Services</b>	<b>(32,765)</b>	<b>(7,371)</b>	<b>(677)</b>	<b>(40,813)</b>
Other Income and Expenditure	26,290	(3,313)		22,977
<b>Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit</b>	<b>(6,475)</b>	<b>(10,684)</b>	<b>(677)</b>	<b>(17,836)</b>

- The capital adjustments in Net Cost of Services include charges for depreciation, impairment, amortisation and revaluation of non-current assets and capital expenditure charged against revenue and are detailed in **Note 7**.
- The capital costs for Other Income and Expenditure include gain/loss on disposal of non-current assets, capital grants and contributions, financing costs of capital investment and the difference between financing costs charged to the CIES and chargeable in year and are detailed in **Note 7**.
- The pensions adjustment and the STACA adjustment are separately identified in **Note 7**.

Adjustments between Funding and Accounting Basis				
2019/20	Adjustments for Capital Purposes (Note 1) £000	Net change for the Pensions Adjustments (Note 2) £000	STACA (Note 3) £000	Total Adjustments £000
Chief Exec./Depute Ch. Ex.s/Joint Brds/Misc.	(2,037)	7,277	0	5,240
Assets & Facilities	(1,830)	(2,789)	0	(4,619)
Roads & Transportation	(4,960)	(1,068)	0	(6,028)
Neighbourhood Services	(1,472)	(877)	0	(2,349)
Housing	(3)	(65)	0	(68)
Land, Planning & Development	(1)	(300)	0	(301)
Place & Community Planning	(494)	(461)	0	(955)
Education	(11,590)	(3,875)	(224)	(15,689)
Finance, Audit & Performance	0	(337)	0	(337)
Legal & Democratic Services	(14)	(513)	0	(527)
Organisational Transformation	0	(624)	0	(624)
Customer & Digital Services	(982)	(1,281)	0	(2,263)
Social Work	(838)	(3,806)	(61)	(4,705)
Housing Revenue Account	(8,566)	(269)	0	(8,835)
<b>Net Cost of Services</b>	<b>(32,787)</b>	<b>(8,988)</b>	<b>(285)</b>	<b>(42,060)</b>
Other Income and Expenditure	26,828	(4,756)	0	22,072
<b>Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit</b>	<b>(5,959)</b>	<b>(13,744)</b>	<b>(285)</b>	<b>(19,988)</b>

## Notes

### 1) Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### 2) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

### 3) Other Differences

STACA adjustments: this represents the amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.



### 3. Expenditure and Income Analysed by Nature

The authority's expenditure and income is analysed as follows:

2019/20 £000	Category	2020/21 £000
<b>Expenditure</b>		
160,081	Employee benefits expenses	165,856
24,081	Employer's superannuation	27,122
185,700	Other services expenses	199,556
36,404	Depreciation, amortisation, impairment	34,925
15,084	Interest payments	14,471
(185)	Gain on the disposal of assets	123
<b>421,165</b>	<b>Total expenditure</b>	<b>442,053</b>
<b>Income</b>		
(107,854)	Fees, charges, and other service income	(110,341)
(247)	Interest and Investment income	(53)
(85,869)	Income from council tax, non-domestic rates, district rate income	(80,316)
(208,530)	Government grants and contributions	(247,567)
<b>(402,500)</b>	<b>Total income</b>	<b>(438,277)</b>
<b>18,665</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>3,776</b>

**Revenue from Contracts with Service Recipients** - The Council has examined the revenue received from contracts with service recipients as required by IFRS 15 and has determined that there are no contract assets or liabilities and that there are no factors affecting these contracts that require further disclosure. Given these circumstances, the Council considers the disclosure of fees, charges and other service income provides sufficient information for readers of the accounts regarding the nature of such revenues.

### 4. Contingent Liabilities

A contingent liability, as accounting policy in **Note 30(u)**, arises where an event has taken place that gives the Council a possible obligation the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the benefit or obligation cannot be measured reliably.

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

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

Following an EU ruling that determined that holiday pay must correspond to normal pay, including commission or other variable elements of pay such as overtime payments, a number of claims have been raised against the Council. Approximately 139 cases remain live. This area of employment law is still changing. Further guidance is expected in due course from current cases as to how Tribunals will approach calculation of the sums due, particularly in terms of the reference period to be used where pay fluctuates. At present, no liability can be quantified until further clarity is provided.

The removal of the limitation period for historic abuse claims could result in a liability to the Council. The total extent of any claims and resultant liability is unknown and so cannot be fully evaluated at this stage.

### 5. Events After the Balance Sheet Date

Between 31 March 2021 and the date of submission of the accounts there were no changes to the figures that require to be reflected in the financial statements or notes.

## 6. 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 2020/21 were £0.263m (2019/20 £0.256m).

The appointed auditors, Audit Scotland, provided no other services to the Council in the year.

## 7. 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 2020/21 and 2019/20 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*.

## Adjustments between Accounting Basis and Funding Basis under Regulations:

2020/21	Usable Reserves			Movements in Unusable Reserves
	General Fund	Housing Revenue Account	Capital Fund	
	£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	22,549	11,670	0	(34,219)
Charges for Impairment of Assets Held for Sale	0	0	0	0
Revaluation losses on Property, Plant and Equipment	92	0	0	(92)
Revaluation losses on Assets Held for Sale	2	0	0	(2)
Amortisation of Intangible Assets	599	13	0	(612)
Capital grants and contributions applied	(13,373)	(3,710)	0	17,083
Capital/Other funds applied to fund capital expenditure	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	392	285	0	(677)
<b>Insertion of items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment	(7,573)	(1,566)	0	9,139
Capital expenditure charged against the General Fund and HRA balances	(160)	(2,000)	0	2,160
<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.	(443)	(111)	307	247
Use of the Capital Receipts Reserve to finance new capital expenditure.	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	(156)	(36)	0	192
<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	10,489	195	0	(10,684)
<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.	677	0	0	(677)
<b>Total Adjustments</b>	<b>13,095</b>	<b>4,740</b>	<b>307</b>	<b>(18,142)</b>

\* CIES - Comprehensive Income and Expenditure Statement

Note 7 continued:

2019/20	Usable Reserves			Movements in Unusable Reserves
	General Fund	Housing Revenue Account	Capital Funds	
	£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	22,173	12,168	0	34,341
Charges for Impairment of Assets Held for Sale	0	0	0	0
Revaluation losses on Property, Plant and Equipment	1,374	0	0	1,374
Revaluation losses on Assets Held for Sale	131	0	0	131
Amortisation of Intangible Assets	544	14	0	558
Capital grants and contributions applied	(15,190)	(4,576)	0	(19,766)
Capital/Other funds applied to fund capital expenditure	0	0	(705)	(705)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	1,561	440	0	2,001
<b>Insertion of items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment	(6,151)	(534)	0	(6,685)
Capital expenditure charged against the General Fund and HRA balances	0	(3,616)	0	(3,616)
<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.	(1,856)	(330)	693	(1,493)
Use of the Capital Receipts Reserve to finance new capital expenditure.	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	(165)	(28)	0	(193)
<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	13,399	345	0	13,744
<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.	285	0	0	285
<b>Total Adjustments</b>	<b>16,105</b>	<b>3,883</b>	<b>(12)</b>	<b>19,976</b>

\* CIES - Comprehensive Income and Expenditure Statement

## 8. Transfers to or from Other Statutory Reserves

This note sets out the amounts set aside from the General Fund in statutory reserves established under *Schedule 3 of the Local Government (Scotland) Act 1975* to provide financing for expenditure plans and the amounts transferred back to meet General Fund expenditure in 2020/21.

	General Fund	Housing Revenue Account	Other Statutory	
			Capital Funds	Other Statutory Funds
2020/21 TRANSFER	£000	£000	£000	£000
Transfer of HRA funds to General Fund	0	0	0	0
Transfer of funds to Central Energy Efficiency Fund	0	0	0	0
<b>Total Transfers 2019/20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2019/20 TRANSFER				
Transfer of HRA funds to General Fund	0	0	0	0
Transfer of funds to Central Energy Efficiency Fund	(87)	0	0	87
<b>Total Transfers 2018/19</b>	<b>(87)</b>	<b>0</b>	<b>0</b>	<b>87</b>

## 9. Property, Plant and Equipment

### a) Effects of Changes in Estimates

In 2020/21, 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 2020/21, 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>		
Other Land and Buildings (Phase 1)	31/03/2017	31/03/2022
Other Land and Buildings (Phase 2)	31/03/2018	31/03/2023
Council Dwellings (incl. Lock ups)	31/03/2019	31/03/2024
Commercial & Industrial	31/03/2021	31/03/2026

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 2020/21

	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 2020	18,112	216,440	4,467	43,168	416,643	283,172	1,538	983,540	159,176
Additions	25,231	2,700	0	2,515	5,747	4,050	10	40,253	0
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	(272)	0	8	(264)	0
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	(297)	0	(35)	(332)	0
Derecognition - Disposals	0	0	0	(734)	0	(179)	0	(913)	0
Derecognition - Other	0	0	0	0	0	(244)	(32)	(276)	0
Assets reclassified (to)/from Held for Sale	(6,632)	0	0	0	0	6,632	0	0	0
Other reclassifications	0	0	0	(632)	0	633	0	1	0
<b>At 31 March 2021</b>	<b>36,711</b>	<b>219,140</b>	<b>4,467</b>	<b>44,317</b>	<b>421,821</b>	<b>294,064</b>	<b>1,489</b>	<b>1,022,009</b>	<b>159,176</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2020	(404)	(63,801)	0	(29,029)	(36,625)	(82,384)	(565)	(212,808)	(14,120)
Depreciation charge		(5,038)		(3,311)	(14,603)	(9,318)	(57)	(32,327)	(4,708)
Depreciation written out to the Revaluation Reserve					1,243		44	1,287	
Depreciation written out to the Surplus/Deficit on the Provision of Services					238		2	240	
Impairment (losses)/reversals recognised in the Surplus/ Deficit on the Provision of Services						(1,892)		(1,892)	
Derecognition - Disposals				628		17		645	
Derecognition - Other						121	11	132	
Other reclassifications								0	
<b>At 31 March 2021</b>	<b>(404)</b>	<b>(68,839)</b>	<b>0</b>	<b>(31,712)</b>	<b>(49,747)</b>	<b>(93,456)</b>	<b>(565)</b>	<b>(244,723)</b>	<b>(18,828)</b>
<b>Net Book Value</b>									
<b>At 31 March 2021</b>	<b>36,307</b>	<b>150,301</b>	<b>4,467</b>	<b>12,605</b>	<b>372,074</b>	<b>200,608</b>	<b>924</b>	<b>777,286</b>	<b>140,348</b>
<b>At 31 March 2020</b>	<b>17,708</b>	<b>152,639</b>	<b>4,467</b>	<b>14,139</b>	<b>380,018</b>	<b>200,788</b>	<b>973</b>	<b>770,732</b>	<b>145,056</b>

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

**Movements in 2019/20**

	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 2019	4,360	209,265	4,410	41,128	408,490	273,637	1,664	942,954	159,174
Additions	15,249	7,175	0	2,740	11,199	8,542	0	44,905	2
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	(152)	0	(185)	(337)	0
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	(2,418)	0	97	(2,321)	0
Derecognition - Disposals	0	0	0	(700)		(431)	0	(1,131)	0
Derecognition - Other	0	0	0	0	(540)	(16)	0	(556)	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	25	0	0	25	0
Other reclassifications	(1,497)	0	57	0	38	1,440	(38)	0	0
Other movements in cost or valuation	0	0	0	0	1	0	0	1	0
<b>At 31 March 2020</b>	<b>18,112</b>	<b>216,440</b>	<b>4,467</b>	<b>43,168</b>	<b>416,643</b>	<b>283,172</b>	<b>1,538</b>	<b>983,540</b>	<b>159,176</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2019	(404)	(58,945)	0	(26,283)	(23,805)	(70,608)	(564)	(180,609)	(9,413)
Depreciation charge	0	(4,856)	0	(3,341)	(14,318)	(9,326)	(44)	(31,885)	(4,707)
Depreciation written out to the Revaluation Reserve	0	0	0	0	19	0	35	54	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	941	0	6	947	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	(2,456)	0	(2,456)	0
Derecognition - Disposals	0	0	0	595	0	2	0	597	0
Derecognition - Other	0	0	0	0	540	4	0	544	0
Other reclassifications	0	0	0	0	(2)	0	2	0	0
<b>At 31 March 2020</b>	<b>(404)</b>	<b>(63,801)</b>	<b>0</b>	<b>(29,029)</b>	<b>(36,625)</b>	<b>(82,384)</b>	<b>(565)</b>	<b>(212,808)</b>	<b>(14,120)</b>
<b>Net Book Value</b>									
<b>At 31 March 2020</b>	<b>17,708</b>	<b>152,639</b>	<b>4,467</b>	<b>14,139</b>	<b>380,018</b>	<b>200,788</b>	<b>973</b>	<b>770,732</b>	<b>145,056</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 30** Accounting Policies within section (s) Property, Plant and Equipment.

**e) Nature of Asset Holding**

Within Other Land and Buildings there are assets that 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 2021	222,120	1,485	5,023	3,098	140,348	372,074
As at 31 March 2020	225,621	1,485	5,054	2,802	145,056	380,018

**Shared Equity**

The Shared Equity Scheme is a Scottish Government initiative that 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 in the year in which the security is received.

**f) Capital Commitments**

As at 31 March 2021, the Council has commitments on capital contracts for the construction or enhancement of property, plant and equipment for housing and non-housing projects in 2020/21 and future years, with contracted costs of £64.150m (2019/20 £21.155m) for the main commitments. The fulfilment of these contracts will be impacted by the response to the COVID-19 pandemic and will be closely monitored by the Council. For 2020/21 the major contract commitments are:

Projects	£000
Housing Capital - New Builds	10,227
Additional Support Needs School, Kirkintilloch	14,440
Boclair Academy	21,030
Allander Lesiure Centre	17,253
<b>Total</b>	<b>62,950</b>

## 10. Heritage Assets

### 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 2020	3,029	178	576	3,783
Revaluations (to RRA)	13	0	0	13
<b>31 March 2021</b>	<b>3,042</b>	<b>178</b>	<b>576</b>	<b>3,796</b>
Cost or Valuation				
1 April 2019	3,029	178	576	3,783
<b>31 March 2020</b>	<b>3,029</b>	<b>178</b>	<b>576</b>	<b>3,783</b>

**Archives** - In keeping with Council policy (**Note 30 I**), 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 that 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. These were revalued at 31 March 2019. There have been 81 artwork items acquired since the last valuation.

Collections include work from several of the 'Glasgow Boys' and the Scottish Colourists (including 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 that 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 27 chains and medals 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. These were also revalued at 31 March 2019.

**Listed Buildings and Scheduled Ancient Monuments** - In keeping with Council policy (**Note 30 I**) 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.

## 11. 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 £0.612m in 2020/21 (2019/20 £0.558m) has been charged across various services and included in the Net Expenditure of Services within the Comprehensive Income and Expenditure Statement.

2019/20	Movement in Intangible Assets	2020/21
£000		£000
<b>Balance at start of year:</b>		
5,699	Gross carrying amounts	6,150
(4,462)	Accumulated amortisation	(5,020)
<b>1,237</b>	<b>Net carrying amount at 1 April</b>	<b>1,130</b>
451	Purchases	890
(558)	Amortisation for the year	(612)
<b>1,130</b>	<b>Net carrying amount at end of year</b>	<b>1,408</b>
<b>Comprising:</b>		
6,150	Gross carrying amounts	7,040
(5,020)	Accumulated amortisation	(5,632)
<b>1,130</b>	<b>Total</b>	<b>1,408</b>

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

## 12. Assets Held for Sale (Current)

2019/20	Transactions	2020/21
£000		£000
<b>2,588</b>	<b>Balance outstanding at start of year</b>	<b>977</b>
0	Additions	0
Assets newly classified as held for sale:		
0	- Property, Plant and Equipment	0
0	Revaluation gains/(losses) reflected in Revaluation Reserve	0
(131)	Revaluation gains/(losses) reflected in Surplus or Deficit on Provision of Services	(2)
0	Impairment (losses) / reversal reflected in Surplus or Deficit on Provision of Services	0
Assets declassified as held for sale:		
(25)	- Property, Plant and Equipment	0
(1,455)	Assets sold	(265)
<b>977</b>	<b>Balance outstanding at year end</b>	<b>710</b>

## 13. 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 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.

2019/20	Capital Financing Elements	2020/21
£000		£000
<b>302,181</b>	<b>Opening Capital Financing Requirement</b>	<b>315,270</b>
	<b>Capital Investment:</b>	
44,904	Property, Plant and Equipment	40,253
450	Intangible Assets	890
<b>45,354</b>	<b>Total Capital Investment</b>	<b>41,143</b>
	<b>Sources of Finance:</b>	
1,493	Capital Receipts	247
19,766	Government Grants and Other Contributions	17,083
705	Contribution from Capital Funds	0
3,616	Capital from Current Revenue	2,160
25,580	Total Capital Receipts, Grants & Other Contributions	19,490
3,974	Loans Fund Principal Repayments	5,785
2,711	PPP / Finance Lease Principal Repayments	3,354
<b>32,265</b>	<b>Total Sources of Finance</b>	<b>28,629</b>
<b>315,270</b>	<b>Closing Capital Financing Requirement</b>	<b>327,784</b>
<b>13,089</b>	<b>Movement in Year</b>	<b>12,514</b>
	Explained by:	
10,287	Increase/(decrease) in underlying need to borrow (supported by Government)	12,089
2,802	Assets acquired under PPP contracts / Finance leases	425
<b>13,089</b>	<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>12,089</b>

## 14. Impairment Losses

During 2020/21, the Council incurred net impairment losses of £1.892m (2019/20 £2.456m) which were charged to the Comprehensive Income and Expenditure Statement. This is comprised £1.892m for Council Dwellings (2019/20 £2.456m).

## 15. Schools Public Private Partnership

2020/21 was the eleventh year of a thirty-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 that 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 2021:	Payments for Services (incl. lifecycle maintenance)	Repayment of Liability	Finance Interest	Total
	£000	£000	£000	£000
Payable within 1 year	5,778	3,031	7,364	16,173
Payable within 2 to 5 years	30,640	10,395	26,954	67,989
Payable within 6 to 10 years	48,052	13,679	31,190	92,921
Payable within 11 to 15 years	43,976	26,669	31,947	102,592
Payable within 16 to 20 years	27,405	22,565	16,642	66,612
<b>Total</b>	<b>155,851</b>	<b>76,339</b>	<b>114,097</b>	<b>346,287</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:

2019/20	Liabilities	2020/21
£000		£000
<b>82,272</b>	<b>Balance outstanding at start of year</b>	<b>79,561</b>
(2,711)	Payments during the year	(3,221)
<b>79,561</b>	<b>Balance outstanding at year-end</b>	<b>76,340</b>

**Included in Balance Sheet**

3,221	Current (Short-term Liability)	3,031
76,339	Non-Current (Long-term Liability)	73,309
<b>79,560</b>	<b>Total</b>	<b>76,340</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 9**.

## 16. Financial Instruments

**a) Categories of Financial Instruments**

The following categories of financial instrument are carried in the Balance Sheet. All loans, borrowing debtors and creditors are accounted for at amortised cost and all income, expenses, gains and losses detailed through the CIES are on that basis:

Long-term	Current		Long-term	Current
£000	£000		£000	£000
		<b>Financial Assets:</b>		
0	0	<b>Investments:</b> Loans and Receivables		
73	22,095	<b>Debtors:</b> Loans and Receivables	67	21,104
		<b>Financial Liabilities:</b>		
		<b>Borrowings</b>		
148,104	50,088	Financial liabilities at amortised cost	146,642	63,218
		<b>Other Long-term Liabilities</b>		
79,069	3,293	PPP and finance lease liabilities	73,309	3,031
		<b>Creditors</b>		
4,950	46,719	Financial liabilities at amortised cost	7,983	73,327

The only changes through the year are financing cash flows, such as the repayment of maturing loans and refinancing as required by the Council's Treasury Management Strategy and the repayment of the PPP liability.

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

2019/20			Category	2020/21		
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
(7,431)	0	(7,431)	Interest Expense	(6,822)	0	(6,822)
<b>(7,431)</b>	<b>0</b>	<b>(7,431)</b>	<b>Total expense in Surplus or Deficit on Provision of Services</b>	<b>(6,822)</b>	<b>0</b>	<b>(6,822)</b>
0	247	247	Interest income	0	53	53
<b>0</b>	<b>247</b>	<b>247</b>	<b>Total income in Surplus or Deficit on Provision of Services</b>	<b>0</b>	<b>53</b>	<b>53</b>
<b>(7,431)</b>	<b>247</b>	<b>(7,184)</b>	<b>Net gain / (loss) for the year</b>	<b>(6,822)</b>	<b>53</b>	<b>(6,769)</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 2019/20.

### 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 2021.
- 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 2021 has been used as the discount rate.
- the fair values include accrued interest up to and including the valuation date.
- there are no investments in equity instruments up to and including the valuation date.

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

31 March 2020		Fair Value of Financial Assets	31 March 2021	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
0	0	Financial assets	0	0
22,185	22,185	Debtors	21,171	21,171

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 £0.360m (2019/20 £0.360m) which is considered to be sufficient to meet the current obligations due. The Council holds no long-term investments. Short-term deposits that 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) are disclosed as Financial Assets.

Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
198,192	298,263	Financial liabilities - borrowing	209,857	309,449
82,362	152,254	PPP and finance lease liabilities	79,434	125,419
51,669	51,669	Creditors	81,310	81,310

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.

## 17. 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 Finance 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 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 2020/21, 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 that 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 2021 totalling £27.000m (2019/20 £27.117m) were placed with banks and Money Market Funds, and held in sterling. All Council lending is with other bodies with triple A rating so the risk of default is negligible. This total of £27.000m was of a short-term nature and therefore classed as Cash and Cash Equivalents. The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience and adjusted to reflect current market conditions:

31 March 2020	Assets	31 March 2021		
Estimated maximum exposure to default and uncollectability			Historical experience of non-payment adjusted for market conditions	Estimated maximum exposure to default and uncollectability
£000		Amount	%	£000
		(A)	(B)	(A x B)
27,117	Deposits with banks, building societies and local authorities	27,000	0.0%	0
6,284	Customers (trade debtors excl. Council Tax)	6,743	49.37%	3,329

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 £6.743m (2019/20 £6.284m) was due from sundry debtor income billed to customers and housing benefit overpayments as shown in the table above. However, only £3.241m (2019/20 £2.877m) 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 impaired this income based on its analysis of previous experience.

31 March 2020	Timescale	31 March 2021
£000		£000
779	Less than three months	900
285	Three to six months	310
493	Six months to one year	516
1,320	More than one year	3,195
<b>2,877</b>	<b>Total</b>	<b>4,921</b>

The Council will assess the risk of default on these debts during the year, and make an appropriate impairment allowance at the balance sheet date. This has been assessed at £3.3m for 2020/21 (2019/20 £2.7m), based on an assessment of sundry debtors and the Council's history of collectability within various categories of customers.

HRA Housing rent arrears of £2.073m (2019/20 £1.688m) existed at the year end. The Council has processes in place to pursue these arrears and has an impairment allowance of £1.645m (2019/20 £1.304m) to recognise the risk attached.

#### 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 2020	Timescale	31 March 2021
<b>£000</b>		<b>£000</b>
50,088	Less than one year	63,218
1,428	Between one and two years	928
6,316	Between two and five years	5,370
9,154	Between five and 10 years	13,341
17,182	Between 10 and 15 years	19,640
16,506	Between 15 and 20 years	9,845
2,000	Between 20 and 25 years	2,000
6,319	Between 25 and 30 years	11,319
89,199	Over 30 years	84,200
<b>198,192</b>	<b>Total</b>	<b>209,861</b>
<b>Analysed as:</b>		
50,088	Current	63,218
148,104	Non-Current	146,643
<b>198,192</b>	<b>Total</b>	<b>209,861</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 2021, with all other variables held constant.

31 March 2020	Area of Impact	31 March 2021
<b>£000</b>		<b>£000</b>
	<b>Impact on taxpayer</b>	
(244)	Increase on interest receivable on variable rate lending	(270)
<b>(244)</b>	<b>Net effect on Comprehensive Income and Expenditure Statement</b>	<b>(270)</b>
	<b>Other presentational changes</b>	
31,538	Decrease in the "fair value" of fixed rate borrowing (no impact on the Surplus or Deficit in the Comprehensive Income and Expenditure Statement)	44,199

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.

## 18. Debtors

31 March 2020		Categories	31 March 2021		
Current	Long-term		Current		Long-term
£000	£000		£000	£000	£000
6,399	0	Central government bodies		50,659	
1,409	0	Other local authorities		1,548	
1,431	0	NHS bodies		710	
302	0	Public corporations and trading funds		338	
		External to general government:			
1,692		Council Tax	1,476		
1,389		Non-Domestic Rates	1,572		
9,490	73	Other Debtors	6,374		67
12,571	73	Total external to general govt.		9,422	67
<b>22,112</b>	<b>73</b>	<b>Total</b>		<b>62,677</b>	<b>67</b>

No debtors have deferred settlement terms. For impairment, significant individual balances are considered before a collective impairment of all remaining debtors on their age profile. Impairment will apply to all outstanding debt at the balance sheet date for Council Tax and all debts that are over a year past their payment date for sundry debtors. For individual impairment, the authority will consider the known financial circumstances of the debtor and the local economic environment.

## 19. Creditors

31 March 2020			Categories	31 March 2021		
Current		Long-term		Current		Long-term
Creditors	Receipts in Advance	Creditors		Creditors	Receipts in Advance	Creditors
£000	£000	£000		£000	£000	£000
(4,298)	(7,660)	0	Central government bodies	(27,477)	(7,493)	
(1,699)	(161)	0	Other local authorities	(1,917)	(312)	
(13)	(140)	0	NHS bodies	(70)	(176)	
(218)	0	0	Public corporations & trading funds	(335)	0	
(31,813)	(717)	(4,950)	External to general government	(34,623)	(924)	(7,983)
<b>(38,041)</b>	<b>(8,678)</b>	<b>(4,950)</b>		<b>(64,422)</b>	<b>(8,905)</b>	<b>(7,983)</b>

## 20. Provisions

	Current Provisions				Long term Provisions	
	SOM Back Pay	Equal Pay	Municipal Bank	Total	Insurance	Total
Notes	(1)	(2)	(3)		(4)	
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2020</b>	<b>94</b>	<b>51</b>	<b>49</b>	<b>194</b>	<b>319</b>	<b>319</b>
Additional provisions made in 2020/21				0	61	61
Amounts used in 2020/21		(21)		(21)	(20)	(20)
Unused amounts reversed in 2020/21	(94)	(22)		(116)		0
<b>Balance at 31 March 2021</b>	<b>0</b>	<b>8</b>	<b>49</b>	<b>57</b>	<b>360</b>	<b>360</b>

**Notes:**

- (1) This relates to a provision for the potential outcome of outstanding SOM back pay costs.
- (2) 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. There are no further costs expected than those held in the provision.
- (3) The Council has closed its Municipal Bank but has provided for future claims on balances.
- (4) An assessment of identified liabilities in respect of insurance claims outstanding against the former Strathclyde Regional Council and Strathkelvin District Council is the basis of this provision. The Council were notified of the inability for a solvent run-off of the former Municipal Mutual Insurance, and this triggered a claw back of previously settled costs, resulting in the potential for increased costs to be met by the Council in future years.

## 21. Usable Reserves

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

31 March 2020	Usable Reserves	31 March 2021
£000		£000
23,443	General Fund Balance	35,043
6,483	HRA Balance	8,942
1,000	Capital Fund - HRA	1,000
5,001	Capital Fund	5,308
249	Central Energy Efficiency Fund	249
568	Vehicle Renewal & Repair Fund	568
<b>36,744</b>	<b>Total Usable Reserves</b>	<b>51,110</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:

General Fund Balances	Balance at 31/03/2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31/03/2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31/03/2021
	£000	£000	£000	£000	£000	£000	£000
External funding carried forward to complete projects	152	(139)	38	51	(51)	90	90
Pupil Equity Fund	140	(140)	0	0	0	0	0
Service Commitments to ongoing projects	327	(327)	822	822	(822)	1,303	1,303
Job Evaluation - OP	598	(364)	0	234	0	0	234
Job Evaluation - SOM (Trust)	25	0	0	25	0	0	25
Winter Contingency	150	0	0	150	0	0	150
EU Exit	0	0	50	50	0	0	50
Funding for Covid Recovery	0	0	0	0	0	9,082	9,082
Commitment to Costs of Change	2,485	(356)	360	2,489	0	0	2,489
Commitment to budget pressures	1,545	0	286	1,831	(1,831)	3,604	3,604
<b>Total Earmarked Reserves</b>	<b>5,422</b>	<b>(1,326)</b>	<b>1,556</b>	<b>5,652</b>	<b>(2,704)</b>	<b>14,079</b>	<b>17,027</b>
Prudential Reserve	5,553	(2,275)	4,799	8,077	0	0	8,077
Treasury Management Reserve	1,849	0	1,385	3,234	0	56	3,290
Contingency Reserve	10,737	(5,607)	0	5,130	0	169	5,299
Uninsured Losses Reserve	350	0	1,000	1,350	0	0	1,350
<b>Total Non-Earmarked Reserves</b>	<b>18,489</b>	<b>(7,882)</b>	<b>7,184</b>	<b>17,791</b>	<b>0</b>	<b>225</b>	<b>18,016</b>
<b>Total General Fund Balance</b>	<b>23,911</b>	<b>(9,208)</b>	<b>8,740</b>	<b>23,443</b>	<b>(2,704)</b>	<b>14,304</b>	<b>35,043</b>

## 22. Unusable Reserves

31 March 2020	Unusable Reserves	31 March 2021
£000		£000
(2,588)	Financial Instruments Adjustment Account	(2,396)
314,045	Capital Adjustment Account	312,603
147,307	Revaluation Reserve	142,812
(134,000)	Pensions Reserve	(171,215)
(6,722)	Employee Statutory Adjustment Account	(7,399)
<b>318,042</b>	<b>Total Unusable Reserves</b>	<b>274,405</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 2020	Financial Instruments Adjustment Account	31 March 2021
£000		£000
(2,781)	<b>Balance at 1 April</b>	(2,588)
193	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	192
<b>(2,588)</b>	<b>Balance at 31 March</b>	<b>(2,396)</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 7** provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

31 March 2020	Capital Adjustment Account	31 March 2021
£000		£000
313,891	<b>Balance at 1 April</b>	314,045
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):</b>	
(34,341)	Charges for depreciation and impairment of assets	(34,219)
(1,505)	Valuation movements on Property, Plant and Equipment	(94)
(558)	Amortisation of intangible assets	(612)
(2,001)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(677)
(38,405)		(35,602)
6,294	<b>Adjusting amounts written out of the Revaluation Reserve</b>	5,531
(32,111)	Net written out amount of the cost of non-current assets consumed in the year	(30,071)
	<b>Capital financing applied in the year:</b>	
1,493	Use of the Capital Receipts Reserve to finance new capital expenditure	247
19,766	Capital grants and contributions credited to the CIES that have been applied to capital financing	17,083
705	Use of the Capital/Other funds to finance capital expenditure	0
6,685	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	9,139
3,616	Capital expenditure charged against the General Fund and HRA balance (CFCR)	2,160
32,265		28,629
314,045	<b>Balance at 31 March</b>	312,603

#### 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 the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31 March 2020	Revaluation Reserve	31 March 2021
£000		£000
153,884	<b>Balance at 1 April</b>	147,307
(283)	Revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services	1,036
(5,438)	Difference between fair value depreciation and historical cost depreciation	(5,380)
(856)	Accumulated gains on assets sold or scrapped	(151)
147,307	<b>Balance at 31 March</b>	142,812

#### 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 2020	Pensions Reserve	31 March 2021
£000		£000
(191,785)	<b>Balance at 1 April</b>	(134,000)
71,529	Actuarial gains or (losses) on pension assets and liabilities	(26,530)
(26,413)	Reversal of items relating to net charges for retirement benefits charged to Surplus or Deficit on the Provision of Services in the CIES	(23,668)
12,669	Employer's pension contributions paid to Strathclyde Pension Fund	12,983
<b>(134,000)</b>	<b>Balance at 31 March</b>	<b>(171,215)</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 be neutralised by transfers to or from the Account.

31 March 2020	Employee Statutory Adjustment Account	31 March 2021
£000		£000
(6,437)	<b>Balance at 1 April</b>	(6,722)
6,437	Settlement or cancellation of accrual made at the end of the preceding year	6,722
(6,722)	Amounts accrued at the end of the current year	(7,399)
(285)	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	(677)
<b>(6,722)</b>	<b>Balance at 31 March</b>	<b>(7,399)</b>

## 23. Grant Income

The Council credited the following grants to the CIES in 2020/21:

2019/20	Credited to Services (within Net Cost of Services in the CIES)	2020/21
£000		£000
4,951	Education	12,133
18,519	Social Work	28,190
14,809	Housing Benefits	14,456
1,063	Other	1,005
<b>39,342</b>	<b>Total</b>	<b>55,784</b>

## 24. 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 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 2020/21 is shown in the Remuneration Report.

Services to the value of £3.840m (2019/20 £1.001m), were commissioned from business, charitable, community, health and educational organisations in which five members had an interest. Contracts were entered into in full compliance with the Council's standing orders. Grants totalling £0.357m (2019/20 £0.305m) were paid to a community organisations in which three members declared an interest. Members' interests are recorded in their profiles on the Council's website.

**c) Officers**

No services were commissioned from, or grants paid to, bodies in which senior officers declared an interest.

**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 NHS Greater Glasgow and Clyde, mainly in relation to the community care costs incurred as a result of the historic closure of NHS facilities. The East Dunbartonshire Health and Social Care Partnership (HSCP) went live on 3 September 2015, with the following services being delivered by the HSCP on behalf of the Integration Joint Board: Adult Community Health and Social Care Services; NHS Community Children's Services (from 11 August 2016); Children's Social Work Services (from 11 August 2016); and Criminal Justice Social Work Services.

**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 2020/21 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:

2019/20 Net Expenditure	Entities	2020/21 Net Expenditure
<b>£000</b>		<b>£000</b>
3,901	East Dunbartonshire Leisure and Culture Trust	4,347
356	Mugdock Country Park Joint Management Committee	347
<b>4,257</b>	<b>Total</b>	<b>4,694</b>

The Integration Joint Board (East Dunbartonshire Health & Social Care Partnership) managed services to a value of £79.077m (2019/20 £72.490m) on behalf of the Council. These are included in the Adult Social Care and Children & Families lines 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:

2019/20 Net Expenditure	Associated Bodies	2020/21 Net Expenditure
<b>£000</b>		<b>£000</b>
3,483	Strathclyde Partnership for Transport	2,793
227	Strathclyde Concessionary Travel Joint Board	227
670	Dunbartonshire and Argyll and Bute Valuation Joint Board	687
112	SEEMIS LLP	163
79	Scotland Excel	81
57	Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee (Clyde Plan)	72
76	Glasgow and Clyde Valley Cabinet (City Deal)	75
20	Gateway Shared Services (Continuing Education Gateway)	20
6,922	Hub West Scotland Limited	12,285
<b>11,646</b>		<b>16,403</b>

## 25. Agency Services

Agency income includes income received from the Scottish Government to provide funding to businesses and individuals affected by the Covid 19 pandemic. As the Council acted as an agent of the Scottish Government in this, the income and expenditure is not recorded in the Council's income and expenditure but is shown on the balance sheet.

2019/20		2020/21
<b>£000</b>		<b>£000</b>
0	<b>Scottish Government</b> - for response to Covid 19 pandemic including provision of grants to businesses and hardship payments	22,801
659	<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	749
310	<b>Scottish Water</b> - in return for billing and collection of water charges	311
<b>969</b>	<b>Total</b>	<b>23,861</b>

## 26. 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 2020/21 was £1.079m (£1.190m 2019/20) 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 2020	Timescale	31 March 2021
<b>£000</b>		<b>£000</b>
(1,105)	Not later than one year	(1,088)
(1,370)	Later than one year and not later than five years	(1,544)
(1,064)	Later than five years	(1,260)
<b>(3,539)</b>	<b>Total</b>	<b>(3,892)</b>

### East Dunbartonshire Council as Lessee

#### Finance Lease

During 2019/20, as part of the Clyde Valley Waste Refuse collection project with another 4 councils, the Council entered into a finance lease for a waste recycling plant. The rentals payable in future years will be included in the CIES.

31 March 2020	Timescale	31 March 2021
<b>£000</b>		<b>£000</b>
72	Not later than one year	85
316	Later than one year and not later than five years	341
2,414	Later than five years	2,668
<b>2,802</b>	<b>Total</b>	<b>3,094</b>

#### Operating Leases

The Council leases vehicles on a variety of lease terms that are accounted for as operating leases. The rentals payable in 2020/21 were £0.124m (2019/20 £0.210m) 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 2020	Timescale	31 March 2021
<b>£000</b>		<b>£000</b>
99	Not later than one year	154
110	Later than one year and not later than five years	77
<b>209</b>	<b>Total</b>	<b>231</b>

The Council leases land and buildings that are also accounted for as operating leases. The rentals payable in 2020/21 were £0.116m 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 2020	Timescale	31 March 2021
<b>£000</b>		<b>£000</b>
113	Not later than one year	68
178	Later than one year and not later than five years	125
1,165	More than 5 years	1,165
<b>1,456</b>	<b>Total</b>	<b>1,358</b>

## 27. 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. The Scottish Government holds a specific amount for this purpose.

In 2020/21, the Council was due to pay £13.677m in respect of teachers' retirement benefits; the employer contribution rate for teachers per the STSS was 23.0% of pensionable pay effective from 1 September 2020. The figures for 2019/20 were £11.687m and 23.0%. The Council paid over £12.514m to the Scottish Government in respect of 2020/21 contributions (2019/20 £10.612m), leaving a balance of £1.163m to be paid over at the balance sheet date (2019/20 £1.075m).

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. There were no such payments in 2020/21 or 2019/20.

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

## 28. 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 and/or 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.

2019/20	Comprehensive Income and Expenditure Statement	2020/21
<b>£000</b>	<b>Cost of Services:</b>	<b>£000</b>
29,015	Current service cost	23,881
(3,885)	Past service costs (incl. curtailments)	0
0	(Gain)/loss from settlements	0
	<b>Financing and Investment Income and Expenditure</b>	
4,756	Net interest expense	3,313
<b>29,886</b>	<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>27,194</b>
	<b>Other Post-employment Benefits charged to Other Comprehensive Income and Expenditure</b>	
41,912	Expected return on scheme assets	(136,942)
(26,560)	Actuarial (gains) and losses arising on changes in demographic assumptions	(7,859)
(82,270)	Actuarial (gains) and losses arising on changes in financial assumptions	180,816
(4,611)	Other (if applicable)	(9,484)
<b>(71,529)</b>		<b>26,531</b>
<b>(41,643)</b>	<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>53,725</b>

2019/20	Movement in Reserves Statement	2020/21
<b>£000</b>		<b>£000</b>
(29,886)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(27,194)
16,142	Employers' contributions payable to scheme	16,510
<b>(13,744)</b>	<b>Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations</b>	<b>(10,684)</b>

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:

<b>Pension Assets and Liabilities</b>	<b>31 March 2020</b>	<b>31 March 2021</b>
	<b>£000</b>	<b>£000</b>
Fair Value of Employer Assets	602,207	740,697
Present Value of Defined Benefit Liability*	(736,207)	(911,912)
<b>Net liability arising from defined benefit obligation</b>	<b>(134,000)</b>	<b>(171,215)</b>

\*Unfunded liabilities included in the figure for present value of liabilities:

Unfunded liabilities for Pension Fund	34,896	43,426
Teachers' unfunded pensions	24,000	26,173
Unfunded liabilities prior to 1996 local government reorganisation	6,383	6,197
	<b>65,279</b>	<b>75,796</b>

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment benefits. The total liability of £171.215m has had an impact on the net worth of the authority, resulting in a reduction of £37.215 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 2020.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

There has been an increase of £37.215m in the deficit at the balance sheet date. The most significant changes that had an impact on this during the year was a significant increase on return on the assets held by the pension scheme and a more significant impact of forecast economic conditions on the scheme liabilities.

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

<b>2019/20</b>	<b>Scheme Liabilities</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
<b>820,639</b>	<b>Opening Balance at 1 April</b>	<b>736,207</b>
29,015	Current Service Cost	23,881
19,851	Interest Cost	17,141
3,922	Contributions by Scheme Participants	4,071
	Remeasurement (gains) and losses:	
(26,560)	Change in demographic assumptions	(7,859)
(82,270)	Change in financial assumptions	180,816
(4,611)	Other experience	(19,787)
(3,885)	Past Service Costs / (Gains)	0
	Liabilities extinguished on Settlement	0
(3,473)	Estimated Unfunded Benefits Paid	(3,527)
(16,421)	Estimated Benefits Paid	(19,031)
<b>736,207</b>	<b>Closing Balance at 31 March</b>	<b>911,912</b>



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

2019/20	Scheme Assets	2020/21
£000		£000
<b>628,854</b>	<b>Opening Balance at 1 April</b>	<b>602,207</b>
15,095	Interest Income on Plan Assets	13,828
	Remeasurement gain / (loss):	
(41,912)	Expected Rate of Return on Pension Fund Assets	126,639
3,922	Contributions by Scheme Participants	4,071
12,669	Contributions by the Employer	12,983
3,473	Contributions re Unfunded Benefits	3,527
	Assets distributed on Settlement	
(3,473)	Unfunded Benefits Paid	(3,527)
(16,421)	Benefits Paid	(19,031)
<b>602,207</b>	<b>Closing Balance at 31 March</b>	<b>740,697</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 2020.

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

2019/20	Fair Value of Scheme Assets	2020/21
£000		£000
60,878	<b>Cash and Cash Equivalents</b>	12,435
	<b>Equities Securities:</b>	
38,674	Consumer	42,649
31,341	Manufacturing	42,251
8,050	Energy and Utilities	7,737
25,961	Financial Institutions	26,219
15,403	Health and Care	20,663
19,851	Information Technology	34,273
18,895	<b>Debt Securities:</b> Corporate Bonds (non investment grade)	0
71,961	<b>Private Equity</b>	132,482
54,524	<b>Real Estate:</b> UK Property	60,012
	<b>Investment Funds and Unit Trusts</b>	
185,859	Equity	259,062
69,722	Bonds	100,177
302	Commodities	314
0	Infrastructure	0
774	Other	2,291
	<b>Derivatives</b>	
0	Foreign Exchange	0
12	Other	133
<b>602,207</b>	<b>Total</b>	<b>740,698</b>

31 March 2020	Pension Fund assets by Category	31 March 2021
66%	Equities	77%
12%	Bonds	14%
9%	Property	8%
10%	Cash	0%
3%	Debt	1%
<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 Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2020. The significant assumptions used by the actuary are shown in the tables below. This includes a sensitivity analysis for the pension obligation based on reasonably possible changes of these assumptions occurring at the reporting date.

31 March 2020	Longevity at 65 for current pensioners (years):	31 March 2021
20.7	Men	19.8
22.9	Women	22.6
31 March 2020	Longevity at 65 for future pensioners (years):	31 March 2021
22.2	Men	21.2
24.6	Women	24.7
31 March 2020	Financial assumptions	31 March 2021
3.0%	Rate of increase in employee earnings	3.6%
1.9%	Rate of increase in pensions / inflation	2.9%
2.3%	Rate for discounting scheme liabilities	2.0%

**h) Sensitivity Analysis**

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

Sensitivities at 31 March 2021	Approximate % Increase to Employer Obligation	Approximate Monetary Amount £'000
0.5% decrease in Real Discount Rate	9%	86,236
0.5% increase in the Salary Increase rate	1%	10,345
0.5% increase in the Pension Increase rate	8%	73,913

The principle demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, it is estimated that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice, the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

**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 2018.

The pension expense for the period to 31 March 2021 and the projected pension expense for the year to 31 March 2022 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 2022 is £12.983m (£12.669m to 31 March 2021).

The assumed weighted average duration of the defined benefit obligation is 19 years, effective as at the previous formal valuation as at 31 March 2020 (this is different from the mortality assumptions quoted in the table above in "Basis for Estimating Assets and Liabilities").

The Council paid a total of £12.513m million in employer's superannuation contributions for current members of the Scottish Teacher's Superannuation Scheme and the Local Government Pension Scheme.

#### 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. Consequently, 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.

## 29. 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 Leisure and Culture Trust relating to its membership of the Local Government Pension Scheme (LGPS), administered by Glasgow City Council, should it 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*.

## 30. Accounting Policies

### a) **General Principles**

The Annual Accounts summarise the Council's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. 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 to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21*, 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. The convention also assumes that the Council will continue as a going concern for the foreseeable future.

### 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.
- Revenue from contracts is recognised reflecting the transfer of goods or services to the recipient at the amount that the Council expects to be entitled to in exchange for those goods or services.
- Other revenue 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.

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

#### f) *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.

#### g) *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.

## h) 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.

## i) 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.

## j) **Financial Instruments**

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. 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.

## k) **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.

## l) **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, e.g. 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.

**m) *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).

**n) *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.

**o) *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.

**p) *Leases***

**The Council as Lessee**

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.

**q) *Overheads and Support Services***

Support services will not be recharged although the costs of services provided by the Council will be charged to separate accounts such as the Housing Revenue Account and Mugdock Country Park. The costs of support and other services will be allocated in government returns as required.

In accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21*, transactions between Council service areas are not reported in the service analysis section of the Comprehensive Income and Expenditure Statement. Where expenditure is incurred by a service on behalf of another, this expenditure and the consequent income is removed from the CIES. This also applies to revenue expenditure that has been charged to capital.

**r) *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 a straight-line basis over the following maximum number of years:

Category	Maximum number of years used for purposes of depreciation
Buildings and their various components	70
Infrastructure: Carriageways / lighting / street furniture & traffic management systems, etc.	40
Computer equipment & intangible assets	5
Furniture, fixtures & fittings	5
Operational equipment	10
Vehicles	6

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.

#### **s) Loans Fund Repayment**

In accordance with The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016, the Council has recalculated the repayment of the loans fund advances to reflect the life of the assets associated with this debt. This has been calculated on the basis of an asset life of 35 years and an annuity rate of 4%.

#### **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**

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts; see **Note 4**.

#### **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 2020/21.

**y) Agency Services**

The Council receives income from East Dunbartonshire Leisure and Culture Trust for the provisions of services such as support services, property and grounds maintenance and fleet and facilities management and from Scottish Water for billing and collection of domestic water charges.

**z) 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.

## 31. Critical Judgements in Applying Accounting Policies

In applying the accounting policies above, the Council has to use professional judgement in some areas that have a significant effect on the figures in the financial statements. These critical judgements are outlined below.

### Leases

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. A similar judgement was made on the Clyde Valley Waste Treatment Facility in the Leases note.

### 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 and in the Property, Plant and Equipment note.

### Control or Significant Influence over Another Entity

The Council considers it has significant influence over another body if it has the power to participate in or govern the financial and operating policy decisions of the entity. This is considered in more detail in the Group Accounts, in particular Note 2, Group Boundary.

### Council Acting as Principal or Agent

Where the Council receives funding it considers the degree of control it has over how this funding is to be utilised. If the Council has no discretion over the utilisation of the funds it deems that it acting as an agent this funding is reported in the Agency Services note and is not reflected in the Council's income and expenditure. This had an impact in 2020/21 given the large amount of funding provided by the Scottish Government through the Council to businesses and individuals affected by the Covid 19 pandemic and is shown in the Agency Services note.

### Provision or Contingent Liability

Where the Council faces a future liability, where this can be quantified with a reasonable degree of certainty a provision for that liability will be made and reported in the appropriate note. The Council has made provision for pay elements and claims where it has had previous claims to base the provision on. If the liability can not be quantified, it will be disclosed as a Contingent Liability in the relevant note. As can be seen, most of these involve ongoing or prospective legal action so the outcome and potential amounts involved can not be determined with any level of accuracy.

## 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.

## Impact of Covid 19 Pandemic

Advice has been sought where considered appropriate and consideration has been given to the impact of the pandemic on pension valuations, asset valuations, accrual estimations and credit issues in preparing the Financial Statements.

## 32. 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 professional judgement, 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 2021 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 £0.6m for every year that useful lives had to be reduced.
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 net liability has increased by £37.2 million in 2020/21 so the impact could be in the next year or over the longer term.	The effects on the net pension liability of changes in individual assumptions can be measured. Note 29(h) to the Principal Financial Statements includes a sensitivity analysis showing the impact of varying certain assumptions. For instance, a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5% (£27.4m to £45.6m)
Collection Levels of Arrears	At 31 March 2021 the Council had a balance of sundry debtors of £5.2m. A review of significant balances suggested that an impairment allowance of £2.1m was appropriate. However, if the current economic conditions were to change significantly this level of allowance might not be sufficient.	If collection rates were to deteriorate a 10% increase in the impairment allowance would require an additional £0.21m.

## 33. 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 standards within the 2021/22 Code:

1. Definition of a Business : Amendments to IFRS 3 Business Combinations

2. Interest Rate Benchmark Reform : Amendments to IFRS 9, IAS 39 and IFRS 7
3. Interest Rate Benchmark Reform – Phase 2 : Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

None is expected to have a material impact on the Council's 2020/21 or 2021/22 financial statements.



## 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.

2019/20	Housing Revenue Account	2020/21	
£000		£000	£000
	<b>Income</b>		
(14,208)	Dwelling Rents	(14,299)	
(72)	Non Dwelling Rents	(84)	
(213)	Other Income	(164)	
<b>(14,493)</b>	<b>Total Income</b>		<b>(14,547)</b>
	<b>Expenditure</b>		
3,151	Repairs and Maintenance	3,051	
3,572	Supervision and Management	3,456	
12,182	Depreciation, impairment and revaluation of non-current assets	11,683	
304	Movement in the allowance for bad debtors	371	
616	Other Expenditure	423	
<b>19,825</b>	<b>Total Expenditure</b>		<b>18,984</b>
<b>5,332</b>	<b>Net Expenditure</b>		<b>4,437</b>
62	HRA services share of Corporate and Democratic Core		56
<b>5,394</b>	<b>Net Cost of HRA Services as included in the whole authority</b>		<b>4,493</b>
	<b>Comprehensive Income and Expenditure Statement</b>		
0	HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		0
<b>5,394</b>	<b>Net Cost of HRA Services</b>		<b>4,493</b>
	HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:		
110	(Gain) or Loss on sale of HRA non-current assets		174
1,217	Interest payable and similar charges		1,286
(43)	Interest and investment income		(8)
77	Pension interest cost and expected return on pension assets		46
(4,576)	Capital Grants and Contributions		(3,710)
<b>2,179</b>	<b>(Surplus) or deficit for the year on HRA services</b>		<b>2,281</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 requirements of the 1987 Act.

2019/20		2020/21
£000		£000
<b>(4,779)</b>	<b>Balance on the HRA at end of the previous reporting period</b>	<b>(6,483)</b>
2,179	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	2,281
	Adjustments between accounting basis and funding basis under statute:	
(12,182)	Depreciation, impairment and revaluation of non-current assets	(11,683)
(110)	Gain or loss on sale of HRA non-current assets	(174)
28	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	36
(345)	Net charges made for retirement benefits in accordance with IAS19	(195)
534	Loans fund principal	1,566
3,616	Capital expenditure funded by the HRA	2,000
4,576	Capital Grants and Contributions	3,710
(3,883)	Total Adjustments between accounting basis and funding basis under statute:	(4,740)
<b>(1,704)</b>	<b>Net decrease or (increase) before transfers to or from reserves</b>	<b>(2,459)</b>
0	Transfers to or (from) earmarked reserves	0
<b>(1,704)</b>	<b>(Increase) or decrease in year on the HRA</b>	<b>(2,459)</b>
<b>(6,483)</b>	<b>Balance on the HRA at the end of the current reporting period</b>	<b>(8,942)</b>

## Notes to the Housing Revenue Account

### 1. Number and Type of Dwelling

Dwellings	Opening Number	Changes in Year	Closing Number
<b>Houses</b>			
Bungalow	13	0	13
Semi-Detached	684	7	691
Detached House	5	0	5
Terraced House	1,061	13	1,074
<b>Total Houses</b>	<b>1,763</b>	<b>20</b>	<b>1,783</b>
<b>Flats</b>			
Maisonette	108	0	108
Four in a Block	757	(7)	750
Tenement Flat	940	22	962
Homeless: 8 apartment	1	0	1
Homeless: 6 apartment	1	0	1
Homeless: 2 apartment	3	0	3
<b>Total Flats</b>	<b>1,810</b>	<b>15</b>	<b>1,825</b>
<b>Grand Total</b>	<b>3,573</b>	<b>35</b>	<b>3,608</b>

In 2020/21 there were 58 new properties (all open market purchases) and 23 disposals giving an increase of 35.

### 2. Arrears and Impairment Loss Allowance

2019/20		2020/21
£000	Arrears as at 31 March	£000
734	Former Tenants	966
954	Current Tenants	1,107
<b>1,688</b>	<b>Total</b>	<b>2,073</b>
	<b>Impairment Loss Allowance as at 31 March:</b>	
<b>1,304</b>	<b>Total provision in respect of uncollectable rents</b>	<b>1,645</b>

### 3. Void Rent Loss

Rent loss in relation to housing and garages was £0.269m in 2020/21 (£0.168m 2019/20).

## 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.

### b) Council Tax Income Account

2019/20		2020/21
£000		£000
<b>75,996</b>	<b>Gross Council Tax levied and contribution in lieu</b>	<b>79,518</b>
	Less:	
(4,560)	Council Tax Reduction Scheme	(5,114)
(7,029)	Other discounts and reductions	(7,604)
(1,350)	Write-off of uncollectable debts and allowance for impairment	(1,768)
314	Prior year adjustments	203
(171)	Transfer to Reserve	(158)
<b>63,200</b>	<b>Net Council Tax Income Transferred to General Fund</b>	<b>65,077</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	0	1,110	3,724	8,421	8,585	10,622	7,285	7,027	663	47,437
Exemptions	0	(82)	(136)	(257)	(182)	(184)	(89)	(83)	(12)	(1,025)
<b>Chargeable Dwellings</b>	<b>0</b>	<b>1,028</b>	<b>3,588</b>	<b>8,164</b>	<b>8,403</b>	<b>10,438</b>	<b>7,196</b>	<b>6,944</b>	<b>651</b>	<b>46,412</b>
Disabled Reductions		(1)	(10)	(48)	(44)	(87)	(84)	(54)	(5)	(333)
Effectively Chargeable	1	10	48	44	87	84	54	5	0	333
<b>Adjusted Chargeable Dwellings</b>	<b>1</b>	<b>1,037</b>	<b>3,626</b>	<b>8,160</b>	<b>8,446</b>	<b>10,435</b>	<b>7,166</b>	<b>6,895</b>	<b>646</b>	<b>46,412</b>
Discounts (50% or reduced)		(12)	(45)	(71)	(54)	(54)	(37)	(32)	(2)	(307)
Single Discount (25%)		(678)	(2,091)	(3,742)	(3,040)	(2,973)	(1,568)	(1,129)	(63)	(15,284)
<b>Total Equivalent Dwellings</b>	<b>1</b>	<b>862</b>	<b>3,081</b>	<b>7,189</b>	<b>7,659</b>	<b>9,665</b>	<b>6,756</b>	<b>6,597</b>	<b>629</b>	<b>42,438</b>
Ratio to Band D	<u>200</u> 360	<u>240</u> 360	<u>280</u> 360	<u>320</u> 360	<u>360</u> 360	<u>473</u> 360	<u>585</u> 360	<u>705</u> 360	<u>882</u> 360	--
<b>Band D Equivalents</b>	<b>1</b>	<b>574</b>	<b>2,396</b>	<b>6,390</b>	<b>7,659</b>	<b>12,698</b>	<b>10,978</b>	<b>12,919</b>	<b>1,542</b>	<b>55,157</b>
										Contributions in lieu
										<b>0</b>
										<b>Total</b>
										<b>55,157</b>
										Provision for bad debts
										<b>(1,351)</b>
										<b>Council Tax Base</b>
										<b>53,806</b>

The numbers in the above table reflect the position as at March 2021.

### 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 2020/21 was £1,309 (2019/20 £1,259).

	A	B	C	D	E	F	G	H
Annual Charge	£873	£1,018	£1,164	£1,309	£1,720	£2,127	£2,563	£3,207

## 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 Rates Income Account

2019/20		2020/21
£000		£000
<b>33,917</b>	<b>Gross Rates levied and contributions in lieu</b>	<b>34,047</b>
	Less:	
(9,647)	Reliefs and other deductions	(20,654)
(2)	Payment of Interest	0
(267)	Write-offs of uncollectable debts and allowance for impairment	(395)
<b>24,001</b>	<b>Net Non-Domestic Rates Income</b>	<b>12,998</b>
(1,034)	Prior year adjustment	(1,706)
0	Non domestic rates income retained by the authority	0
<b>22,967</b>	<b>Contribution to national non domestic rate pool</b>	<b>11,292</b>
(22,669)	Distribution from national non domestic rate pool (CIES)	(15,238)
<b>298</b>	<b>Net contribution to/(from) national non domestic rate pool</b>	<b>(3,946)</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 2020/21 was 49.8p (2019/20 49.0p).

Small businesses with cumulative rateable values of £15,000 or less are eligible for a discount on the rate of poundage of 100%; small businesses with cumulative rateable values from £15,001 to £18,000 are eligible for a discount of 25%. Businesses with two or more properties with cumulative rateable values of £35,000 or less are eligible for a discount of 25% on any individual property with a rateable value of £18,000 or less.

Properties with a rateable value from £51,001 to £95,000 pay a supplement of 1.3p on the rate poundage; properties with a rateable value over £95,000 pay a supplement of 2.6p (2019/20 2.6p for all properties with RV over £51,000).

### d) Analysis of Rateable Values and Number of Premises as at 1 April 2020

	Number of Subjects	Rateable Value
		£000
Industrial	510	8,700
Commercial	1,490	36,765
Others	599	21,868
Formula Valued (public undertakings)	12	76
<b>Total</b>	<b>2,611</b>	<b>67,409</b>

### e) Movement in Rateable Values in 2020/21

2019/20		2020/21
£000		£000
<b>67,688</b>	<b>Rateable Values at 1 April</b>	<b>67,409</b>
(279)	Running Roll (full Rateable Value)	(851)
<b>67,409</b>	<b>Rateable Values at 31 March</b>	<b>66,558</b>
(1,081)	Less: Wholly Exempt	(1,081)
<b>66,328</b>	<b>Net Rateable Values at 31 March</b>	<b>65,477</b>

2017 was a revaluation year, and new rateable values applied with effect from 1 April 2017. The next revaluation is due in 2022.

## Common Good and Trust Funds

### Summary of Trust Funds

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

#### a) Income and Expenditure Account

2019/20		2020/21		
Total	Income and Expenditure	Charitable Trusts (CTs)	Other CTs	Total
		EDC CTs		
£000		£000	£000	£000
(9)	Income in year	0	0	0
264	Expenditure in year	0	0	0
<b>255</b>	<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### b) Balance Sheet

2019/20	Balance Sheet	2020/21		
Total		Charitable Trusts (CTs)	Other CTs	Total
		EDC CTs		
£000		£000	£000	£000
<b>Assets:</b>				
0	External Investments	0	0	0
35	Internal Investments	5	30	35
0	Debtors	0	0	0
<b>35</b>	<b>Total Assets</b>	<b>5</b>	<b>30</b>	<b>35</b>
0	Less Current Liabilities			0
<b>35</b>	<b>Net Assets / (Liabilities)</b>	<b>5</b>	<b>30</b>	<b>35</b>
<b>Represented by:</b>				
16	Capital balance at 31 March	2	14	16
19	Revenue balance at 31 March	3	16	19
<b>35</b>	<b>Total Balance at 31 March</b>	<b>5</b>	<b>30</b>	<b>35</b>

#### c) Additional Fund Information

**East Dunbartonshire Council (EDC) Charitable Trusts** – These minor Trust Funds are held by the Council and were mainly legacies gifted for the upkeep of memorial cairns and Regent Gardens in Kirkintilloch. 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 planting of poppy seeds at the memorial took place during 2019/20 and the Trustees have agreed a plan of action to utilise the remaining balance on Regent Gardens in Kirkintilloch. It is anticipated that this work will be completed in 2021/22.

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

## Summary of Common Good Funds

Common Good Funds were inherited from former authorities, the most significant one being the Talbot Crosbie fund from Bearsden and Milngavie District Council. This has a balance of £0.953m at 31 March 2021 (£0.795m at 31 March 2020). These funds can be used for the common good/benefit of residents of the area and, as such, they are primarily used to give grants to appropriate organisations in the relevant areas. The Common Good Funds held by the Council are currently registered charities regulated by the OSCR. Common Good funds do not represent assets of the Council and are not included in the Council's Balance Sheet, but are included in the Council's Group Accounts.

### a) Income and Expenditure Account

2019/20		Common Good	2020/21	
General	T Crosbie		General	T Crosbie
£000	£000		£000	£000
(1)	(31)	Income in year	0	(173)
0	125	Expenditure in year	0	15
(1)	94	(Surplus)/Deficit	0	(158)

### b) Balance Sheet

2019/20		Common Good	2020/21	
General	T Crosbie		General	T Crosbie
£000	£000		£000	£000
<b>Assets:</b>				
0	621	External Investments	0	765
223	169	Internal Investments	223	180
0	5	Debtors	0	8
<b>223</b>	<b>795</b>	<b>Total Assets</b>	<b>223</b>	<b>953</b>
0	0	Less Current Liabilities	0	0
<b>223</b>	<b>795</b>	<b>Net Assets / (Liabilities)</b>	<b>223</b>	<b>953</b>
<b>Represented by:</b>				
223	653	Capital balance at 31 March	223	797
0	142	Revenue balance at 31 March	0	156
<b>223</b>	<b>795</b>	<b>Total Balance at 31 March</b>	<b>223</b>	<b>953</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 ends. 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, all registered charities in Scotland are required to prepare annual accounts that 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. New appointments were made by Council on 23 May 2017. 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 and the actions in the year are reported in **Section c** Additional Fund Information on the previous page.



## Group Financial Statements

### 1. Introduction

The *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* 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.

### 2. 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 that 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 2021.
- **Joint Venture**  
The Code defines a joint venture as an entity which the authority has contractually agreed to share control with another party or parties 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 that meets the definition of a joint venture at 31 March 2021; the East Dunbartonshire Health & Social Care Partnership, an Integration Joint Board established with NHS Greater Glasgow and Clyde.
- **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 & Bute Valuation Joint Board.

### 3. Method of Consolidation

In accordance with the Code, the subsidiaries have been fully consolidated and have a financial year end of 31 March 2021. 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 2021 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 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 2021 using the equity method as above, which complies with the Code. The Council's share of the results is deemed equal to the share of the funding that the Council contributed to each entity. In 2020/21 that share was as follows:

- Strathclyde Partnership for Transport – In 2020/21 the Council contributed 4.86% of budgeted operating costs (4.86% in 2019/20);
- Strathclyde Concessionary Travel Scheme Joint Committee – In 2020/21 the Council contributed 5.62% of estimated operating costs (5.62% in 2019/20);
- Dunbartonshire and Argyll and Bute Valuation Joint Board – In 2020/21 the Council contributed 24.95% of estimated operating costs (24.25% in 2019/20)

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

## 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.

2019/20				2020/21		
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:						
12,546	(3,074)	9,472	Chief Exec./Depute Ch. Ex.s/Joint Brds/Misc.	19,871	(1,220)	18,651
33,500	(3,765)	29,735	Assets & Facilities	30,525	(2,249)	28,276
13,695	(1,450)	12,245	Roads & Transportation	14,867	(1,273)	13,594
13,805	(747)	13,058	Neighbourhood Services	13,550	(546)	13,004
3,294	(2,139)	1,155	Housing	3,283	(2,269)	1,014
2,182	(968)	1,214	Land, Planning & Development	2,191	(1,069)	1,122
5,776	(1,457)	4,319	Place & Community Planning	5,421	(828)	4,593
125,156	(8,249)	116,907	Education	133,397	(13,673)	119,724
17,874	(15,515)	2,359	Finance, Audit & Performance	19,018	(15,236)	3,782
3,590	(655)	2,935	Legal & Democratic Services	3,042	(348)	2,694
4,858	(212)	4,646	Organisational Transformation	4,485	(148)	4,337
11,148	(790)	10,358	Customer & Digital Services	9,656	(560)	9,096
139,168	(78,981)	60,187	Social Work	148,016	(87,114)	60,902
19,887	(14,493)	5,394	Housing Revenue Account	19,040	(14,547)	4,493
545	0	545	Share of Oper'g Results of Joint Ventures	(6,020)	0	(6,020)
(2,992)	0	(2,992)	Share of Operating Results of Associates	(494)	0	(494)
404,032	(132,495)	271,537	Net Cost of Services (1)	419,848	(141,080)	278,768
			(172) (Gains) / Loss on Disposal of Non-current Assets			119
			(172) Other Operating (Income) or Expenditure (2)			119
			15,084 Interest Payable and Similar Charges			14,471
			(83) Share of Interest Payable by Associates			(43)
			4,756 Pension Interest Cost/Expected Return on Pension Assets			3,313
			55 Share of Pension Interest Cost/Expected Return on Pension Assets			24
			(288) Interest Receivable and Similar Income			(226)
			0 Share of Interest Receivable by Associates			0
			0 (Gain) / Loss on early settlement of Borrowing			0
			19,524 Financing and Investment Income and Expenditure (3)			17,539
			(63,200) Council Tax and Community Charge			(65,077)
			(22,669) Non-Domestic Rates			(15,238)
			(167,418) General Revenue Grant			(201,761)
			(19,773) Recognised Capital Grants / Contributions			(17,088)
			(273,060) Taxation and Non-Specific Grant Income (4)			(299,164)
			17,829 (Surplus) or Deficit on the Provision of Services (5)			(2,738)
			{(1) + (2) + (3) + (4)}			
			(352) (Surplus) or Deficit on the Revaluation of Property, Plant and Equipment assets			(1,036)
			(75,996) Actuarial (Gains) or Losses on Pensions Assets and Liabilities			30,468
			0 Other Unrealised (Gains) or Losses			0
			(76,348) Other Comprehensive Income and Expenditure (6)			29,432
			(58,519) Total Comprehensive Income and Expenditure {(5) + (6)}			26,694

## 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 1 April 2020</b>	<b>36,744</b>	<b>11,345</b>	<b>48,089</b>	<b>318,042</b>	<b>7,848</b>	<b>325,890</b>	<b>373,979</b>
<b>Movement in reserves during 2020/21:</b>							
<b>Total Comprehensive Income and (Expenditure)</b>	<b>(3,776)</b>	<b>7,624</b>	<b>3,848</b>	<b>(25,495)</b>	<b>(5,047)</b>	<b>(30,542)</b>	<b>(26,694)</b>
Adjustments between accounting basis and funding basis under regulations	18,142	0	18,142	(18,142)	0	(18,142)	0
Transfers to/from Other Statutory Reserves	0	0	0	0	0	0	0
<b>Increase or (Decrease) in the year</b>	<b>14,366</b>	<b>7,624</b>	<b>21,990</b>	<b>(43,637)</b>	<b>(5,047)</b>	<b>(48,684)</b>	<b>(26,694)</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>51,110</b>	<b>18,969</b>	<b>70,079</b>	<b>274,405</b>	<b>2,801</b>	<b>277,206</b>	<b>347,285</b>
<b>Balance at 31 March 2019</b>	<b>35,433</b>	<b>9,422</b>	<b>44,855</b>	<b>266,772</b>	<b>3,862</b>	<b>270,634</b>	<b>315,489</b>
<b>Movement in reserves during 2019/20:</b>							
<b>Total Comprehensive Income and (Expenditure)</b>	<b>(18,665)</b>	<b>1,924</b>	<b>(16,741)</b>	<b>71,246</b>	<b>4,014</b>	<b>75,260</b>	<b>58,519</b>
Adjustments between accounting basis and funding basis under regulations *	19,976	0	19,976	(19,976)	0	(19,976)	0
Transfers to/from Other Statutory Reserves	0	0	0	0	0	0	0
<b>Increase or (Decrease) in the year</b>	<b>1,311</b>	<b>1,924</b>	<b>3,235</b>	<b>51,270</b>	<b>4,014</b>	<b>55,284</b>	<b>58,519</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>36,744</b>	<b>11,346</b>	<b>48,090</b>	<b>318,042</b>	<b>7,876</b>	<b>325,918</b>	<b>374,008</b>

Group Reserves changed on 1 April 2020 to reflect the changed basis of allocation for associates (SPT, VJB)

## Group Balance Sheet

The Group Balance Sheet shows as at 31 March 2021 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 2020		31 March 2021
£000		£000
770,764	Property, Plant and Equipment	777,307
3,783	Heritage Assets	3,796
1,130	Intangible Assets	1,408
21,206	Investments in Associates & Joint Ventures	28,097
73	Long-term Debtors	67
<b>796,956</b>	<b>Long-term Assets</b>	<b>810,675</b>
0	Current Intangible Assets	0
0	Short-term Investments	0
977	Assets Held for Sale	710
633	Inventories	714
22,455	Short-term Debtors	62,933
25,491	Cash and Cash Equivalents	24,524
<b>49,556</b>	<b>Current Assets</b>	<b>88,881</b>
(50,088)	Short-term Borrowing	(63,218)
(3,221)	Other Short-term Liabilities (PPP contract)	(3,031)
(72)	Other Short-term Liabilities (Finance Leases)	(85)
(39,278)	Short-term Creditors	(64,808)
(194)	Provisions	(57)
(8,678)	Short-term Grants & Receipts in Advance	(8,904)
<b>(101,531)</b>	<b>Current Liabilities</b>	<b>(140,103)</b>
(148,104)	Long-term Borrowing	(146,642)
(474)	Liabilities in Associates	(273)
(76,339)	Other Long-term Liabilities (PPP contract)	(73,309)
(2,730)	Other Long-term Liabilities (Finance Leases)	(3,009)
(138,057)	Other Long-term Liabilities (Pensions)	(180,592)
(319)	Provisions	(360)
(4,950)	Long-term Grants & Receipts in Advance	(7,983)
<b>(370,973)</b>	<b>Long-term Liabilities</b>	<b>(412,168)</b>
<b>374,008</b>	<b>Net Assets</b>	<b>347,285</b>
48,090	Usable Reserves	69,529
325,918	Unusable Reserves	277,756
<b>374,008</b>	<b>Total Reserves</b>	<b>347,285</b>

The unaudited accounts were issued on 29 June 2021.

I certify that this presents a true and fair view of the financial position of the Council at 31 March 2021, and its income and expenditure for the year ended 31 March 2021.

.....  
**Jamie Robertson CPFA**  
**Chief Finance Officer**  
Date: 29 June 2021

## 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.

2019/20		2020/21
£000		£000
17,829	<b>Net (Surplus) or Deficit on the Provision of Services</b>	1,778
(52,074)	Adjust for Non-Cash Movements	(32,245)
21,748	Adjust for Items in Net Surplus or Deficit that are Investing and Financing Activities	17,330
<b>(12,497)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(13,137)</b>
18,250	Investing Activities	19,624
(7,629)	Financing Activities	(5,520)
<b>(1,876)</b>	<b>Net (Increase) / Decrease in Cash and Cash Equivalents</b>	<b>967</b>
(23,615)	Cash and Cash Equivalents at 1 April	(25,491)
<b>(25,491)</b>	<b>Cash and Cash Equivalents at 31 March</b>	<b>(24,524)</b>

31 March 2020	Cash and Cash Equivalents	31 March 2021
£000		£000
(19)	Cash Held by Officers	0
2,702	Bank Current Accounts	3,399
(28,174)	Short-term Deposits (Temporary Investments)	(27,923)
<b>(25,491)</b>	<b>Total Cash and Cash Equivalents</b>	<b>(24,524)</b>

## Notes to the Group Financial Statements

### 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 & Culture Trust and Dunbartonshire and Argyll & 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 31 March 2021.

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

2019/20			Group Bodies		2020/21		
Group Share	Net Exp / (Inc)	Net Assets / (Liabilities)			Group Share	Net Exp / (Inc)	Net Assets / (Liabilities)
%	£000	£000	Consolidation Basis		%	£000	£000
Subsidiaries:							
100.0	(1,700)	(2,563)	ED Leisure & Culture Trust	Voting Rights	100.0	(4,702)	(7,265)
100.0	0	0	Mugdock Country Park Joint C'ttee	Voting Rights	100.0	0	0
100.0	255	35	EDC Trust Funds	Trustees	100.0	0	35
100.0	93	1,018	EDC Common Good	Trustees	100.0	158	1,176
Joint Ventures							
50.0	545	402	ED Health & Social Care Partner.	Voting Rights	50.0	6,020	6,422
Associates:							
5.06	(4,658)	20,763	Strathclyde Partner. for Transport	Requisition	4.86	733	21,481
5.14	29	41	Strathclyde Conc. Travel C'ttee	Requisition	5.62	153	194
24.95	(502)	(474)	Dunbartonshire and Argyll and Bute Valuation Joint Board	Requisition	24.95	215	(273)
	(5,938)	19,222	Total Consolidated Group Entities			2,577	21,770
	(52,581)	354,786	East Dunbartonshire Council			(29,271)	325,515
	(58,519)	374,008	Group Financial Statements			(26,694)	347,285



## 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, libraries, an art gallery and museum. The Council has agreed to do all that is reasonable to support the Trust's financial position given the challenges resulting from the Covid 19 pandemic.

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 based on nomination by the Trade Union. The total net liability position of the company at 31 March 2021 was £7.265m (31 March 2020 £2.563m) 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%:

2019/20	East Dunbartonshire Leisure and Culture Trust	2020/21
£000		£000
10,114	Turnover	9,077
1,700	Profit or (loss) before tax	(4,702)
0	Taxation	0
1,700	Profit or (loss) after tax	(4,702)
32	Long term assets	21
2,943	Current assets	3,180
(1,481)	Current liabilities	(1,089)
(4,057)	Long term liabilities	(9,377)

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

East Dunbartonshire Leisure & Culture Trust  
Kirkintilloch Town Hall  
Union Street  
Kirkintilloch  
G66 1DH

### 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. Administrative and Funding Arrangements for Mugdock Country Park are conducted in accordance with the Minute of Agreement between East Dunbartonshire Council and Stirling Council. A new Minute of Agreement between the authorities was signed on 9 February 2016, and was effective from 1 April 2016. Capital expenditure is now split 50/50 between the respective authorities, and Stirling Council pays a fixed revenue contribution of £50,000 per annum.

The net assets of the Joint Committee at 31 March 2021 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 2021, the total net book value of the Park's buildings and equipment was £0.643m and of community assets was £2.180m.

*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 Pension 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 Pension Scheme and the required accounting treatment is made with the accounts of the Council.

## b) *Joint Ventures*

### **East Dunbartonshire Health and 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 2020/21, the Partnership managed services worth £79.077m on behalf of the Council. The Council also provided some support services to the Integration Joint Board at no cost as a "service in kind". These accounting arrangements are in line with the agreement of the Integration 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.

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.

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

East Dunbartonshire Health and Social Care Partnership  
Kirkintilloch Health & Care Centre  
10 Saramago Street  
Kirkintilloch  
G66 3BF

## 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 2020/21, the Council contributed £1.723m (2019/20 £1.724m) to the Partnership's estimated operating costs, which represents the Council's agreed share of costs of the year (4.86%).

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

The Treasurer  
Strathclyde Partnership for Transport  
131 St Vincent Street  
Glasgow  
G2 5JF

### **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 2020/21, the Council contributed £0.227m (2019/20 £0.227m) to the Joint Committee's estimated operating costs, which represents the Council's agreed share of costs for the year (5.62%). 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 2020/21 the Council contributed £0.818m (2019/20 £0.794m) 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  
16 Church Street  
Dumbarton  
G82 1QL

## 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 and Clyde. Two Council officers serve as directors of the company.

The company holds no material fixed assets and has no long-term liabilities. 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 £0.081m (2.2%) to the consortium in 2020/21 (2019/20 £0.079m, 2.2%).

### **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 2019/20 (2018/19 £0.057m, 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 eight 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 £0.163m for services in 2020/21 (2019/20 £0.112m) and was entitled to a membership percentage of 2.46% in 2020/21 (2019/20 2.46%).

## 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. West Dunbartonshire Council administers the Trust.

## 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 £0.075m (5.90%) in 2020/21 (2019/20 £0.065m, 5.90%).

## 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 £21.770m (£18.769m 2019/20). 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 item of a material nature is in relation to the Group Comprehensive Income and Expenditure Statement, as follows:

Total Comprehensive (Income) and Expenditure	2020/21
	<b>£000</b>
East Dunbartonshire Leisure & Culture Trust	(4,702)
Common Good and Trust Funds	158
Integration Joint Board	6,020
Strathclyde Partnership for Transport	733
Strathclyde Concessionary Travel Scheme Joint Board	153
Dunbartonshire and Argyll and Bute Valuation Joint Board	215
<b>Total for Consolidated Group Entities</b>	<b>2,577</b>
East Dunbartonshire Council single entity accounts	(29,271)
<b>Total for Group Comprehensive Income &amp; Expenditure Statement</b>	<b>(26,694)</b>