

West Lothian Council

Annual Accounts

Year ended 31 March 2022 (unaudited)

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Accounts of West Lothian Council for the year ended 31 March 2022, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Annual Accounts

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AUDIT ARRANGEMENTS

Audit Arrangements

Under arrangements approved by the Accounts Commission for Local Authority Accounts in Scotland, the auditor with responsibility for the audit of the accounts of West Lothian Council for the year ended 31 March 2022 is: -

Stephen Reid, CPFA, CA
Partner
Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Statement

The audit of the Council's Accounts for 2021/22 is yet to be undertaken, the figures are subject to audit.

The unaudited accounts will be presented to the Audit Committee on 21 June 2022.

The certified Accounts will be presented to the Council

AUDIT ARRANGEMENTS

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MANAGEMENT COMMENTARY

1. Introduction

The Management Commentary outlines the key messages of the council's planning and performance for the year 2021/22 and how this has supported the delivery of the council's corporate priorities. The commentary also looks forward outlining future work and ongoing developments. In addition, key risks and uncertainties are set out that will need to be managed to best meet the needs of the West Lothian population going forward. A key aspect of this is the implications of a number of concurrent risks and the management of resulting challenges in delivery of services to our communities throughout 2021 and continuing in 2022.

2. The Council

West Lothian Council lies at the heart of central Scotland. It sits astride the M8 and M9 motorways and contains a mixture of small rural and urban communities, including towns such as Livingston, Broxburn, Bathgate, Whitburn, Armadale and Linlithgow. It borders the City of Edinburgh, Falkirk, North Lanarkshire, South Lanarkshire and the Scottish Borders.

The council provides a diverse range of essential services, such as:

Education	Social Care Services	Housing
Environmental Health	Planning	Economic Development
Waste Management	Roads and Street Lighting	Transport

The quality and effectiveness of these services relies on the commitment, dedication and ability of the council's 6,784 (Full Time Equivalent) employees, who on a daily basis make a difference to the lives of our customers. West Lothian has an estimated total population of 183,820, which accounts for 3.4% of the total population of Scotland.

Located in the central belt of Scotland, West Lothian is less than 30 miles from Edinburgh and Glasgow which makes it an attractive investment location for many businesses.

Within West Lothian there is a growing younger population and a large increase in the older population. The latest estimates are that West Lothian's population will grow to over 203,000 by 2041. While West Lothian has one of the fastest growing and youngest populations in Scotland it is also forecast to have the highest population growth in the over 75 age group in Scotland (39.4% increase by 2028 and 120% increase by 2041). Growth in the population of West Lothian will mean more demand for all services including waste collection, schools and support for older and vulnerable people in our communities.

The ten year capital investment programme approved in February 2018, and subsequently updated on an annual basis each February, supports the delivery of essential council services and will invest over £223 million in maintaining and improving the council's capital infrastructure over the period 2022/23 to 2027/28. In line with the council's established approach to capital financial planning and budgeting, and following the approval of the capital plan at the same meeting as the annual revenue budget and treasury plan early in the calendar year, both the general services and housing capital programmes are reviewed after the financial year end to incorporate accelerated spend and slippage from the previous financial year. The updated capital programmes are considered and approved by the last Council Executive before the summer recess. This year's review was undertaken in May/early June and included detailed consideration of timescales and project costs taking account of implications arising from high and persistent inflation as well as ongoing impact from the pandemic and also the UK's exit from the EU. Both capital programmes were updated, recognising the ongoing impact of these key risk factors. The programmes will continue to be monitored, in line with established budgetary control processes, to identify any further impacts on delivery.

The council is proud of its school estate which is one of the best in Scotland in terms of condition and suitability. The council has, over a number of years, invested considerable sums to ensure school pupils have the best possible environment to learn and develop. During 2021/22, achievements included the completion and opening of new facilities to support service delivery such as the new Calderwood Primary School, and Blackridge and St Mary's Bathgate nurseries. Works are also complete on the renovation and extension of Pinewood School in Blackburn. This is part of the Additional Support Needs (ASN) Strategy and will see the delivery of a new general purpose hall and additional teaching spaces. The completion of the new Cedarbank ASN school during 2021/22 provides an enriched learning environment which includes science labs, multi-optional physical education accommodation and craft, design and technology classrooms. In addition, investment of £15 million has been approved for the construction of a new replacement Beatlie ASN school which is due to be fully operational by August 2023.

A new £17.5 million East Calder Primary School will be constructed adjacent to the existing school and is expected to be open to pupils from 2024. The project is jointly funded by the Scottish Government and the council following a successful bid made to the Learning Estate investment Programme.

MANAGEMENT COMMENTARY

Within the Winchburgh Core Development Area the largest single education expansion investment undertaken by the council is being delivered. Substantial work has been undertaken during 2021/22 on the new Winchburgh Academy (non-denominational) and Sinclair Academy (denominational secondary) with shared sports facilities, along with the new Holy Family Primary School. All schools will be completed during 2022/23.

In overall terms West Lothian Council invest £84 million in 2022/23 on capital assets such as buildings and roads to support the delivery of essential services.

The council is committed to a plan for 3,000 new homes for West Lothian. This will include building and purchase of new affordable housing supply. Expenditure on the New Housing Supply Programme amounted to £26.2 million in 2021/22. The very challenging circumstances as a result of the Covid-19 continued into 2021/22 and had an impact on the number of housing completions achieved during the year. More handovers are anticipated in the coming period along with an accelerated programme of open market acquisitions.

The construction works at Eliburn in Livingston have been completed with all 20 units handed over. At Standhill in Bathgate, works are also now complete, with 17 of the 22 units handed over by 31 March 2022 and the remaining handovers finalised in early April 2022. Although revised spend profiles against the planned works at Wellhead Farm in Livingston resulted in overall slippage, the first phase of four units was handed over in March 2022, with further phases underway and expected to complete over 2022/23. A total of 41 new build completions were handed over during 2021/22 and 31 houses were acquired through the Open Market Acquisition scheme. This is in addition to the 225 open market acquisitions that have been added to the housing stock in previous years since the scheme was introduced.

The Housing Capital Programme includes planned expenditure to support both the new build programme and continued investment in existing housing infrastructure to ensure that homes are suitable for 21st century living. A total of £19.3 million was spent on existing housing stock during 2021/22.

The council is committed to partnership working as a key to improving the quality of life for local people. Providing seamless services is at the heart of the council's ethos and this is demonstrated by an active Community Planning Partnership and other partnership arrangements such as the West Lothian Community Safety Unit Partnership with Police Scotland.

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and social care in Scotland. A health and social care partnership in the form of the West Lothian Integration Joint Board (IJB) is in place in West Lothian. The arrangements require the delegation of relevant functions and resources by the council and NHS Lothian to the West Lothian IJB. The level of resources associated with council functions delegated to the IJB in 2021/22 was £77.9 million (2020/21 £69.4 million).

The central location, infrastructure and range of industrial, commercial and office properties, along with the support of the council's Enterprise Centre, property and business advisors, ensure that new businesses are attracted to invest and locate in the West Lothian area and that existing businesses have opportunities to expand.

West Lothian has three country parks, Almondell and Calderwood, Beecraigs and Polkemmet. The area boasts a range of outdoor activities from golf courses and horse-riding to a renowned skate park, while the council's partners West Lothian Leisure Ltd. provide leisure, arts, sports and swimming facilities across the area.

3. Impact of the Covid-19 Pandemic

The Covid-19 pandemic has been the most significant public health emergency that the UK has faced in generations. The lockdown restrictions introduced by the UK and Scottish Government on 23 March 2020 placed significant restrictions on the ability of people to meet, travel and attend work and have had a huge impact nationally and locally on businesses, communities and residents.

The restrictions put in place to contain and control the spread of the virus have presented unprecedented challenges for the council. Compliance with the ongoing restrictions during 2021/22, as required by the Scottish Government's Covid-19 Strategic Framework, continued to have impacts on council service delivery although this was significantly less in comparison to the previous year.

In June 2021, an updated Covid-19 Recovery and Renewal Plan was reported to Council Executive and can be accessed on the following link.

[Covid-19 Recovery and Renewal Plan](#)

This plan sets out the measures the council put in place in order to continue the recovery of council services as lockdown restrictions continued to ease during 2021 and into 2022. Plans remained under regular review taking account of changing guidance, advice and circumstances.

MANAGEMENT COMMENTARY

The council will continue to use its response to the Covid-19 pandemic to positively challenge service delivery, in order that the council can maximise opportunities to make West Lothian a smarter, healthier, wealthier, fairer and greener place to live and work in.

Recovery and Renewal

The council's plans for recovery take account of the emerging priorities of our communities most affected by Covid-19. This means considering not only how we restore services to our communities, but also how to help them to rehabilitate. Recovery and renewal arrangements therefore need:

- To be flexible to meet the needs of our communities and businesses
- To set clear objectives for recovery and renewal which are regularly monitored and reviewed
- To place collaboration and working in partnership with communities at the heart of the design and delivery of services
- To embrace digital transformation, mobile and flexible working, and other innovative ways of working to successfully transform services using a combination and balance of people, processes and technology.
- To help the council achieve climate change targets.

Positive Legacy from the Pandemic

The pandemic has changed the way in which people have been living their lives and the way in which they interact and access council and other public sector services. There have been aspects of change which presented challenges during this period, but there are also a number of positive experiences from the last two years that the council is keen to develop and build upon as a positive legacy from the pandemic: -

- Placing our communities at the centre and greater public engagement
- Targeted interventions for vulnerable communities
- A renewed focus on inequalities
- Strong community spirit in the face of adversity
- Improved local/national working
- Improved public health leadership and greater engagement in public health
- Greater awareness and focus on physical and mental wellbeing
- Increase in active travel
- Increased outdoor recreation
- Learning from outbreak management and greater preparedness for any future pandemic

Building upon the experience of the pandemic the council will also continue to make the most effective use of its assets, in terms of people (staff), buildings, information technology, information and data, and financial resources.

Due to the pandemic, the majority of office based council staff had largely worked from home since March 2020. As restrictions significantly eased, and in many cases ended during 2022, the council implemented a new flexible working pilot in April 2022 for a twelve month period. This policy recognised the critical role that employees have in respect of service delivery, continuous improvement and transformational change. In line with recovery and renewal objectives around innovative and flexible working, the key objective of the pilot was to support staff to deliver critical services while maintaining a positive work life balance.

In this regard the Flexible Working Pilot seeks to support the council's People Strategy outcome to be an employer of choice where people:

- Make a difference
- Feel valued and rewarded
- Feel supported and committed
- Are encouraged to be flexible and committed
- Are encouraged to be flexible and innovative
- Are able to embrace change
- Feel confident and capable

MANAGEMENT COMMENTARY

The Flexible Working Pilot will be monitored throughout the twelve month prior and reviewed on conclusion in consultation with recognised trade unions. In addition, the overall recovery arrangements will be monitored and reviewed on an ongoing basis to ensure that they remain fit for purpose.

4. Corporate Strategy

The Corporate Plan sets West Lothian Council's strategic direction and identified priorities for the period 2018/19 to 2022/23. These priorities are the focus for all council services, as the council, its partners and local communities work together to deliver better services for West Lothian.

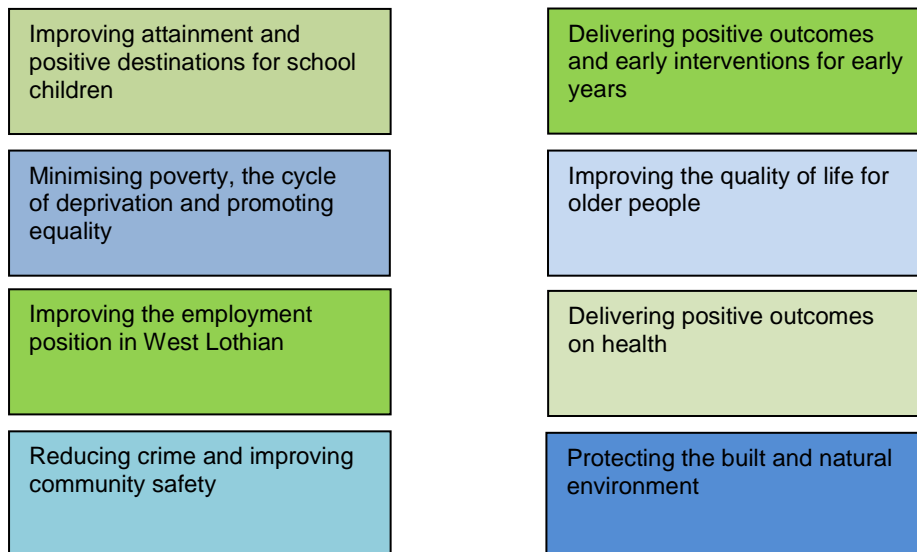
The most recent performance results confirm that the council continued to perform well in key priority areas, such as educational attainment, housing and tenancy management and mitigating the impact of poverty in West Lothian.

The council's Corporate Plan can be accessed using the following link: -

[West Lothian Council Corporate Plan 2018/19 to 2022/23](#)

The council's overall aim is to improve the quality of life for people in West Lothian. The Corporate Plan contains eight key priorities that aim to make a lasting and sustainable impact on the local area and improve the lives of residents in West Lothian. This reflects the public consultation exercise (Transforming Your Council) undertaken in autumn 2017. The consultation focused on three key areas – taxation, priorities and areas for budget savings. The consultation received over 45,000 comments that helped shape and inform the corporate and financial plans for the five year period. Feedback received showed strong support for the council's eight priorities shown below:

Key Priorities



The council has an integrated set of strategies designed to support the delivery of the council's priorities and also to contribute to the Strategic Outcomes of the West Lothian Community Planning Partnership.

Corporate Strategies support the delivery of the Corporate Plan priorities by achieving specific, linked outcomes. These strategies capture cross-cutting activity that will affect all, or a significant proportion of, council services within the corporate planning period.

The council produces a Factfile on an annual basis which provides an essential guide to the council's performance in relation to the eight priorities. The most recent publication can be found on the council's website:

[West Lothian Council - Factfile](#)

Each Administration coincides with the development of a new Corporate Plan, as well as medium term financial plan, together encompassing the key service delivery and resource priorities for the council for the next five year period.

On 15 February 2022 the council agreed that it will continue to adopt the approach of integrating corporate and financial planning in line with the principles agreed by Council Executive in June 2018 and the requirements of the CIPFA Financial Management Code.

MANAGEMENT COMMENTARY

Following the local election in early May 2022, the council is progressing the development of the corporate strategy for 2023/24 to 2027/28 which, as in past Administrations, will take account of the outcome of a large scale public consultation. Councils are operating in a difficult and uncertain strategic context and face medium term financial pressures, with significant uncertainty around future year funding and the prospect of major service reform connected to the proposals to set up a National Care Service.

With the challenges and opportunities ahead, it is clear that the council must undergo transformative change in the next five years in order to continue to meet statutory duties and maintain best value in the provision of services to the community. It is recognised that such change requires the input and support of our key stakeholders, in particular our customers and staff.

A report on the proposed consultation approach to inform the council's strategic direction and how the public can best be engaged in the development of the next Corporate Plan and council priorities for the period 2023/24 will be reported to Council Executive on 21 June 2022.

5. Budget Strategy and Budget Setting

Ongoing Covid-19 implications have been a key consideration for the council in the review and update of approved budget plans for future years. In line with the council's integrated approach to corporate and financial planning, the 2022/23 budgets for general services revenue, general services capital, housing revenue and capital budgets along with the 2022/23 treasury management plan, were approved by full Council on 15 February 2022.

Approval of the updated revenue budget for 2022/23, the final year of the existing five year financial strategy, ensured that the council complied with Audit Scotland, CIPFA and the Accounts Commission best practice which states that public bodies should focus on their medium to long term financial sustainability. The 2022/23 budget plans included £14.841 million of one-off resource to meet estimated Covid-19 cost pressures and for investment in priority areas including climate change, jobs creation and employability. Budget savings of £9.1 million were also agreed by Council, as part of a balanced budget. The approved savings cover all service areas and include measures such as service redesign, integration and modernisation, channel shift and digital transformation, income and concessions, partnership working, empowering communities and revised assessment and eligibility for care. Officers continue to monitor announcements and other information to review and refine budget assumptions.

The annual general services and housing revenue budgets form part of the council's integrated approach to financial strategy, corporate planning, delivery of outcomes and performance monitoring. The activity budget links the council's activities, resources and outcomes and is a core element of the council's financial strategy and annual management plans. The 2022/23 activity budget is published on the council's intranet on this link: [Activity Budget](#).

The council's budget setting process is subject to statutory, regulatory and governance requirements. The Local Government Finance Act 1992 section 93(2) requires councils to formally agree council tax levels before 11 March each year, and the Housing (Scotland) Act 1987 requires the housing budget and rent increases to be reported to Council each year for approval.

The long term general services capital programme supports the delivery of the council's eight Corporate Plan priorities. The programme also takes into consideration comments received during budget consultations where there was support for the effective and efficient management of our assets and reducing energy use. It is important that resources are prioritised on an ongoing basis to ensure investment has the maximum impact on the core assets necessary to sustain existing service delivery. A five year housing capital strategy and ten year general services capital investment strategy were approved by Council on 13 February 2018, along with the Corporate Asset Management Strategy on 19 March 2019. These strategic financial investment plans are reviewed and updated annually with the latest updates approved by Council in February 2022.

The Prudential Code requires councils to approve, on an annual basis, a defined set of prudential indicators, covering both general fund and housing capital investment, at the same council meeting that approves the revenue budget for the forthcoming year.

The key objective of the Prudential Code is to ensure that the capital investment plans are affordable, sustainable and prudent in the long term. The Code's prudential indicators are designed to support and record local decision making and are required to be approved and monitored by the Council. In doing so, the council is fulfilling its duty to ensure that spending plans are affordable, prudent and sustainable and also confirming that the treasury management function operates in accordance with the requirements of the CIPFA Treasury Management in the Public Services Code of Practice. It is assessed that the council's revenue, capital and treasury financial plans are compliant with the Prudential Code.

The CIPFA Financial Management Code is designed to support good practice in financial management and assist in demonstrating financial sustainability. Compliance with the Code is the collective responsibility of elected members, the Head of Finance and Property Services and the council's leadership team. There was a requirement of full compliance with the code by financial year 2021/22 and in February 2021 Council Executive agreed an action plan with areas identified to further meet the needs of the Code and in doing so ensure the council is well placed to deliver ongoing compliance as well as agreed priorities and financial sustainability within constrained resources. A report to Partnership and Resources Policy Development and Scrutiny Panel on 4 February 2022 noted the council's continued compliance with the Code.

MANAGEMENT COMMENTARY

Since the council's budget plans were approved in February 2022, a number of concurrent risks including the ongoing impact of Covid-19 have continued to be closely monitored.

While the full financial implications resulting from these concurrent risks including increasing economic issues resulting from the war in Ukraine and leaving the EU remain uncertain, they are likely to be significant for 2022/23 and future years. Taking account of this, COSLA and all 32 local authorities in Scotland continue to work together to monitor the financial implications resulting particularly from the resulting inflationary pressures which are currently at a level not seen for many decades. This will be an ongoing process across the council's revenue and capital plans to ensure that a clear understanding of financial implications and these will be considered as part of regular updates to financial planning assumptions.

The council's Corporate Transformation Programme Team (CTPT) supports the implementation of corporate and financial plans through ensuring delivery of service changes and budget saving measures. The team report to a Depute Chief Executive and are focused on facilitating transformational change throughout the council, whilst working with enabler services to ensure the council continues to have a balanced budget over the medium to long term. The CTPT provides and builds internal council capacity to support ongoing modernisation reflecting the challenges facing local government. The performance of the team is assessed through the successful completion of saving projects and the implementation of agreed budget saving measures.

The CTPT have helped support the development, approval and implementation of a number of significant and complex projects during 2021/22. A key aspect of the CTPT will be the continued research and feasibility work on future transformation opportunities and initiatives taking account of the implications of Covid-19, and potential transformation and saving options for the period beyond 2022/23. They will undertake scanning and benchmarking exercises to identify potential opportunities for change in areas such as but not limited to charging, commercial management, volunteering and effective and efficient use of assets.

6. Performance Overview

West Lothian Council has a strong approach to performance management, with clear standards for reporting meaningful performance information to different stakeholders. This approach provides a range of management and public data about our corporate and service performance and critically, has a performance framework, aligned to our eight priorities (in the Corporate Plan), that tracks the measurable impact of council services and investment in the agreed outcomes for West Lothian.

The performance management approach is comprehensive and consistently applied throughout all services. Key principles help identify the measures of performance that will inform decision making and operational planning and support evaluations of the relative value of the services we provide. A clear performance framework requires a balanced set of indicators for services and processes that track the overall impact and quality of services through measures of efficiency, effectiveness and satisfaction with the service. Moreover, the performance management approach defines robust tracking and monitoring processes to manage performance effectively whilst also supporting target setting and benchmarking that enables timely, appropriate interventions.

A range of information is published on corporate and council service performance on the following link:

[Service and Public Performance Reporting](#)

and on comparative performance:

[Council Performance - Benchmarking](#)

The council has operated a cyclical corporate programme of self-assessment since 2003/04 to evaluate achievement in services and support improvement across the organisation. There are two recognised programmes of self-assessment and both are based on the same framework: The European Foundation for Quality Management. Our schools use Validated Self Evaluation (VSE) and all other services use the West Lothian Assessment Model (WLAM). The programme of self-evaluation in the Council was suspended during the pandemic to allow services to focus on operational pressures and recovery and renewal activities. During this time the Council has reviewed and re-designed the self-evaluation process and will be adopting the new EFQM 2020 Model for the next cycle of WLAM assessment, starting in 2022/23.

The results of the WLAM process are reported to the Performance Committee and the results of the VSE are reported to the Education (Quality Assurance) Committee. The papers and agendas for these committees are available on the council's COINS system on the following link:

[West Lothian Council Committee Information Pages](#)

External scrutiny is also used to improve service performance and challenge practice against the best in class in the public, private and third sectors. The council retained Customer Service Excellence (CSE) following external assessment in 2020/21.

MANAGEMENT COMMENTARY

A range of performance information is published on all council services, this includes:

- **Customer satisfaction with the service:**

We consult with customers on the quality of services that they receive from the council and this information is used to identify ways to improve our services. Seven consistent indicators of customer satisfaction are measured by every service and analysed and compared to demonstrate that the council is providing high quality customer-focused services to customers. Our consultation approaches and customer results are also validated and improved through assessment processes such as; the self-assessment programmes, EFQM and Customer Service Excellence assessment.

- **How we perform against service standards:**

Service standards are the promises that the council makes to our customers about the quality of the service that we will deliver. The standards set out what customers accessing our services can expect regarding customer service, timeliness and overall quality. We monitor our performance against the standards with customer satisfaction results and the measurable aspects of service provision, such as time taken to deliver services and the number of complaints received or upheld. Telling people how our services are performing is important. It helps the council to demonstrate that we are open and honest with the public and that we are working to improve the value and impact of our services for the people living, working and learning in West Lothian.

- **The efficiency of the service:**

The council has a responsibility to achieve value for money and report our performance to the public, explaining how efficiently we deliver services and how this compares to others. Efficiency indicators are in place to help measure the value of our services and these will generally focus on how efficiently services and processes are delivered. This can be calculated by what goes into a process (e.g. inputs such as cost, staff and other resources) and the output of that process, including any waste or repeat work, amount of resources (time, cost, people, etc.). For comparative purposes, there are also indicators tracking the unit cost of services and processes or the total cost of the service based on population or users.

There are long and short term measures of performance that indicate how services and processes contribute to council priorities. These are aligned with the council's key corporate strategies and plans and ensure that the key services and processes of the council are measured, monitored, reported and improved.

Benchmarking is an improvement process that allows West Lothian Council to compare our performance with other organisations, such as other Scottish local authorities. Benchmarking is used to identify how we are doing and what we can learn from the high performance and good practice of others. Performance management is the way that West Lothian Council measures achievement in key activities and processes. It enables the council to track the progress made in achieving outcomes and priorities and to demonstrate that services are delivered efficiently and effectively.

- **The impact of the service:**

The council has set challenging outcomes and priorities for West Lothian with our Community Planning Partners. Services' contribution to achieving those outcomes and the corporate priorities is determined through measurement of the key activities and processes that they deliver. The outcomes a service achieves are assessed through a set of measures developed in line with the council's performance framework. Service performance measures demonstrate performance across a range of areas including customer satisfaction, quality of services, efficiency of services and effectiveness of key processes.

In 2021/22 the council continued to perform well in key priority areas for West Lothian. This included; improving attainment and positive destinations, minimising poverty through effective housing and tenancy management and welfare support for the most deprived in our community and delivering high quality and technology-enabled personalised care at home for older people. The council also had to mitigate the varied impacts of the Coronavirus pandemic on service performance in this year, which required some services to cease for a significant part of the year, or delivered in different ways. Though elements of service performance was impacted by the constraints of this period, performance remained on target in many of the key performance outcomes.

The council will continue to target improvement in performance service processes and waiting times in customer services. We will target reductions in the cost of providing a range of services through transformation and digitisation activities.

MANAGEMENT COMMENTARY

7. Financial Performance Review

The financial performance review outlines the key financial issues affecting the council during the year and the overall financial position of the council.

7.1 Financial Ratios

The following ratios assist evaluation of the council's financial sustainability and affordability of financial plans.

Council Tax	2021/22	2020/21	Notes on Ratios
In-year collection rate	96.8%	96.1%	This shows the % of council tax collected during the financial year that relates to bills issued for that year. It does not include collection of funding relating to previous financial years.
Target for year	96.5%	96.5%	
Council tax income as a percentage of overall funding	19.9%	19.4%	This shows the proportion of total funding that is derived from council tax. In terms of the budget strategy for 2021/22, a council tax freeze was implemented as the Scottish Government offered local authorities a £90 million incentive to freeze council tax rates to prevent household bills rising, this was equivalent to a 3% increase.
Debt and Borrowing – Prudence			
Capital Financing Requirement (£'000)	763,286	713,242	The capital financing requirement represents the underlying need to borrow to fund expenditure on assets. The council continues to invest in its assets, and in particular building new council houses and schools. The council's borrowing requirement increased in 2021/22 due to the continued borrowing for new council house investment and General Services borrowing to deliver the new high schools in Winchburgh.
Debt and Borrowing – Affordability			
Financing costs to net revenue stream – General Fund	3.4%	4.8%	These ratios show the proportion of total revenue funding that is used to meet financing costs. The ratios exclude any voluntary repayments of debt made during the year. For General Fund the percentage decreased as the revenue budget continued to grow, mainly as a result of increased ring fenced Scottish Government grants for the Covid-19 pandemic, whilst debt servicing costs reduced substantially in 2021/22 following the Covid-19 loans principal repayment holiday of £6.6 million agreed in February 2021. This means that annual debt servicing costs became a lower percentage of the total revenue stream. For HRA the percentage increased to reflect increased debt servicing costs associated with the continued borrowing to deliver new council houses and increased rental income. These percentages are deemed to be affordable as outlined in the 2021/22 treasury plan and approved indicators.
Financing costs to net revenue stream – HRA	23.8%	22.3%	

MANAGEMENT COMMENTARY

7.2 Financial Outturn

Net expenditure on General Services is met from government grants and council tax. In 2021/22 government grants accounted for 80.1% (80.6% 2020/21) of the council's external funding with the remaining 19.9% (19.4% 2020/21) from council tax. The in-year collection rate for council tax in 2021/22 was 96.8% (96.1% 2020/21).

In 2021/22 the council incurred net expenditure of £571.7 million (£547.7 million 2020/21) against a budget of £570.6 million (£548 million 2020/21), utilising 100% (99.3% 2020/21) of available budget.

The Expenditure and Funding Analysis (EFA), Note 5 on page 60, shows how the annual net expenditure is used, how it is funded from resources and how expenditure is allocated for decision making purposes between the council's services.

The figures in the first column of the EFA detail the financial position before the application of accounting entries such as depreciation, pensions and accumulating absences in line with the council's monitoring procedures throughout the year.

As shown in the EFA, the General Fund recorded a net deficit for the year of £16.017 million. This was made up as follows: -

Service Expenditure	2021/22 Budget £'000	2021/22 Actual £'000	Variance £'000
Education, Planning, Economic Development and Regeneration			
Schools, Education Support	242,730	243,301	571
Planning, Economic Development and Regeneration	10,722	10,722	-
Corporate, Operational and Housing			
Operational Services	81,395	81,438	43
Housing, Customer and Building	11,888	13,125	1,237
Corporate Services	17,884	17,886	2
Social Policy			
IJB – Adult and Elderly Services	77,856	77,856	-
Non- IJB – Children's Services	36,614	36,693	79
Chief Executive, Finance and Property	57,929	57,786	(143)
Joint Boards	1,304	1,304	-
NET SERVICE EXPENDITURE	538,322	540,111	1,789
Non-Service Expenditure			
Pensions, NDR Relief and Benefit Payments and General Covid-19 Funding	32,286	31,598	(688)
TOTAL EXPENDITURE	570,608	571,709	1,101
FUNDING			
Scottish Government Grant	(363,768)	(363,768)	-
Council Tax	(89,189)	(90,371)	(1,182)
TOTAL FUNDING	(452,957)	(454,139)	(1,182)
NET OUTTURN POSITION	117,651	117,570	(81)
Expenditure Funded from Committed General Fund Balance	(117,651)	(101,553)	16,098
Deficit for the year	-	16,017	16,017

The 2021/22 net budget underspend was £81,000. Additional expenditure resulting from the financial impact of the ongoing pandemic response and recovery efforts was met by Scottish Government funding, including earmarked grants and additional one-off council investment.

The main areas of variance in 2021/22 were as follows:

- Education overspent by £571,000 largely due to additional expenditure being incurred in relation to the Early Learning & Childcare expansion plan. The increase in flexibility and choice for parents and carers, as required by Scottish Government policy, has resulted in a significant increase in the parental demand for funded placements in private providers which has subsequently placed pressure on the revenue budget.

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- Operational Services overspent by £43,000 as a result of the net impact of higher costs in relation to contractor payments, transport and other variable costs being partially offset by savings mainly in concessionary travel, staff costs and street lighting.
- Social Policy had an in-year overspend of £79,000 due to pressure in external residential schools and external foster care placements. This was due to delays in progressing plans for moving on and new placements during the year, both as a result of Covid-19 and limited availability of suitable accommodation. This is partially offset by early delivery of staffing savings relating to the redesign of services for Looked After Children.
- The underspend in Chief Executive, Finance & Property Services of £143,000 relates largely to delays in recruitment due to the Covid-19 pandemic, resulting in a number of vacancies across the services.
- The underspend in non-service expenditure of £668,000 relates to a continuing decrease in housing benefit caseloads as people who require additional assistance with housing costs will claim universal credit unless they meet specific criteria. There was also an underspend in pension costs in relation to 'added years' awarded to retiring staff.
- Grant funding remains higher in 2021/22 mainly as a result of additional funding received from Scottish Government to help deliver support packages during the pandemic, assist with the recovery from it and also to help manage the financial consequences of Covid-19. Additional funding exceeded £38 million, both for specific ringfenced policy areas and more general funding for local government.
- There was an over recovery in council tax income of £1.182 million largely due to the payments received for prior years which was fully provided for within the bad debt provision.

While there was an underspend of £81,000 for 2021/22, there continues to be recurring pressures within the revenue budget and relevant Heads of Service are progressing various actions to ensure they are mitigated on a recurring basis. Actions are being implemented to ensure future spend in these areas is managed within available resources. In addition, other key demand led areas of the budget will be closely monitored during 2022/23, including the recently emerging escalating cost pressures such as utilities and fuel. Any overspend risks will be highlighted on a timely basis to ensure action can be taken to mitigate pressures.

The approved revenue budgets for 2021/22 to 2022/23 included significant one-off resources to address the Covid-19 pandemic and additional time limited investment for other council priorities. These resources are retained in a reserve to be drawn down to match the agreed pressures. The revenue budget report approved by Council in February 2021 noted that the Head of Finance & Property Services would keep one-off spend under review, as part of the budget monitoring process, identifying refinements to assumptions while also considering potential new pressures. Spend in relation to the one-off resources has been considered as part of the draft outturn position and a there is a net saving of £6.771 million. This is largely due to staff costs and materials for school cleaning costs being less than anticipated, the provision for Council Tax and CTRS not being fully required reflecting improved collection rates and relevant social care Covid-19 related costs being funded from the Health & Social Care mobilisation plan.

Since the 2022/23 Revenue Budget was approved by Council on 15 February 2022 some additional cost pressures are emerging, particularly in regard to utilities. Based on the latest price guidance from Scottish Procurement it is estimated that the additional cost of utilities (gas and electricity) in 2022/23 will be around £2.7 million. Officers therefore recommend to Council Executive that £2.7 million of the net saving in one-off resources of £6.771 million is earmarked to fund these estimated additional costs.

On 15 February 2022, Council agreed that to assist with future financial planning, should any one-off underspends materialise in the 2021/22 and 2022/23 budgets, that the underspends should be preserved until the future revenue financial plan is considered early in 2023 to help manage the challenging financial position. In accordance with the council decision it is proposed that both the uncommitted General Fund Balance of £2.081 million and the net saving in one-off resources, after taking account of the resources required to fund the estimated additional utilities costs, of £4.071 million, will be retained for this purpose.

Further regular updates on the financial position will be provided to Council Executive during 2022/23.

The following table reconciles the outturn report to column 1 of Note 5 Expenditure and Funding Analysis (EFA)

	Service Outturn Report £'000	Covid-19 Grants / Loan Fund Review £'000	Depreciation £'000	Pensions £'000	Employee Statutory Adjustment £'000	EFA Column 1 Note 5 £'000
Net Cost of Services	571,709	(26,325)	(91,076)	(37,941)	(900)	415,467
Other Income and Expenditure	(555,692)	-	91,076	37,941	900	(425,775)
Deficit on Provision of Services	16,017	(26,325)	-	-	-	(10,308)

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The net deficit of £16 million, offset by the additional grant income carry forward of £16.3 million and funds committed by council decisions £10 million, increases the General Fund balance to £52.8 million at 31 March 2022.

Existing commitments against the balance are £50.7 million, mainly arising from £26 million of Council resources earmarked for the Covid-19 response, Government grants carry forward £5.1 million, a Modernisation Fund of £4 million, developer contributions from HRA of £1.5 million, a Winter Resilience fund of £1 million, funds for Whitburn Community Centre Works of £1.8 million, schools delegated carry forward balances of £1.9 million and committed funds from the Loans Fund Review £4.1 million. There is £0.6 million for time limited projects where investments in specific programmes or activities for a short period of time can be made typically to support transformational change or focus on a particular area to generate future financial and non-financial benefits. Full details of the commitments against the General Fund Balance are detailed in Note 34 on page 89.

The council has a remaining provision of £400,000 for the settlement of costs arising from claims for back pay in respect of equal pay. The council's equal pay claims are settled, the remaining provision is considered sufficient to meet the requirements of final pension costs. During 2020/21 the council's known holiday pay claims were settled, the remaining provision of £310,000 million has now been written back as there are no further liabilities on the holiday pay provision. Full details of the provisions are provided in Note 18 on page 75.

The council has a Modernisation Fund which can be used to assist in funding potential termination costs for staff or other costs associated with modernisation and change within the council. From 2010/11 to date £19.3 million has been paid from the Modernisation Fund. As at 31 March 2022, the balance of the Modernisation Fund is £4 million (£2.7 million as at 31 March 2021).

Included in the Comprehensive Income and Expenditure Statement is £200,000 (£700,000 during 2020/21) of expenditure in relation to the cost of agreed employee exit packages payable to seven staff (17 staff during 2020/21) as part of the council's strategy to balance the budget.

In 2021/22, valuations were undertaken for properties subject to material change in valuation, community centres, day centres, old people's homes, partnership centres, pavilions and miscellaneous land. As a result, £11.4 million was charged to the Comprehensive Income and Expenditure Account. The revaluation charge has no impact on the General Fund Balance carried forward.

MANAGEMENT COMMENTARY

7.3 Covid-19 Scottish Government Funding

Additional Scottish Government funding provided in relation to Covid-19 has been accounted for as grant income in line with all other government grant income on an accruals basis, and any related expenditure recognised separately in the financial statements.

Grants have been designated as either agency or principal based on the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) with further guidance provided by the LASAAC Guidance on Accounting for Coronavirus (Covid-19) Grants / Funding Streams. Definitions and treatment of grants are as follows: -

- **Agency**

Income where the council is acting as an agent, as an intermediary in distributing funds from the Scottish Government, has not been recorded in the Comprehensive Income and Expenditure Account as the council does not retain the risks and rewards of the income and related expenditure.

The agency grants administered by the council during 2021/22 are as follows: -

Scottish Government Grants – Agency	2021/22 £'000	2020/21 £'000
Transitional Support Fund for Childcare Providers	-	305
Business Closure Fund	-	475
Business Contingency Fund: Soft Play & Nightclubs	-	240
Furlough Support Fund	-	117
Small Business Grants	-	27,414
Self Employed Hardship Fund	-	303
Covid Spring Hardship	-	708
Covid Winter Hardship Grants	-	608
£500 payments Social Care Staff	-	633
£500 payments Social Care Providers	-	822
Covid-19 Business Support – Support for Brewers, Travel Agents & Indoor Football	-	125
Temporary Restrictions Fund for Childcare Providers	88	143
Strategic Framework Business Fund	8,526	13,687
Business support - small accommodation providers paying council tax	12	68
SWF Self Isolation Grants	1,330	202
Taxi and Private Hire Driver Support Fund	1,441	594
Low Income Pandemic Payments	2,115	-
Scottish Child Payment Bridging Payments	2,990	-
National Qualifications 2020-21 Additional Teacher Payment	392	-
Route Map Extension Restrictions Fund	262	-
Soft Play Support Fund	16	-
Hospitality and Leisure	1,471	-
Business Ventilation Fund	7	-
Nightclub Closure Fund	100	-
Scottish Brewers Support Fund	6	-
Public House Table Service Restriction Fund	127	-
Childcare Sector Omicron Impacts Fund	172	-
Total Agency Grants	19,055	46,444

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- Principal**

Income where the council is acting as principal, on its own behalf, has been recorded in the CIES and the notes to the financial statements.

Note 33 to the accounts on page 87 provides a detailed analysis of grants in 2021/22 totalling £115.3 million (£116.9 million 2020/21) where the council has acted as principal for grants, this includes Covid-19 grant funding from Scottish Government through specific service grant of £1.103 million in 2021/22 (£5.929 million 2020/21).

7.4 Revenue Budget – Housing 2021/22

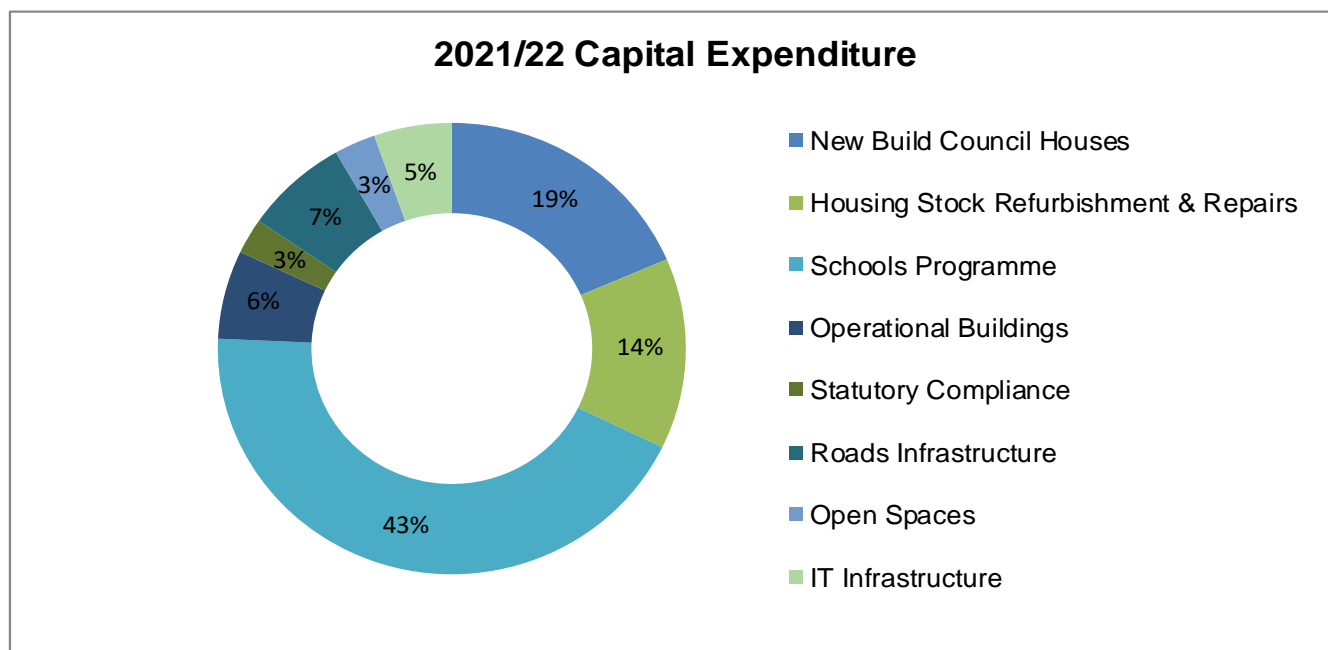
Statement 9 (page 93) the HRA – Income and Expenditure Statement includes depreciation and impairment on housing assets. The deficit for the year is £25.1 million (£17.7 million 2020/21). Statement 10 (page 94) the Statement of Movement on the HRA Balance adjusts this deficit as a result of amounts which are required by statute to be debited or credited to the HRA Balance for the year, the net credit for these items is £25.1 million (£17.7 million 2020/21). The overall position was breakeven for the year, which maintains the HRA balance carried forward at £0.9 million (£0.9 million 2020/21).

7.5 Capital Budget 2021/22

Under the provisions of the CIPFA Prudential Code for Capital Finance in Local Authorities, councils can decide locally on capital investment strategy on the basis that spending plans must be affordable, prudent, sustainable and meet Best Value requirements. Compliance with these criteria is demonstrated by defined prudential indicators.

Based on approved indicators, the council was able to demonstrate the affordability of capital plans. The capital financing requirement for 2021/22 was £763.3 million (£713.2 million 2020/21), £492.5 million (£463.6 million 2020/21) for general services and £270.8 million (£249.6 million 2020/21) for Housing Revenue Account. External debt levels were £715.7 million during 2021/22 (£688.1 million 2020/21).

7.6 Capital Programme 2021/22



The General Fund and Housing Revenue Account capital outturns are detailed in the following table: -

Capital Programme	2021/22			2020/21		
	Budget £'000	Actual £'000	Over/(Under) Spend £'000	Budget £'000	Actual £'000	Over/(Under) Spend £'000
General Services	77,456	95,794	18,338	47,409	56,182	8,773
Housing Revenue Account	49,027	45,505	(3,522)	29,241	23,116	(6,125)
Total Capital Expenditure	126,483	141,299	14,816	76,650	79,298	2,648

MANAGEMENT COMMENTARY

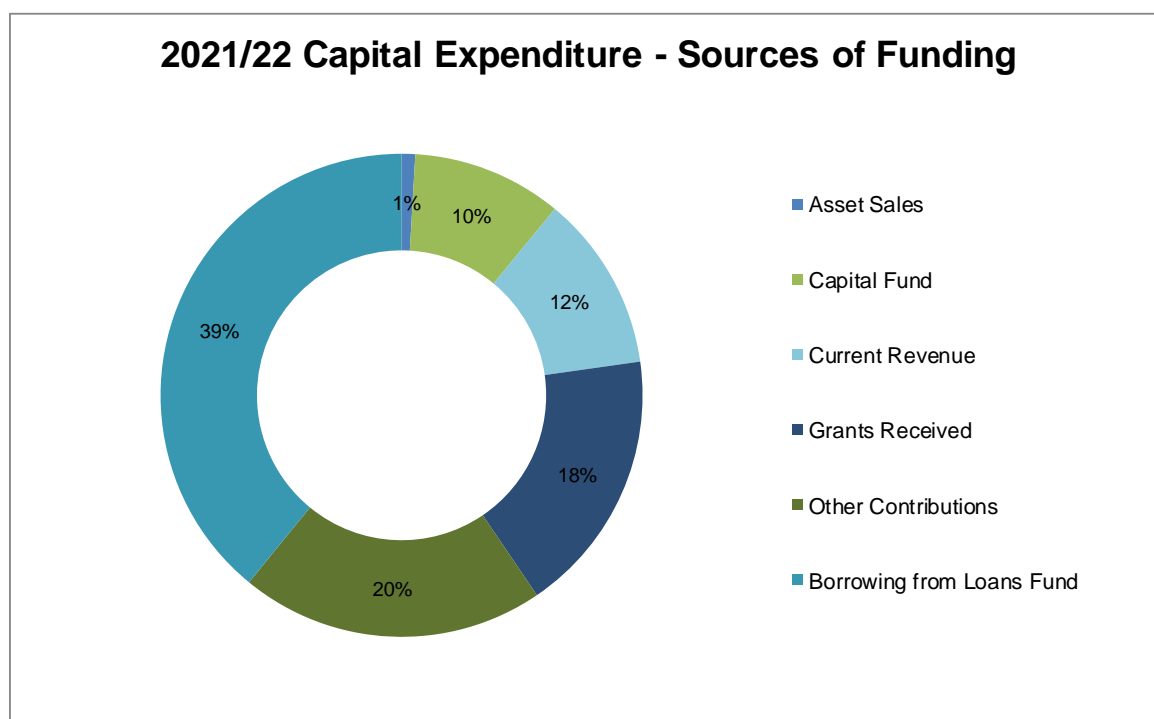
The 2021/22 General Services capital programme had a budget of £77.5 million and the final outturn for 2021/22 was £95.8 million resulting in a net variance of £18.3 million. During 2021/22, a number of projects progressed more quickly than originally anticipated, namely the Developer Funded new Secondary Schools at Winchburgh which had accelerated spend of £13.1 million and the additional support needs school projects with accelerated spend of £4.2 million within the property asset programme. In addition, successful installation and rollout of robotics and automation meant the digital transformation project within ICT also had accelerated spend.

The HRA capital programme had a budget of £49 million and actual expenditure of £45.5 million resulting in a net variance of £3.5 million. The Covid-19 shutdown period had a major impact on new build provision in the previous financial year, with delays incurred due to ongoing restrictions, however good progress resumed during 2021/22. A total of 41 new build completions were handed over during 2021/22. The current pandemic has had, and will continue to have, a material impact on the housing capital programme. Government guidance is continually being reviewed and budget assumptions are being revised to take account of the situation.

The total council capital expenditure was funded as follows: -

Sources of Funding	2021/22 £000	2020/21 £000
Asset sales and contributions from third parties / funds	69,402	57,345
Revenue contributions to capital	16,665	18,168
Borrowing	55,232	3,785
Total Funding	141,299	79,298

Total debt outstanding at 31 March 2022 (2021) was £637.9 million (£607.8 million). The details of the debt outstanding are shown in note 15.3.



7.7 Public Private Partnership (PPP) and Design, Build, Finance and Maintain (DBFM) Contracts

The PPP and DBFM contracts are assessed under International Financial Reporting Standards (IFRS) which looks at aspects of control of an asset, such as specifying services and the price paid for these services. The net value of all PPP and DBFM assets in the balance sheet at 31 March 2022 is £209.7 million (£221.3 million as at 31 March 2021).

The outstanding liabilities on the PPP and DBFM contracts are £79.2 million (£81.6 million 2020/21) of which £2.6 million (£2.4 million 2020/21) is shown under current liabilities and £76.7 million (£79.2 million 2020/21) under long term liabilities.

Details of the annual costs of these contracts are shown in note 35.

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7.8 Significant Trading Operations (STO)

The Local Government in Scotland Act 2003 introduced the requirement to maintain and disclose significant trading operations. Consequently, a trading account has been prepared for the council's only significant trading operation, Economic Development Properties, in accordance with guidance issued by CIPFA/LASAAC.

During 2021/22 the STO achieved an in-year surplus of £2.3 million (£1.5 million 2020/21).

In the three years to 31 March 2022 the trading account sustained a statutory aggregate surplus of £4.1 million, therefore achieving the statutory financial requirement to breakeven over a three year period.

Note 29 provides further detail.

7.9 Pension Reserve and IAS19

The pensions accounting standard IAS 19 is fully adopted in the accounts and details are available in Statement 8 note 1 on accounting policies. The requirement to recognise the council's share of the net liabilities of the Lothian Pension Fund (LPF) in the balance sheet has resulted in a negative Pension Reserve of £143.7 million at 31 March 2022 (£311.8 million at 31 March 2021).

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The most recent formal valuation date was 31 March 2020 with the subsequent results based on a rollforward from the formal valuation.

The pension deficit has decreased as a result of a combination of

- investment returns being significantly greater than expected leading to a positive impact. The total investment return achieved by the Fund over the accounting period was 10.8%, compared to an expected accounting return of 2%.
- the net discount rate (discount rate net of inflation) has increased. The discount rate assumption has increased by more than the increase in the CPI assumption resulting in a positive impact. It is estimated by the actuary that the gain is in the region of a 6 - 8%.
- The longevity assumptions have changed from the previous accounting period to reflect the latest available mortality improvement table resulting in a gain on the obligations. It is estimated by the actuary that the decrease in obligations are in the region of 0.5%.

The negative reserve does not impact on the council's available resources. The figures presented in the actuary's valuation are prepared only for the purposes of IAS19 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, and have no impact on the employers' pension contribution rate.

7.10 Other Reserves

The following table details the usable reserves held by the council for the five year period 2017/18 to 2021/22.

Fund	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Committed General Fund	21,805	15,290	16,875	40,258	50,746
Uncommitted General Fund	2,101	2,373	2,994	2,261	2,081
HRA Fund	926	926	926	926	926
Capital Fund	58,963	61,713	57,917	45,580	38,640
Insurance Fund	10,125	10,391	9,317	7,596	7,307
Total	93,920	90,693	88,029	96,621	99,700

The reduction in the Capital Fund of £6.94 million from 2020/21 is a result of the planned usage of the fund to supplement the capital programme. The 2021/22 capital investment programme and treasury management plan agreed and acknowledged the use of the council's capital fund to support investment in General Services assets of £95.8 million as outlined in section 7.6 of this commentary.

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As part of the annual revenue budget setting process, the Head of Finance and Property Services assesses and reflects on the appropriateness of the unallocated general fund balance. The review is undertaken each year, and for 2021/22, was considered in the revenue budget report to the Council on 25 February 2021. It was concluded that, in order to ensure that sufficient funds are held in reserve to deal with the financial consequences of uncertain future events, that the uncommitted balance be maintained at a minimum of £2 million. This level is assessed as appropriate as the council has an approved medium term financial strategy which is underpinned by clear financial planning arrangements, sound financial management and a number of other earmarked reserves.

Details of the committed General Fund balance are shown in note 34 on page 89.

7.11 Group Accounts

Local authorities are required to consider their interests in all types of entity, including companies, joint ventures and statutory bodies such as Valuation Boards. Where they have a material interest in such entities, authorities are required to prepare a full set of group accounts in addition to their own council's accounts. The council has a number of non-consolidation interests in other entities, full details of which are shown on pages 104 and 105. For the purposes of consolidation and incorporation with the Group Accounts the council had one subsidiary company during 2021/22, West Lothian Leisure (WLL).

- **Subsidiary - West Lothian Leisure (WLL)**

The impact of the Covid-19 pandemic continued to detrimentally impact WLL in 2021/22. All of WLL's facilities were closed for part of the year with the majority of venues reopening on 26 April 2021. In addition, the Scottish Government's Covid-19 restrictions reduced the extent and capacities of activities offered by WLL during part of 2021/22 and consumer confidence reduced foot fall during the whole of the year. This resulted in a greater than normal funding requirement of the council during 2021/22.

In addition to its normal management fee and landlord maintenance funding, the revenue budget plan that the council approved for 2021/22 and 2022/23 on 25 February 2021 included an additional £3 million to help WLL meet the continuing financial challenges of Covid-19, £1.5 million of which was provided to WLL in 2021/22. In addition, Council Executive agreed a one-off capital payment to WLL of £0.370 million on 23 March 2021, £0.183 million of this was provided to WLL in 2021/22.

- **Associate - Lothian Valuation Joint Board**

Lothian Valuation Joint Board is deemed to be an associate under group accounts guidance.

- **Joint Venture – West Lothian Integration Joint Board (IJB)**

The council also has a joint venture in relation to the health and social care partnership in the form of the West Lothian Integration Joint Board (IJB).

In terms of West Lothian IJB, Covid-19 represents an ongoing challenge for the delivery of health and social care services. Taking account of this integration authorities submitted Local Mobilisation Plan cost updates during 2021/22 detailing the additional financial implications resulting from the pandemic. These plans and associated financial costs were closely reviewed during the year with regular updates being provided to the Scottish Government. Regular updates on the financial implications reflected in the Mobilisation Plan cost updates were also reported via budget monitoring reports to the Board and Council. The IJB has a statutory responsibility in relation to the strategic planning of future health and social care delivery. The implications arising from Covid-19 on delivery of care services and current strategic planning and commissioning plans are continuing to be kept under close review for 2022/23 through the established processes in place.

The council, along with NHS Lothian, have a statutory duty under the Public Bodies (Joint Working) (Scotland) Act 2014 to review the integration scheme every five years. An integration scheme represents an important governance document, not only for the West Lothian Integration Joint Board, but for the partner health board and local authority.

The first review of the Integration Scheme was scheduled to have been completed in June 2020. The process was started and a timetable was agreed by the council and NHS Lothian. As reported in 2020/21, due to the intervention of the Covid-19 emergency the process could not be progressed after the council and health board prioritised resources for tackling the pandemic and it was formally postponed. The process was resumed in 2021/22 and the statutory consultation and review process has been concluded. The revised scheme was approved by the council in April 2022 and is expected to be approved by the health board on 22 June 2022. It will then be subject to ministerial approval and will come into effect on the date specified by the Ministers.

On the 9 August 2021, the Scottish Government launched the consultation, a National Care Service for Scotland, which sought the public's views ahead of the proposed creation of a National Care Service (NCS). The proposals outlined in the consultation are likely to have significant implications, including for the council, although at the stage the specific implications remain unclear. The Scottish Government have indicated that the NCS will be operational by the end of this parliament and that the new legislation to support its implementation will be introduced to the Scottish Parliament in summer 2022.

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8. Risk and Uncertainty

At present, there are no confirmed Scottish Government budget allocations for local government beyond 2022/23. The uncertainty around the financial implications of various concurrent risks including Covid-19 will continue to be significant issues for local government and the wider economy going forward. The Scottish Government response to these risks will be ongoing and any further budget and expenditure changes resulting for the council due to these risks and any associated policy decisions made will be taken account of in the council's financial planning.

The council's financial planning is based on a number of short, medium and long term financial assumptions which are subject to significant risks and uncertainties. Whilst acknowledging that the council's planning assumptions are subject to uncertainty due to the planning time horizon, there are a number of risks, uncertainties and potential cost pressures that could impact on the council's ability to balance the revenue budget. The Scottish Government's Resource Spending Review announced on 31 May 2022 set out high level spending plans for the remainder of the current parliamentary term (2023/24 to 2026/27). For local government this essentially set out a flat cash funding position for the period up to 2025/26 which implies a very challenging period ahead for the council. The position on the overall Scottish funding envelope allocated to local government will continue to be kept under close review especially with an increasing risk in relation to inflation and the performance of the wider UK and Scottish economy.

It is important that the council continues to reflect on a fast changing position where there are fundamental areas of risk in respect of the ongoing impact of Covid-19 and wider risks that could have a range of impacts on the council's achievement of objectives. With regard to this, there are regular reports to the Council's Governance and Risk Committee on the following:

- Concurrent Risks Resilience and Preparedness Planning – this report has provided an update to each committee meeting on the concurrent risks identified by the council in relation to the Covid-19 pandemic, the UK's withdrawal from the European Union (EU) and other associated risks. This regular review of concurrent risks alongside business continuity planning and other workforce resilience and preparedness plans has helped to ensure the council has arrangements in place to mitigate against service disruptions that may occur. Moving forward, concurrent risks will be monitored through Pentana, the council's risk management system, and will be reported to the Governance and Risk Committee as part of the regular update of the council's corporate high risks.
- High Risks – an update on the council's high risks is provided to each committee meeting. This report provides an update on all the council's high risks and sets out the action being taken to manage these risks. This includes the current controls in place and further additional risk actions being progressed to further mitigate the potential impact of these risks. The council's high risks are also reported on a regular basis to both the Governance and Risk Board, an officer group that exercises oversight over the council's governance and risk management arrangements, and the Executive Management Team (EMT).
- Strategic Risks – the council's strategic risks are defined as those risks which, if they occur, could have a major impact on the ability of the council to achieve its objectives. This includes serious failures of a regulatory or compliance nature. The strategic risks fall into a small number of categories including those relating to economic uncertainties or financial constraints, those relating to health and safety including statutory compliance and business continuity. These risks are regularly reviewed by the Governance and Risk Committee, Governance and Risk Board and EMT.

Other key risks in relation to funding and overall financial planning assumptions include:

- More ring fencing of grant funding, constraining how local authorities allocate their resources to deliver local priorities.
- General economic uncertainty, where economic growth is not in line with forecasts due to worldwide market conditions including the impact of the war in Ukraine, the ongoing impact of leaving the EU and the pandemic, and how these impact on public spending levels, especially as the overall Scottish funding envelope is now highly contingent on economic performance.
- The council's ability to meet its statutory homeless duty and maintain spend on housing need within budget. One of the council's mitigating measures relates to the new build housing programme and it is anticipated that there will be a significant number of secondary lets which will be allocated to homeless applicants.
- Increases to pay award, employers' National Insurance and pension contributions above the rates assumed in the council's financial plan. At this stage there is no agreed pay settlement for 2022/23, and there is a risk associated with the pay costs for the period of the next five year financial plan.
- Increase in costs in demand led services is greater than financial planning assumptions. Continued and accelerated increases, greater than forecasts, will create additional pressures.
- High and persistent inflation that is in excess of budget assumptions and funding made available by the Scottish Government assumed.

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- Actual pupil numbers exceeding forecasts, requiring more teachers to be employed.
- House building assumptions used for financial planning are not realised resulting in changes to council tax and school demographic assumptions.
- Policy changes by the UK or Scottish governments which restrict the council's flexibility to decide how to deliver services locally.
- Full delivery of approved budget reduction measures, although good progress has been made to date in implementing savings.
- The impact on the council of the establishment of the new National Care Service and resulting implication for council funding and expenditure.

9. Future Work and Ongoing Developments

West Lothian Council approved an updated budget for 2022/23 at the Council meeting of 15 February 2022. In order to achieve a balanced budget for 2022/23 the council is required to deliver budget savings of £9.1 million, which have been fully identified.

An estimate of the ongoing financial implications associated with the Covid-19 pandemic was included in the budget report. The ongoing implications of the pandemic means there will be continued additional costs for the council and it is estimated at this stage that the council could face cost pressures and a requirement for additional Covid-19 costs totalling £8.817 million in 2022/23. The council plans to meet these costs through a combination of additional Scottish Government funding support and other flexibility provided.

The updated financial plan highlighted a number of risks over the period that will be closely monitored. In addition, an assessment of the risk to deliverability of each of the proposed budget saving measures was included in the budget report to assist councillors in the scrutiny aspect of their budget setting role. There will be further regular monitoring of progress towards the deliverability of approved savings over the three year period and this will take account of any implications resulting from Covid-19.

The report to Council on 15 February 2022 also set out an updated central planning scenario for the period 2023/24 to 2027/28 based on budgeting assumptions at that time. This showed an estimated budget gap of £45.7 million over the five year period. Officers continue to update and refine assumptions reflecting the council's previously agreed approach to having a five year financial plan, aligned with political administrations, and three year detailed revenue budgets. Assumptions have also been updated to reflect the Scottish Government's Resource Spending Review announcement of 31 May 2022 and a further update on the five year financial plan outlook will be presented to Council Executive on 21 June 2022 with an updated forecast budget gap of £38.4 million.

The council continues to face unprecedented challenges and risks, including the impact of a number of concurrent risks which together are contributing to very significant inflationary pressures that are having a detrimental impact on the recovery of the economy following the pandemic. As a result of this the council is seeing significant cost increases emerging in a number of areas such as energy, fuel and in a wide range of services and materials. Construction costs are also increasing and there are significant risks in terms of future pay award costs being in excess of budget resources available.

Taking account of these pressures and risks, the 2022/23 budget will require to be closely monitored and mitigating actions will be required as necessary during the year to ensure spend can be contained within funding resources available. The ongoing impact of risks and additional cost resulting will also require to be taken account of in updating the financial planning assumptions for 2023/24 to 2027/28. It will be important that up to date budget assumptions for 2023/24 to 2027/28 assist elected members and officers in effectively focusing on medium term sustainability and ensuring budgets are balanced, priority outcomes are met and performance in key areas of service delivery is maintained or maximised within available resources for key areas of service delivery.

To ensure the council has balanced budgets going forward for the next five year period, fundamental changes are likely to be required to a number of services which contribute less to council priorities and the introduction of new models of service delivery will be necessary in some areas. The council's Corporate Transformation Programme Team will help facilitate transformational change in the council and assist with fully developing approved budget reduction measures, helping to mitigate the risk of non-delivery of savings.

The council has an established risk based approach to budget monitoring which ensures that effective action is taken to manage risks. During 2022/23, officers will continue to provide updates on risks as part of the quarterly budget monitoring to Council Executive. The Audit, Risk and Counter Fraud Manager also monitors and oversees financial and non-financial risks through updates provided by managers on the Pentana System. Regular updates are provided to the Officer Governance and Risk Board and to elected members and the public through the Governance and Risk Committee. Reports and minutes for the Governance and Risk Committee are available on

MANAGEMENT COMMENTARY

COINS, the council's committee information system on the link [West Lothian Council Committee Information Pages](#)

The council has made good progress in securing its ongoing financial sustainability through the approval of the 2022/23 revenue budget and the long term capital investment programme. Significant preparatory work is progressing on the development of the next five year financial plan covering the period 2023/24 to 2027/28. The development of the next five year financial plan will be linked to the new Corporate Plan and will be subject to consultation as part of the medium term planning framework adopted by the council for the continued delivery of balanced budgets.

There remains significant uncertainty for local government around future funding levels, the impact of the plans to establish a National Care Service and the longer term inflationary impacts of a number of major concurrent risks, and these factors and the overall budget position and assumptions will continue to be closely monitored during 2022/23 with further updates provided to Council Executive as part of the overall monitoring arrangements in place.

The nature of medium to long term financial planning means that identifying expenditure and funding growth for future years is challenging and uncertain under any circumstances and the current cost risks and wider risks to the economy only increases uncertainty at this point in time. However, it is widely acknowledged by bodies such as Audit Scotland and CIPFA that a short term budgeting process is not conducive to achieving the aims consistent with planning to meet future service delivery demands and prioritising resources to achieve this and therefore the objective will be to further review and develop the medium term financial plan during 2022/23 with the intention of reporting the next five year plan and detailed three year revenue budgets to Council in early 2023.

Donald Forrest CPFA
Head of Finance and Property Services

Graham Hope
Chief Executive

Councillor Lawrence Fitzpatrick
Leader of the Council

27 September 2022

STATEMENT OF RESPONSIBILITIES**STATEMENT 1****THE AUTHORITY'S RESPONSIBILITIES**

The authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Head of Finance and Property Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by West Lothian Council at its meeting on 27 September 2022.

Signed on behalf of West Lothian Council

Councillor Lawrence Fitzpatrick
Leader of the Council
27 September 2022

THE HEAD OF FINANCE AND PROPERTY SERVICES' RESPONSIBILITIES

The Head of Finance and Property Services is responsible for the preparation of the authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts the Head of Finance and Property Services, has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation;
- complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Head of Finance and Property Services 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 2022.



Donald Forrest CPFA
Head of Finance and Property Services
14 June 2022

1. Introduction

- 1.1 The corporate governance framework comprises the systems, processes, culture and values by which the council is directed and controlled and by which it engages with and is accountable to the West Lothian community. The council's governing bodies (full council and committees), individual councillors and members of staff must try to achieve its objectives while acting in the public interest at all times. That implies primary consideration of the benefits for society, which should result in positive outcomes for stakeholders.
- 1.2 The council, through all of its members, has overall responsibility for good governance arrangements. In practice, the council entrusts the delivery of those tasks to committees and to appropriate council officers but subject to monitoring and scrutiny arrangements, including receiving evidence-based assurance on the governance framework's effectiveness and completeness.
- 1.3 The council's Corporate Plan 2018/19 to 2022/23 cements the place of corporate governance as an "enabler". Along with risk management, financial planning and modernisation/improvement it is an essential back-office corporate service necessary to assist setting goals and priorities, monitoring achievement and reporting corporate priorities and outcomes. The Corporate Plan acknowledges the wide understanding that good governance promotes good decisions.
- 1.4 The statement is presented in these sections: -
1. Introduction
 2. Executive summary and assurance
 3. Political structure and administration
 4. Management structure
 5. Decision-making and scrutiny arrangements
 6. Local Code of Corporate Governance
 7. Annual internal audit opinion
 8. Annual compliance statements
 9. Compliance with the CIPFA Financial Management Code (2019)
 10. Audit Committee
 11. Governance & Risk Committee
 12. Other internal scrutiny arrangements
 13. Officer roles and activity
 14. External scrutiny
 15. Past and current governance issues
 16. Governance issues ahead
 17. Covid-19
 18. Conclusion and assurance

2. Executive summary and assurance

- 2.1 The conclusion and assurance in this statement is based on: -
- the annual internal audit opinion by the Audit Risk & Counter Fraud Manager on the effectiveness of the framework of governance, risk management and control, the statutory review of the system of internal control
 - annual compliance statements produced by the Monitoring Officer and stand-alone reports in relation to significant council policies and procedures
 - the newly-populated evidence-based Local Code of Corporate Governance
 - the progress made in the reporting year on areas of governance concern
 - full compliance with the CIPFA Financial Management Code (2019)
 - the additional commentary and assessment relating to Covid called for by CIPFA guidance and advice

- 2.2 There are inevitably issues on which future work is required, but, based on the sources and evidence described in this statement, the council and the West Lothian community can be assured that the council's corporate governance standards have been substantially met in 2021/22.

3. Political structure and administration

- 3.1 West Lothian Council has nine electoral wards and 33 councillors. Two by-elections were held in 2021. At the end of the reporting year the 33 councillors were made up of 14 SNP members, 10 Labour members, 8 Conservative members and 1 Independent member. The minority Labour administration established in May 2017 remained in place throughout. The council's committee structure established in June 2017 remained structurally intact as well, albeit with additions where necessary to meet new legislative requirements (e.g. community asset transfer applications). That political composition changed as a result of the local government elections in May 2022. There are presently 12 Labour members, 15 SNP, 4 Conservative, 1 Independent and 1 Liberal Democrat. A minority Labour administration was established again. The committee structure is so far unchanged but councillors will consider some proposals for change at the council meeting on 22 June 2022.
- 3.2 At the end of the reporting year, the leadership positions comprised the Provost, the Council Leader, eight Executive Councillors (portfolio holders in relation to council services) and chairs and vice-chairs of other committees. Senior councillor payments are agreed each year. The statutory annual report for 2020/21 on elected members' remuneration, allowances, expenses and training was reported to Council Executive on 31 May 2022. Those positions remain the same after the local government elections. It is possible that there may be some changes as a result of proposals to be considered at the council meeting on 22 June 2022.

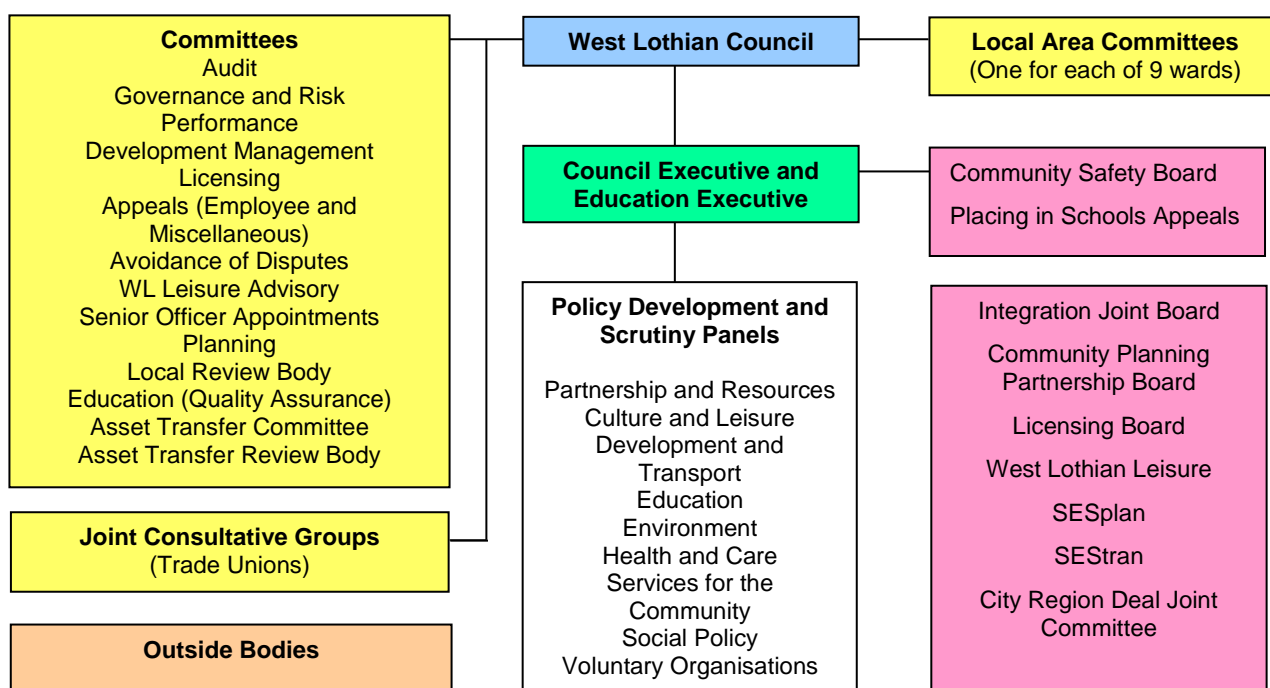
4. Management structure

- 4.1 The council's services are managed through its Executive Management Team (Chief Executive, three Depute Chief Executives and the Head of Finance & Property Services). Those officers and seven Heads of Service, with the Governance manager, form the Corporate Management Team. Each service has a Senior Management Team and other service managers, team leaders and teams within its structure. A new Depute Chief Executive (Alison White) responsible for the Health & Social Care Partnership was appointed on 5 July 2021 after a successful cooperative appointment process amongst council, health board and the West Lothian Integration Joint Board. Two vacant Heads of Service post in Education Services were filled after recruitment processes. The post of Head of Housing, Customer & Building Services fell vacant in 2021. The Head of Corporate Services has moved to that post on an interim basis, pending a permanent appointment. The HR Services manager is acting Head of Corporate Services, after the end of the reporting year. The statutory post of Monitoring Officer, allocated to the Head of Corporate Services, has been assumed by the Governance Manager on a temporary basis until the vacant Head of Service post is filled on a permanent basis.
- 4.2 The service management structure at 31 May 2022 was as follows: -



- 4.3 The council in February 2018 established a Corporate Transformation Team, made up of senior council officers seconded from across its service areas and managed by a Depute Chief Executive. The team's contribution and structure were reviewed and in 2019/20 it was embedded in the council's management arrangements, with permanent appointments made, to help take forward the ongoing transformation of council services and delivery of budget reduction measures. It was diverted temporarily in March 2020 to new tasks as the Covid-19 Resilience Team. It has gradually resumed its original remit as the pandemic and lockdown restrictions eased in 2020 and 2021. It will resume its intended and significant role as the council takes forward arrangements for adopting a new Corporate Plan in February 2022 and tackling the significant budget deficit forecast over the next five years.
- 4.4 Internal cross-service working amongst officers is enabled by a hierarchy of Executive Boards, Project Boards and Working Groups. They all have defined remits and roles, membership from appropriate service areas and grades across the council and appropriate reporting arrangements. They are added to on an ad hoc basis, as required (e.g. the Concurrent Risks Working Group looking at Brexit and COVID-19 risks and impacts, and the Remobilisation Working Group dealing with post-lockdown return of staff to council workplaces). A survey of members of these internal boards and working groups was carried out in 2021/22. Its findings have been reported to the boards and improvement actions are being designed.
- 5. Decision-making and scrutiny arrangements**
- 5.1 The council has a well-established framework of committees and working groups set out in its Scheme of Administration. It remains in place after the elections in May 2022 but changes may be made at the council meeting on 22 June 2022. Standing Orders for the Regulation of Meetings and the Scheme of Administration can only be changed at a meeting of full council. The committee structure is supported by a complementary Scheme of Delegations to Officers which sets out the responsibilities and decision-making powers delegated to officers. That too is part of Standing Orders and is updated every three months to reflect changes agreed by council and its committees.
- 5.2 There are two main policy and decision-making committees (Council Executive and Education Executive). Proposed policy changes are considered before committee decision-making at one of (currently) nine Policy Development & Scrutiny Panels (PDSPs). There are a number of scrutiny, regulatory and appeals committees in the structure. There is one local area committee for each ward to help focus ward issues and provide a link from local areas and concerns to the decision-making function at the corporate centre. Scrutiny is carried out through Audit Committee, Governance & Risk Committee, Performance Committee, Education (Quality Assurance) Committee, West Lothian Leisure Advisory Committee and the nine PDSPs. Full council meets every 8 weeks to deal with reserved matters and political debate and scrutiny.

Decision Making Structure

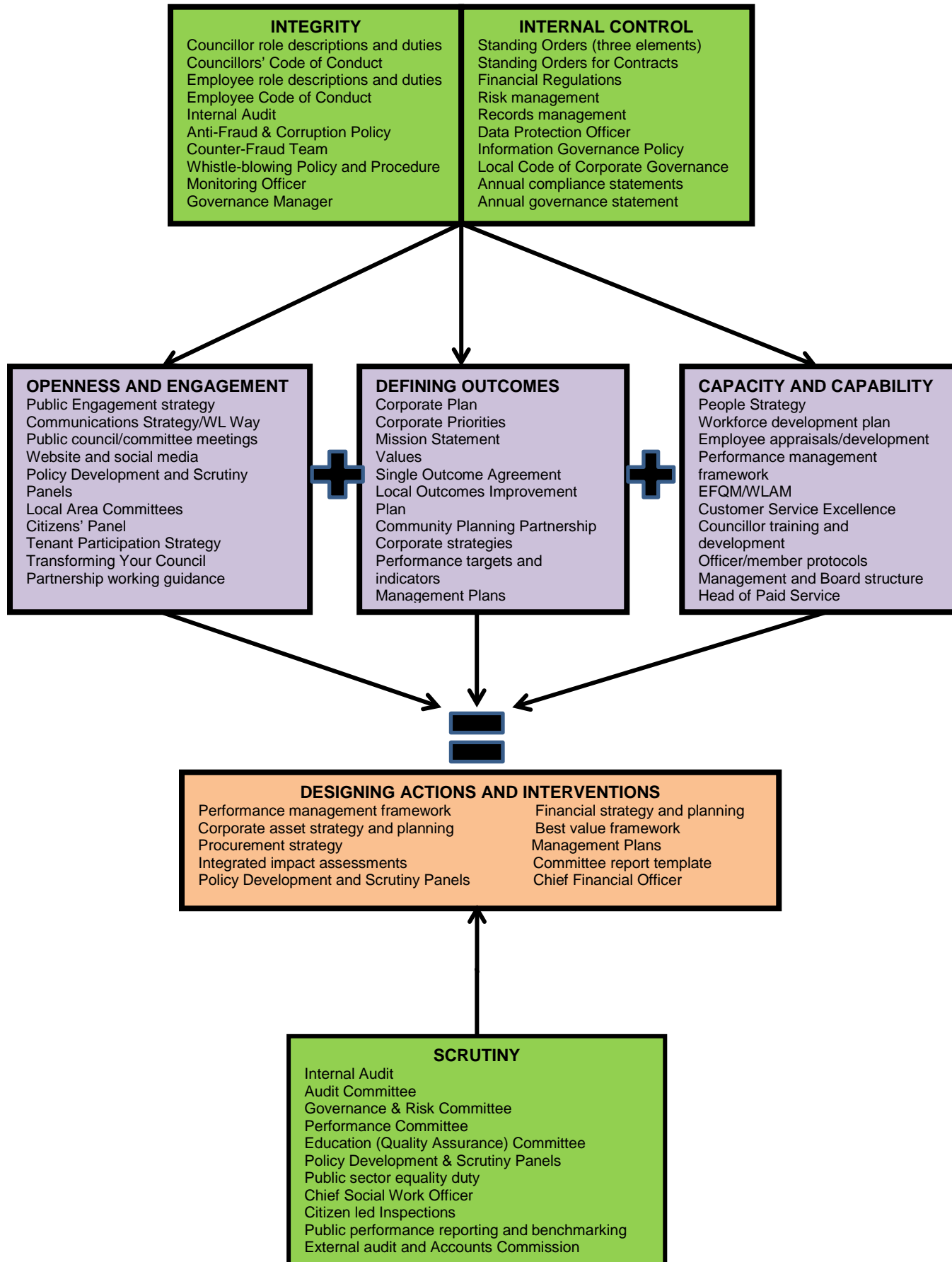


- 5.3 A wide-ranging review of decision-making arrangements was instructed by members in February 2018. After changes being agreed in previous years, it was progressed to its conclusion in the reporting year with changes to Standing Orders for the Regulation of Meetings and the Scheme of Administration. The most significant changes in the year were those required to allow for meetings to be conducted by hybrid arrangements, whereby members may choose to take part by being physically present in the council chamber or by remote access/online arrangements. A substantial investment has been made in the equipment required to enable those arrangements. Live audio/visual webcasts will be possible and recordings made available after the event. Those arrangements are now scheduled to start in August 2022.

6. Local Code of Corporate Governance

- 6.1 The council's governance arrangements are monitored and reviewed and reported in accordance with statutory requirements and under a Framework and Guidance for Scotland called "Delivering Good Governance in Local Government", produced by CIPFA/SOLACE in 2016. The current Local Code of Corporate Governance was adopted in April 2018. Its operation is considered each year by officers and members through the process of reporting on corporate governance and is scheduled for a full review in the next administrative term.
- 6.2 The Code adopts the seven over-arching principles from the Framework: -
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - Ensuring openness and comprehensive stakeholder engagement
 - Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Developing the entity's capacity, including the capability of its leadership and the individuals within it
 - Managing risks and performance through robust internal control and strong public financial management
 - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
- 6.3 Each of those principles is broken down into sub-principles and then into a hierarchy of separate elements to allow a more focused approach to the evidence-based components of each. The diagram below shows the seven principles and their interaction, and a list for each of them of the most significant sources of evidence used to establish corporate governance compliance each year.
- 6.4 These sources of evidence and the product of scrutiny arrangements are used to assess compliance and performance over the year to determine whether the council exceeds, meets or fails to meet the required standards. Areas of concern are picked out, actions are identified and allocated, and progress is monitored through officer oversight and the Governance & Risk Committee.
- 6.5 The Code is used to inform the drafting and approval of the annual governance statement through the Governance & Risk Board, Corporate Management Team and Governance & Risk Committee. It is reported on in detail to Governance & Risk Committee when it approves the annual governance statement in June each year. In previous years it was then reported to Council Executive as part of a summary report on corporate governance. From 2022/23 it will be reported to full council after the summer recess, to the same meeting as the annual report by the external auditor and the council's annual accounts. Deficiencies are identified and reported and are translated into actions which are monitored throughout the following reporting year by Governance & Risk Board and Governance & Risk Committee.
- 6.6 Compliance in 2021/22 with the standards in the Code remains high. Continuing and lingering impacts from the pandemic have been noted and assessed as the Code has been populated. Under a red/amber/green assessment system there are no "red" scores. There are 219 standards out of 258 assessed as "green", representing 85% of the total entries. Comparable figures from previous years for green scores under the same assessment process were 82%, 79%, 81%, 84% and 84%.

GOVERNANCE PRINCIPLES AND COMMON SOURCES OF EVIDENCE



7. Annual internal audit opinion

- 7.1 A significant part of the council's governance arrangements is its system of internal control. It is designed and reviewed to identify risks to the achievement of the council's objectives; to evaluate the likelihood of those risks occurring; to consider the potential impact of the risks; and to manage them effectively. It includes financial regulations and a system of management supervision, delegation and accountability, supported by regular information, administrative procedures and segregation of duties. Its key elements include an internal control framework relating to financial processes, procedures and regulations; a comprehensive budgeting and monitoring framework; scrutiny of periodic and annual financial and operational performance reports; performance management information; and project management disciplines.
- 7.2 As required under the Public Sector Internal Audit Standards (PSIAS), the Audit Risk & Counter Fraud Manager in his role as chief audit executive provides an annual opinion to members on the adequacy and effectiveness of the framework of governance, risk management and control. That opinion precedes and informs this statutory annual governance statement which in turn requires approval by the council through the Governance & Risk Committee and incorporation into the annual accounts and financial statements.
- 7.3 Following his review for 2021/22, reported to Governance & Risk Committee and Audit Committee in June 2021, his conclusion and assurance to members are that the framework of governance, risk management and control is sound. Based on internal audit investigations and reports throughout the year he identified no areas where control was considered to be unsound. The results of two counter fraud investigations were reported to Audit Committee. One report (October 2021) was in relation to the payment of emergency grants (section payments) in Social Policy. A follow-up report was brought to committee in March 2022. Time has been allocated in the risk-based annual plan to follow up the second item. The other was in relation to the misappropriation of school funds (March 2022). He has identified other areas where improvements should be made and confirmed that recommendations will be followed up and reported when required. The conclusions and assurances from his reports were accepted by committee. The practice of reporting progress on recommendations ranked as of "high" importance to Audit Committee will continue. Starting in 2022/23 actions ranked as of "medium" importance will be followed up by the service but not reported to committee alongside those ranked as of "high" significance.

8. Annual Compliance Statements

- 8.1 The council's Monitoring Officer arranges the production of annual compliance statements which sit alongside the Code and also inform the drafting and approval of this annual governance statement. They deal with compliance with the law and with the council's most significant corporate policies and procedures. They are prepared after consultation with services and senior officers and consider oversight by external regulatory and inspection bodies. They are signed by the responsible senior officer. They are designed to bring to the attention of elected members any incidents of non-compliance which are significant to the council's operations and which are not reported elsewhere in a systematic way.
- 8.2 Instead of producing annual compliance statements, separate and stand-alone reporting is carried out annually on the Councillors' Code of Conduct, Freedom of Information and Data Protection, and on Covert Surveillance and Accessing Communications Data. From 2020/21 the annual report on the Councillors' Code of Conduct is reported to full council, so to all members, rather than to a committee.
- 8.3 They cover the following areas of activity: -
- Best Value Framework - Head of Finance & Property Services
 - Procurement - Head of Corporate Services
 - Fraud and Corruption - Head of Finance & Property Services
 - Employee Whistleblowing - Head of Corporate Services
 - Discipline and Grievances - Head of Corporate Services
 - Occupational Health & Safety - Head of Corporate Services
 - Protection of Vulnerable Groups - Head of Corporate Services
 - Information Security - Head of Corporate Services
 - Public Sector Equality Duty - Head of Corporate Services
 - Breaches of the law - Monitoring Officer
- 8.4 The statements identify significant developments, issues of concern and issues to be addressed going forward. The statement by the Monitoring Officer is particularly important since the Monitoring Officer is one for the four statutory officer posts. The postholder is charged with ensuring the council's compliance with its statutory duties and responsibilities and reporting on any breaches of the law which are significant to the operation of the council. Not all breaches are material to the council's operations or its finances.

8.5 The Monitoring Officer secured information from service managers and consulted with the Heads of Service, the Chief Solicitor and the Audit, Risk and Counter Fraud Manager. He identified a number of instances where improvements to the council's compliance with legislation were required. He highlighted the most significant of those and they are summarised as follows: -

- The statutory deadline was missed in 2020/21 for the review of the Integration Scheme relating to the delegation of health and care functions to the West Lothian Integration Joint Board. That review has been progressed in 2021/22 but it remains an ongoing breach of a statutory duty. The current Scheme continues to operate effectively. A revised draft Scheme has now been approved and has been submitted to the Scottish Ministers for approval
- As in 2020/21, the Housing Needs Service breached the Unsuitable Accommodation Order 2004 by using bed and breakfast and hotel accommodation on a number of occasions for more than 7 days until suitable temporary dispersed accommodation was provided. The cause was again a shortage of temporary accommodation to meet the needs of larger families or those waiting to secure temporary accommodation in particular areas. Remedial measures have been designed and the West Lothian Rapid Rehousing Transition Plan 2019/20 to 2023/24 is being implemented. Additional financial resources have been allocated in 2021/22 to address the ongoing problems of compliance
- Procedures under the Community Empowerment (Scotland) Act 2015 for the establishment of a new register of common good property had not been followed in 2020/21. That breach carried over into 2021/22 until compliance was secured through the publication of an initial register following Council Executive approval in March 2022. Work is ongoing in relation to the consequent governance and review measures with an update report due to Council Executive in mid-2022/23
- Investigation revealed a historic issue of legal compliance in relation to leases for nominal sums to community education centre management committees. In a number of cases those leases have been found not to have complied with the legislative requirements around disposing of property at less than market value. Legal advice has been given and actions have been designed to address the issue identified.

8.6 Although they are of concern, none of those breaches was considered to present significant risk to the continuing operation and effective delivery of council services and control. The Monitoring Officer's opinion is that there have been no material or significant breaches of the law by the council in 2021/22 which have or will have a material or significant impact on the operations or finances of the council. He has certified that the council is complying in all material respects with its legal requirements.

9. Compliance with the CIPFA Financial Management Code (2019)

9.1 As part of its legal obligation to comply with accepted accounting standards and Code of Practice, the council adopted the CIPFA Financial Management Code (2019) in February 2021. The Code is designed to support good practice in financial management and assist in demonstrating financial sustainability. The council is expected to adopt processes and procedures to demonstrate adherence to six principles of good financial management and 17 underlying financial management standards.

9.2 Before adoption the Code was presented for consideration to Partnership & Resources PDSP, Audit Committee and Governance & Risk Committee, all of which have an interest in different aspects of the Code. The report by which its adoption was secured was a lengthy and comprehensive exposition and explanation of the Code – its purpose, the principles and the management standards. It included a description of the available evidence of the council's present compliance, the extent of that compliance and the areas where improvement was indicated. It included a detailed list of actions with associated timescales, all designed to secure compliance in full for the reporting year 2021/22.

9.3 The information provided by the Chief Financial Officer to committee at the time indicated that the council was already compliant to a significant extent and was well-placed to secure full compliance on time. A list of actions was identified and agreed to secure full compliance. Completion of the actions identified was included in last year's statement as a governance issue for future monitoring. Those actions were duly completed in this reporting year. A report was presented to Partnership & Resources Policy Development & Scrutiny Panel in February 2022 confirming that all actions were complete and that the council was fully compliant. Ongoing compliance has been incorporated into the evidence assessed through the Local Code of Corporate Governance each year.

10. Audit Committee

10.1 Audit Committee operates in compliance with the Public Sector Internal Audit Standards (PSIAS). It undertakes a corporate overview of the council's control environment, develops an anti-fraud culture to ensure the highest standards of probity and public accountability, and evaluates the arrangements in place for securing the economical, efficient and effective management of resources. It remains in place following the formation of the new administration after the elections in May 2022. It considers an annual review of the overall adequacy and effectiveness of the council's control framework. It monitors the independence and effectiveness of the Audit, Risk & Counter Fraud Unit.

The organisational status and independence of internal audit is set out in the Internal Audit Charter. The Chair must be appointed from councillors who are not in the ruling administration political group. The majority of members are from outwith that group. The committee includes one non-councillor member recruited for a three-year tenure to bring a different perspective and expertise to the work of the committee. Following the local government elections in May 2022 the committee has a new chair and some new members.

- 10.2 The committee meets four times each year. It operates through an annual work plan approved by the committee. It carries out an annual self-assessment exercise to identify improvements in its operation that might be made. The outcome of internal audit and counter-fraud investigations judged to be significant are reported. Reports are presented and considered in public unless there is clear legal justification for excluding the public. They express an opinion as to whether control is effective, satisfactory, requires improvement or unsound. In accordance with an agreed protocol, significant findings from audit and inspection reports are entered into the council's risk management system as risk actions. Risk actions arising from internal audit and other audit and inspection reports which remain outstanding after their target dates are reported to the Governance & Risk Board during the year and to the Audit Committee twice yearly. By the end of the reporting year there were fifteen actions which were due for completion by that date but had not been completed. The up-to-date position will be confirmed at Audit Committee on 21 June 2022. Those issues will feed into the annual review of the system of internal control.
- 10.3 The committee also deals with reports from the council's external auditors. It receives the External Audit Annual Plan which informs the council of the work to be undertaken in the course of the year, the views of the external auditors on the work of Internal Audit and the extent of additional risk-based external scrutiny through the Local Area Network. The external auditor's annual report on the council's accounts and the council's financial statements are referred to the Governance & Risk Committee and Audit Committee by council after it approves the audited accounts for signature in September each year. Any actions identified are noted and are followed up through periodic reporting to committee on progress or completion.
- 10.4 The committee also considers reports issued by the Accounts Commission and/or Audit Scotland in relation to the council or local government as a whole. It can consider those reports from the councillors' perspective and recommend any action which it considers should be taken in response.

11. Governance & Risk Committee

- 11.1 The committee takes a corporate overview of the council's corporate governance and risk management arrangements, develops a culture of good corporate governance and risk awareness, and reviews the council's strategy and systems for the management of risk. It considers regular reports from the Governance Manager and the Audit, Risk & Counter Fraud Manager in relation to matters within its remit. It remains in place following the formation of the new administration after the elections in May 2022. Its previous chair has resumed that role and it has new members appointed to it.
- 11.2 The committee meets at least four times each year. It operates through a work plan presented and updated at every meeting. The Chair of the committee must be drawn from members who are not in the ruling administration political group. The majority of members are from outwith that group. It carries out an annual self-assessment exercise to identify improvement that might be made in its operations. It receives reports from services on their risk management arrangements. It considers a report at every meeting on the council's high risks and on health and safety incident reporting and at every second meeting on strategic risks. It received reports at every meeting throughout the reporting year on the concurrent risks posed by EU withdrawal and the pandemic. It examines ad hoc risk and governance issues, such as cyber-security risks and ash die-back. It considers risk reports from the council's external risk advisers. It is charged with approving the annual governance statement after considering the findings of the annual review of the system of internal control. It monitors progress against governance areas of concern. In March 20-22 it considered a report on benchmarking against the risk management and monitoring arrangements in other councils.
- 11.3 In March 2020 its membership was formally expanded to include a non-councillor member to bring a different perspective to the work of the committee. An appointment to that position was made at the same time although induction and participation were delayed by the Covid-19 emergency until June 2020. The position fell vacant in March 2021 but was filled again in September 2021.

12. Other internal scrutiny arrangements

- 12.1 The council deals with the remainder of its scrutiny function by members in four other places – Policy Development & Scrutiny Panels (PDSPs), Performance Committee, Education (Quality Assurance) Committee and West Lothian Leisure Advisory Committee. Except for the last of those, the majority of members on each of these bodies is from outwith the ruling administration political group.

- 12.2 PDSPs are working groups of members and representatives from external community bodies. Their scrutiny role involves considering quarterly performance reports from the service areas included in their remit. Members and external representatives are able to question officers on service performance and failures and make recommendations to them about improvement actions. Members receive information on both service and financial performance measured against agreed indicators and outcomes.
- 12.3 Performance Committee is established to consider the performance of service units against the council's performance appraisal system, the West Lothian Assessment Model (WLAM). Its Chair is an Independent councillor. It receives written reports presented at public committee meetings by senior service managers and can question them and make recommendations to them about improvement actions. The committee also scrutinises quarterly and annual reports on the council's complaints handling policy and performance. It oversees the Citizen Led Inspection Programme. It considers the results of the local authority benchmarking review carried out annually in conjunction with the Improvement Service. The committee's business has been limited to an extent due to the concentration of council resources on tackling the pandemic.
- 12.4 The Education (Quality Assurance) Committee carries out a scrutiny role solely in relation to internal and external schools assessment and inspection reports. Its Chair is an Independent councillor. The committee includes non-councillor members appointed by the council in relation to its education function. Representatives from the relevant school's Parent Council are invited to attend and take part in the committee's meetings. It provides a dedicated and specialised forum for scrutiny of performance and inspection results for schools and educational establishments. The committee's business has been affected by the pandemic as both external and internal inspections and assessments were temporarily interrupted.
- 12.5 Leisure and culture services are delivered through an arms' length external organisation called West Lothian Leisure Ltd. The council is its sole shareholder. Taking into account best practice, there is a dedicated advisory committee called the West Lothian Leisure Advisory Committee, attended by senior officers of West Lothian Leisure, where scrutiny of service and financial performance is carried out. There is an ongoing review of the relationship between the council and West Lothian Leisure, a best practice requirement reflected in the council's Scheme of Administration. It will report in 2022/23.
- 13. Significant officer roles**
- 13.1 The council is required to operate a professional and objective internal audit service. The Audit, Risk and Counter Fraud Unit includes internal audit, an independent appraisal function which examines and evaluates systems of financial and non-financial control. Internal audit operates in accordance with the "Public Sector Internal Audit Standards: Applying the IIA International Standards to the UK Public Sector" (PSIAS). The organisational status and independence of internal audit required by PSIAS is also set out in the Internal Audit Charter. An annual audit work plan is prepared based on an assessment of risk and is approved by the Audit Committee. Internal audit reports are issued to the committee in relation to the outcome of significant proactive and reactive reports. Reports are issued in the name of the Audit, Risk and Counter Fraud Manager. Also as required by PSIAS, Financial Regulations state that the internal audit function is free from interference in determining the scope of internal auditing, performing work, and communicating results, and that the Audit, Risk and Counter Fraud Manager has the right of direct access to the Chair of the Audit Committee and to the Chief Executive. The Audit, Risk and Counter Fraud manager reports annually on compliance with PSIAS, particularly the requirement of independence and ready access to the Chief Executive and elected members. An interim report is brought to committee during each year to advise of progress towards completion of the annual plan. An Internal Audit and Counter Fraud Strategy 2018/19 to 2022/23 was approved in June 2018 as one of the corporate strategies supporting delivery of the Corporate Plan. An annual report on progress against agreed outcomes is made to Audit Committee each year.
- 13.2 Legislation requires the council to appoint a Chief Financial Officer. That role is to be performed conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) and in the CIPFA Financial Management Code (2019). It sets out the requirement for the Chief Financial Officer to be professionally qualified and sets out the criteria for qualification. The council's Head of Finance & Property Services is the council's Chief Financial Officer. He operates in accordance with the council's Financial Regulations and Treasury Management Plan, and reports regularly to members on revenue and capital budgetary performance and compliance. The role is undertaken in accordance with the relevant statutory rules, guidance and standards. From 2021/22, compliance with the CIPFA Financial Management Code will also apply. Treasury Management reports and capital asset management strategy reports are made to full council twice each year.
- 13.3 Risk Management is overseen by the Audit, Risk & Counter Fraud Manager. It is embedded at Executive and Corporate Management Team level as well as in service management teams across the council. Management teams monitor, assess and mitigate service risk as a matter of routine at their meetings. A Risk Management Strategy 2018/19 to 2022/23 was approved in June 2018 as one of the corporate strategies supporting delivery of the Corporate Plan. A revised Risk Management Policy was approved in October 2021, after some delay due to COVID. An annual report on progress against agreed outcomes is made to Governance & Risk Committee each year.

- 13.4 The council's counter fraud activities are managed within the Audit, Risk & Counter Fraud Unit. The service is operated in accordance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014). The unit manages the council's whistleblowing hotline. It also administers the council's participation in the National Fraud Initiative. An Internal Audit and Counter Fraud Strategy 2018/19 to 2022/23 was approved in June 2018 as one of the corporate strategies supporting delivery of the Corporate Plan. An annual report on progress against agreed outcomes is made to Audit Committee each year. The review and approval of a revised Anti-Fraud & Corruption Policy was postponed due to the diversion of resources to pandemic-related work, and will now be reported on 22 June 2021. The annual report confirms counter fraud work continued nevertheless and that the work plan was completed. An annual compliance and assurance statement is provided each year as part of the evidence informing this statement.
- 13.5 Governance and risk management are supervised on the officer side of the council by the Governance & Risk Board. It is chaired by a Deputy Chief Executive and its members include the Monitoring Officer, the Audit Risk & Counter Fraud Manager, the Governance Manager, the Chief Solicitor and senior managers from across the council's service areas. It receives reports from officer working groups on risk and corporate governance, and monitors corporate and high risks. Its recommendations are referred to the Corporate Management Team or committee as appropriate. In 2019/20 it assumed oversight of the Information Management Working Group after the introduction of the new Information Governance Policy. It considers the annual report on corporate governance and the compliance statements before they are presented to committee. It provides an effective control and conduit for risk and governance issues and matters of concern.
- 13.6 In addition to performance reporting to members, management teams routinely monitor their performance through Pentana, utilising the high-level performance indicators and service standards which are reported publicly as well as lower level management performance indicators. Services are divided into WLAM units which report on an agreed cycle to a panel chaired by the Chief Executive. It considers the evidence presented and allocates a score. The service unit then proceeds to report to the Performance Committee. The WLAM programme was reviewed in 2021/22 and a new approach is being implemented across the council in 2022/23.
- 13.7 As required by statute, the council has appointed a Chief Social Work Officer who has statutory professional responsibility for the oversight of specified social work functions. The Scheme of Delegations states that in relation to those statutory functions the Chief Social Work Officer's decisions are not subject to change by more senior officers, but are, subject to council or committee decisions, final and binding on the council. An annual report is made to members and to the Scottish Government. Since 2019/20 that report has been made to full council rather than to a committee.
- 14. External scrutiny**
- 14.1 The external auditors' annual report was not delayed by COVID and was considered at council in September 2021. It was referred on to Audit Committee (on the accounting and financial aspects) and Governance & Risk Committee (on its wider-scope audit work) for further scrutiny. The auditor's report highlighted a concern in relation to financial sustainability based on a national assessment of risk to all councils and the effects of COVID. An action was agreed to address that issue and it was completed by its due date in January 2022. An unqualified audit opinion was issued. The report concluded that the council continued to demonstrate good practice in forward financial planning, good financial management arrangements, and continued to demonstrate good financial control of the in-year budget.
- 14.2 The key features of good governance were found to be in place and operating effectively. The council was again found to have responded quickly to ensure that governance arrangements were appropriate and operating effectively during the global pandemic. The report stated that a number of key characteristics of Best Value were in place, including effective performance monitoring and robust governance arrangements. The Council's arrangements for performance monitoring, improvement and self-assessment were found to be back on the normal planned schedule for reporting following the impact of Covid-19. The council was reported to have a culture of improvement and a commitment to self-assessment of its performance to ensure that services remain focussed on improvement. Council services continued to perform well compared to other councils. The auditor gave green assessments against Value for Money, Financial Management and Governance and transparency. It gave an amber assessment for Financial Sustainability which reflected the ongoing challenge facing all local authorities and the significant level of risk and uncertainty outside the council's control which could impact its ability to deliver savings.
- 14.3 In partnership with other scrutiny bodies the auditor participates in the Local Area Network (LAN) to identify any risks requiring external scrutiny and agree the council's local scrutiny plan (LSP). The auditor acts as the LAN lead for the council's shared risk assessment process. The LAN met on 1 March 2021 to discuss the 2021/22 shared risk assessment. The LAN concluded that no additional scrutiny requirements were identified and that no local scrutiny plan would be published.

15. Past and current governance issues

- 15.1 Issues of concern identified in previous years were aggregated and reported to Governance & Risk Committee in June 2021 and December 2021 for monitoring and scrutiny.
- 15.2 Nineteen such issues were identified in June 2021, reducing to twelve in January 2022 and, in June 2022, only two remain. Those have been carried forward into the next reporting year. Both are works in progress and plans are in place to address them and ensure their completion. Progress is being reported separately to Governance & Risk Committee on 13 June 2022. The one governance matter outstanding at the end of the year of particular significance is reviewing the council's relationship with West Lothian Leisure (its leisure services ALEO). This is a best practice recommendation by Audit Scotland and is a requirement of the council's Standing Orders. The need for the review has been brought more into focus by West Lothian Leisure's financial position due to COVID closures and fee income reductions. The work on the review was delayed due to COVID, with priority given to the financial pressures caused by lockdown restrictions. Progress has however been slow. There have been regular and frequent reports to West Lothian Leisure Advisory Committee, Council Executive and Governance & Risk Committee to ensure members are aware of the risks and to enable decisions to be taken to help mitigate those risks. Evidence-gathering and stakeholder engagement is progressing and an update report is planned for the West Lothian Leisure Advisory Committee meeting on 23 June 2022. The failures in legal compliance in the Monitoring Officer's compliance statement last year have been or are being addressed to his satisfaction.
- 15.3 Annual reports on progress and performance against the Internal Audit and Counter Fraud Strategy and Risk Management Strategy were completed as planned. The review and approval of a revised Anti-Fraud & Corruption Policy was concluded at Council Executive in June 2021.
- 15.4 Audit Committee considered internal audit and counter fraud reports throughout the year. In several of them, controls were found to require improvement and actions were agreed. The interim and annual reports for both services summarised the work carried out and the findings, with those also being noted in the review of the system of internal control. There were no findings that control was unsound in any of the audit reports presented to the committee. An external review of the council's compliance with the Public Sector Internal Audit Standards (PSIAS) commenced with a report to Audit Committee in March 2022. A report on its conclusion is to be presented to the June meeting of the committee.
- 15.5 Governance & Risk Committee continued its scrutiny of risk arrangements through standing reports on high risks, health and safety risks and strategic risks. It returned to the reporting, as standing items, of the concurrent risks of EU withdrawal and the pandemic. It received reports about on subjects such as property compliance, insurance risks and claims, IT risks, counter-terrorism duties, health and safety risks and emergency planning. It approved the annual governance statement, at the same time reviewing the standards and evidence in the Local Code of Corporate Governance and progress on governance issues. The committee noted the external auditor's opinion that the key features of good governance at the council are in place and operating effectively; the council responded quickly to ensure that governance arrangements were appropriate and operating effectively during the lockdown period caused by the global pandemic; the council has arrangements in place to appropriately scrutinise activities across its Group, in particular where financial support is being provided to entities in financial difficulty (West Lothian Leisure).
- 15.6 The membership of Governance & Risk Committee had been expanded to allow for a non-councillor appointment and an appointment was made in March 2020. The member resigned in March 2021. A new appointment was made in September 2021.
- 15.7 A variety of changes was made to Standing Orders and the Scheme of Administration as a result of the ongoing review of decision-making arrangements. That series of revisions concluded in September 2021 when changes required to facilitate the transition to hybrid meeting arrangements were approved. Those took effect on 1 May 2022.
- 15.8 The schedule of significant corporate policies and procedures calling for a review in each administrative term was almost entirely completed. Progress and completion are being reported on separately at Governance & Risk Committee on 13 June 2022.
- 15.9 After a short period of suspension of council and committee meetings in March 2020 due to COVID they resumed in May 2020 by remote access and have continued by that method to date. The council invested significant sums in new IT equipment in 2021/22 to allow meetings to take place on a hybrid basis. The installation has been completed and hybrid meetings are due to start on 31 May 2022.

16. Governance issues ahead

- 16.1 Issues of concern from this and previous annual governance statements will be carried forward and reported to committee when it approves this statement and later as part of the annual report to full council on corporate governance. Progress will continue to be reported on an interim and annual basis to Governance & Risk Committee. The outstanding and overdue review of the council's relationship with West Lothian Leisure (its leisure ALEO) is again the most significant, since it is required by Standing Orders and such a periodic review is indicated as best practice to ensure relationship is fit for purpose and delivers best value.
- 16.2 Significant concerns arising from the annual compliance statements, in particular breaches of the law identified by the Monitoring Officer, will be pursued and remedial action taken.
- 16.3 Following the elections in May 2022 the transition to a new administration will bring challenges in addressing desired changes to the decision-making structure and arrangements. All councillors will require support and training, especially those in positions of additional responsibility such as chairs and Executive Councillors.
- 16.4 The concerns highlighted in the internal audit of Corporate Procurement reported to Audit Committee in January 2022 will be addressed. Three findings were ranked as of "high" importance and those have been completed. The most significant one remaining, from a governance perspective, is an absence for a protracted period of time of formal corporate procurement procedures. Those are required by Contracts Standing Orders to complement them, to guide officers in their work on tenders and contracts, and to help them and the council comply with legal obligations and procedures.
- 16.5 A new corporate plan is due to be developed and approved in early 2023. The new plan, the prior public engagement and the identification of corporate priorities will be a major piece of work and will inform the council's planning and service delivery for many years. The governance arrangements around it, such as the approval of corporate strategies and progress and performance reporting, will be monitored. Related to that will be the ongoing work with community planning partners on the Local Outcomes Improvement Plan.
- 16.6 There are likely to be consequences for the council flowing from the long-running Scottish Government/COSLA Review of Local Governance. The details remain to be established but the indication is for devolution of decision-making and control in some service areas to a tier sitting below local authorities with some regional collaboration on strategic matters such as spatial planning and public transport.
- 16.7 The further development and the implementation of community empowerment measures will be significant (especially Community Choices) as well as the linkage between the community empowerment themes and the newer community wealth-building agenda.
- 16.8 The citizen led inspection programme was suspended during the pandemic. It features in the Code of Corporate Governance as an item of evidence relied on to demonstrate compliance. A decision should be made about refreshing the programme or its replacement. Similarly, work on the refresh of the Citizens Panel has not progressed for some time and that should be taken forward alongside work on a public engagement strategy.
- 16.9 Actions arising from internal and external audit reports will continue to be monitored through Audit Committee and follow-up reports on previous areas of concern will be made as instructed.
- 16.10 The schedule of significant corporate policies, procedures and controls prepared and monitored in 2021/22 to ensure their review in each administrative term will be maintained and monitored as part of the checks on progress on governance issues.
- 16.11 The Officer Working Group on members' training and support will continue to meet. The success of the post-elections Induction Programme will be assessed and lessons learned for future programmes. The successful completion of the programme will be important in ensuring that all councillors have the awareness and skills they need to ensure the council continues its successes and continues to deliver best value.
- 16.12 Following the Feeley Report in January 2021 and the Scottish Government's plans for a national care service, there will be impacts on the council corporately, on its services and on its staff. Those development will be kept under review and actions designed and taken as required.
- 16.13 Although the Scottish Government has not advanced remedial legislation in relation to its incorporation of the UN Convention of the Rights of the Child, preparatory work has started and will continue to ensure the council is able to meet its expected legal duties successfully.
- 16.14 The conduct of meetings through hybrid arrangements, from May 2022, will require training for members and officers and the design and implementation of guidance and protocols to ensure the effective conduct of business.

- 16.15 The triennial inspection of the council's arrangements to secure compliance with its duties under the Regulation of Investigatory Powers (Scotland) Act 2000 will take place in September 2022. Arrangements will be made to ensure the actions identified in the previous inspection have all been addressed and that the council is fully compliant.

17. COVID-19

- 17.1 The annual governance statements and Management Commentaries for 2019/20 and 2020/21 included information about the impact of COVID on governance arrangements. CIPFA recommends that practice is continued. Lingering effects of the pandemic continued throughout this reporting year. As confirmed by the external auditor in the last two annual reports the council was found to have reacted well and the governance framework proved to be robust and capable of adaptation to the extreme circumstances rather than requiring significant amendment in response.
- 17.2 Over the last year, a full calendar of council and committee meetings has continued to be conducted wholly online without any significant or obvious impact on decision-making. Steps have been taken to introduce the technology and the procedural rules to enable a move to hybrid meeting arrangements. Those are due to start on 31 May 2022. Hybrid will be the norm going forward, ensuring maximum flexibility for elected members, officers and members of the public.
- 17.3 During the suspension of meetings, decisions were taken under existing emergency delegated powers vested in the Chief Executive. No amendments were required to Standing Orders, including the Scheme of Delegations to Officers, to enable those decisions to be made. When meetings resumed the need to use these delegated powers diminished and over the last year the occasions when those powers had to be used has returned to a pre-pandemic level. Overall, existing arrangements were able to be used and practices adapted to meet the demands of the pandemic without requiring urgent changes to Standing Orders. The process for keeping members informed of urgent decisions made by officers adopted during the pandemic has been maintained and now formalised in Standing Orders.
- 17.4 Emergency coronavirus legislation allowed councils to choose to postpone compliance with statutory duties to publish annual and other reports concerning council functions and services. That power was not exercised. All statutory reporting due to take place during the emergency period was carried out to normal timescales. That includes the preparation and approval of the annual accounts and financial statements.
- 17.5 The same legislation allowed the temporary suspension of statutory duties to make hard copies of certain documents available for physical inspection and copying. That power was exercised in relation to eleven such duties where those documents could be readily available by electronic means. It ceased when the enabling legislation expired in March 2022.
- 17.6 Working from home arrangements continued throughout the reporting year. Remote meeting platforms were used extensively, latterly MS teams. A Remobilisation Working Group chaired by the Head of Finance & Property Services was established and led to a phased return to the workplace starting in April 2022. Working from home will continue to feature, based on the assessment of job requirements, service needs and personal preferences, where possible.
- 17.7 Reporting on the financial consequences of the pandemic has taken place on a regular basis as part of the normal pattern of budget-monitoring reports to Council Executive. The reports to council when council tax was set and budgets approved included additional information and provision relating to the pandemic. Horizon-scanning reports to PDSP have provided more generalised reviews and forecasts of impacts.
- 17.8 In June 2020 it was agreed that there would be quarterly reports to committee concerning the joint oversight arrangements amongst council health board and integration joint board in relation to care homes and COVID. Those reports have continued, providing elected members with an accurate picture of the impact on care homes and the actions taken under emergency coronavirus legislation and guidance.
- 17.9 A Concurrent Risk Working group was established during the pandemic and continued to meet until May 2022. A separate risk register arising from COVID-19 and EU withdrawal was established, and that has latterly been subsumed into the normal risk register and risk management practices. Reporting on those concurrent risks has been a standing item on agendas for meetings of Governance & Risk Committee.
- 17.10 Meetings of Education Executive since June 2020 to date have considered detailed reports on education recovery.

- 17.11 The priorities in the Corporate Plan remained in place, delivery on the supporting corporate strategies continued and progress reports to members resumed. The well-established approach to long-term financial planning has continued as well. Delivery of budget-saving measures has been largely maintained with slippage and changes reported to and agreed by council in February 2022.
- 17.12 Despite the lingering effects of the pandemic, it is judged that sufficient information has been available to fully inform this statement. Interruptions to corporate programmes and policies have been identified in this statement, in the annual compliance statements, and in the Local Code of Corporate Governance, and normal practice has resumed. It has not been considered that the assurances given in relation to corporate governance for 2021/22 require to be qualified or restricted as a result of Covid-19.

18. Conclusion and assurance

There are inevitably issues on which on which future work is required, but, based on the sources and evidence described in this statement, the council and the West Lothian community can be assured that the council's corporate governance standards have been substantially met in 2021/22.

Graham Hope
Chief Executive

27 September 2022

Councillor Lawrence Fitzpatrick
Leader of the Council

1. INTRODUCTION

In accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2011, West Lothian Council is required to prepare a Remuneration Report to disclose remuneration information and details of West Lothian Council's remuneration policy for "relevant persons". The Regulations define "relevant persons" as senior councillors and senior employees.

Information disclosed in the tables in this report is subject to audit by Ernst & Young LLP to report on whether that information has been properly prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014 (with the exception of the table in note 4.4). All other sections of the Remuneration Report, including the table in note 4.4, are read and considered to identify any material inconsistencies with the financial statements.

2. COUNCIL LEADER, PROVOST AND SENIOR COUNCILLORS

2.1 Remuneration Policy

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2017 (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.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2021/22 the salary for the Leader of West Lothian Council was £37,213 (£35,713 2020/21). The Regulations permit the council to remunerate one Provost and set out the maximum salary that may be paid to the Provost. For 2021/22 the salary of the Provost of West Lothian Council was £27,910 (£26,785 2020/21). The council's Scheme of Elected Members Remuneration, Allowances and Reimbursement of Expenses 2021/22 sets the level of payment in accordance with the regulations at the national maximum.

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 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the council for remuneration of all of its Senior Councillors for 2021/22 shall not exceed £325,596 (£312,471 2020/21). The council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits.

In 2021/22 (2020/21) West Lothian Council had 12 (12) senior councillors and the basic salary paid to these councillors totalled £324,466 (£312,471 2020/21). The Regulations also permit the council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

The Scheme of Elected Members Remuneration, Allowances and Reimbursement of Expenses which sets out details of the salary parameters for all elected members including the Leader, Provost and Senior Councillors was agreed at a meeting of the Council Executive on 9 February 2021 and is available on the following link: [here](#)

2.2 Remuneration Policy - Convenors and Vice Convenors for Police and Fire Functions and 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 a convener or a vice-convener of a 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 the convener or vice-convener being a member of the Local Government Pension Scheme.

In 2021/22 the amount recharged to Lothian Valuation Joint Board for Councillor A McGuire, in respect of a vice-convener position was £3,491 (£3,439 2020/21).

2.3 Total Councillors Remuneration

The council paid the following salaries, allowances and expenses to all councillors (including the senior councillors above) during the year: -

Type of Remuneration

Salaries
Allowances
Expenses

Total

2021/22 £'000	2020/21 £'000
737	698
9	7
6	11
752	716

The annual return of Councillors' salaries and expenses for 2021/22 is available for any member of the public to view at all Council Information Services Offices and Libraries during normal working hours and is also available on the council's website at the following link: [Elected Member Remuneration 2021/22](#)

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2.4 Council Leader, Provost and Senior Councillors Remuneration

The following table provides details of the remuneration paid to the Council's Senior Councillors and remuneration paid to councillors with the responsibility of a convenor or vice-convenor of a Joint Board during 2021/22: -

Name	Post Title	Total Remuneration 2021/22 £	Total Remuneration 2020/21 £
Council Leader, Provost and Senior Councillor payments			
L Fitzpatrick	Leader of the Council	37,213	35,713
T Kerr	Provost (Civic Head)	27,910	26,785
H Cartmill	Executive Councillor - Health and Social Care	27,133	26,039
T Conn	Executive Councillor - Environment	27,133	26,039
D King ¹	Executive Councillor - Culture and Leisure (Depute Provost)	3,063	26,039
C Muldoon	Executive Councillor - Development and Transport (Depute Provost)	27,133	26,039
C Horne	Chair of Audit Committee	27,133	26,039
D Doran-Timson	Chair of Governance and Risk Committee	27,133	26,039
K Sullivan	Executive Councillor - Voluntary Organisations (Depute Leader)	27,133	26,039
CJ Kennedy	Chair of Development Management Committee	27,133	26,039
A Doran-Timson	Executive Councillor - Social Policy	27,133	26,039
D Dodds	Executive Councillor - Education	27,133	26,039
G Paul	Executive Councillor - Services for the Community	27,133	26,039
A McGuire ²	Executive Councillor – Culture and Leisure & Lothian Valuation Joint Board	22,940	21,293
P Heggie	Chair of Licensing Committee	27,133	26,039
Total		389,589	396,259

1. During May 2021 Councillor D King sadly passed away. A by-election was held on 5 August 2021 for his ward.
2. West Lothian appointee on Lothian Valuation Joint Board. The amount recharged to Lothian Valuation Joint Board in 2021/22 was £3,491 (£3,439 2020/21) in respect of Councillor A McGuire.

A small number of matters are reserved to full council. Regulatory business and scrutiny are remitted to a number of committees with specific and limited powers. Responsibility for management and operational issues is delegated to council officers.

The main powers to make policy and take significant decisions are held by Council Executive and Education Executive. Education Executive deals with education business. It has 18 councillor members and six non-councillors representing churches, teaching staff and parent councils. Council Executive holds all other significant decision-making powers. It is chaired by the Leader of the Council and has 13 members. The Leader of the Council and eight Executive Councillors have additional responsibilities in relation to defined portfolios of services and also chair Policy Development and Scrutiny Panels, which are working groups which consider new and revised strategies and policies before they are sent for decision at Council Executive or Education Executive.

3. SENIOR EMPLOYEES

3.1 Remuneration Policy

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish Local Authorities. Circular CO/151 sets the amount of salary for the Chief Executive of West Lothian Council for the period 2021/22.

The salaries of the Depute Chief Executives are based on the nearest point on the national spinal column for Chief Officers, which equates to 87 per cent of the Chief Executive's salary in three spinal column points. Heads of Service are paid across two pay grades of three spinal column points. These pay grades are based on the nearest point on the national spinal column for Chief Officers which equates to one pay grade of 65 per cent and one of 72 per cent of the Chief Executives salary. Placing on the pay grade for Heads of Service is based on the outcome of a job evaluation exercise.

These pay arrangements were agreed through approval of the Organisational Review Report at a meeting of the Policy, Partnership and Resources Committee on 6 February 2002.

The West Lothian Integration Joint Board was legally established on 21 September 2015. A Short was appointed as Chief Officer on 30 September 2019 and subsequently left the council for new employment on 2 May 2021. A new Depute Chief Executive (Alison White) took up post on 5 July 2021. The Depute Chief Executive / Chief Officer West Lothian Integration Joint Board is a joint appointment and the terms and conditions, including pay for the post, are set by the body, which employs the post holder directly.

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3.2 Senior Employees Remuneration

The senior employees included in the table are any council employee:

- Who has responsibility for management of the council to the extent that the person has power to direct or control the major activities of the council,
- 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, or
- Whose annual remuneration is £150,000 or more.

The full year equivalent salary has been provided for senior employees who have been in post for part year during 2021/22.

Name and Post Title	Full Year Equivalent Salary £	Total Remuneration ^{6 & 8} 2021/22 £	Total Remuneration 2020/21 £
G Hope¹ Chief Executive	145,727	150,960	144,927
A Short² Depute Chief Executive / Chief Officer West Lothian Integration Joint Board (until 2 May 2021)	99,974	4,166	50,899
A White³ Depute Chief Executive / Chief Officer West Lothian Integration Joint Board (from 5 July 2021)	123,612	44,272	-
R G Struthers Depute Chief Executive	127,464	127,664	126,664
E Cook Depute Chief Executive	127,464	127,664	126,664
D Forrest Head of Finance and Property Services	104,374	104,574	103,574
J Jack Head of Operational Services	96,672	96,872	95,872
A M Carr Head of Housing, Customer and Building Services (until 15 August 2021)	92,817	37,438	95,872
M G Mackie Interim Head of Housing, Customer and Building Services (from 26 July 2021 until 9 January 2022)	92,817	42,416	-
C McCorriston Head of Planning, Economic Development and Regeneration	96,672	96,872	95,872
J Whitelaw Head of Corporate Services (until 9 January 2022) Interim Head of Housing, Customer and Building Services (from 10 January 2022)	96,672	97,741	95,872
L Henderson Interim Head of Corporate Services (from 10 January 2022)	92,817	20,959	-
J Cameron Head of Education (Learning, Policy and Resources)	104,374	104,574	103,574
D McMaster⁴ Head of Education (Curriculum, Quality Improvement and Performance) (until 18 October 2020)	103,574	-	56,799
C Hatch⁵ Acting Joint Head of Education (Secondary Schools) (from 1 October 2020)	100,518	95,065	92,738
G Welsh⁵ Acting Joint Head of Education (Early Years & Primary Schools) (from 1 October 2020)	100,518	89,020	83,670
J MacPherson Head of Social Policy	104,374	104,574	101,636
Subsidiary T P J Dent⁷ Chief Executive, West Lothian Leisure Ltd		81,399	81,399
Total		1,426,230	1,456,032

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1. G Hope remuneration includes a returning officer payment in 2021/22 £5,033 (2020/21 £nil).
2. A Short was appointed Depute Chief Executive/Chief Officer West Lothian Integration Joint Board on 30 September 2019 and is remunerated by the National Health Service (NHS) with West Lothian contributing 50% of his total cost of employment. A Short is no longer remunerated by the council, having left the Depute Chief Executive role on 2 May 2021. The total pension contribution paid by WLC in relation to A Short in 2021/22 is £1,741 (2020/21 £10,533).
3. A White was appointed Depute Chief Executive/ Chief Officer West Lothian Integration Joint Board on 5 July 2021 and is remunerated by West Lothian Council with National Health Service (NHS) contributing 50% of her total cost of employment.
4. D McMaster left employment with the council on 18 October 2020.
5. C Hatch and G Welsh were appointed to the Acting Joint Head of Education on 1 October 2020, with the role and remuneration split equally between the two appointees on teachers' terms and conditions. They were therefore not eligible for the Chief Officers pay award.
6. The pay award for 2021/22 was backdated to 1 January 2021, was paid in January 2022, and is included in the 2021/22 total remuneration.
7. The Chief Executive of West Lothian Leisure Ltd, T P J Dent, is remunerated by the council's subsidiary company, West Lothian Leisure Ltd.
8. There were no compensation payments for loss of employment or annual compensation payments in 2021/22 or 2020/21 for the council.

3.3 Employee Information by Pay Band

The number of officers whose remuneration, including benefits, in the year were £50,000 or more is detailed below:-

Remuneration Bands	Number of Employees	
	2021/22	2020/21
£50,000 - £54,999	142	124
£55,000 - £59,999	152	159
£60,000 - £64,999	66	55
£65,000 - £69,999	54	59
£70,000 - £74,999	21	21
£75,000 - £79,999	4	2
£80,000 - £84,999	4	5
£85,000 - £89,999	6	3
£90,000 - £94,999	3	5
£95,000 - £99,999	4	5
£100,000 - £104,999	3	3
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	2	2
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	-	1
£145,000 - £149,999	-	-
£150,000 - £154,999	1	-
Total	462	444

The number of officers whose remuneration, including benefits were £50,000 or more in the year increased by 18 in 2021/22. The increases were largely due to the nationally agreed 2021/22 pay award, which was backdated to 1 January 2021 but paid in January 2022. Other reasons included incremental salary progression and voluntary severance.

3.4 Employee Exit Packages

The number of employee exit packages with total cost per band is set out in the table below. There were no compulsory redundancies in 2021/22 or 2020/21.

Exit package Cost Range	Number of employee exit packages agreed		Total cost of employee exit packages in each band	
	2021/22	2020/21	2021/22 £'000	2020/21 £'000
£0 - £20,000	4	6	38	62
£20,001 - £40,000	-	2	-	66
£40,001 - £60,000	2	4	101	203
£60,001 - £80,000	1	3	74	207
£80,001 - £100,000	-	-	-	-
£100,001 - £150,000	-	2	-	209
Total	7	17	213	747

The application for early retirement or voluntary severance (ERVS) is prepared by the staff members line manager and Human Resources. The application contains employee personal details, details of the business case and includes a summary of costs and savings populated by Human Resources. The application for ERVS is reviewed and signed by the relevant Head of Service and Depute Chief Executive.

4. PENSIONS

4.1 Local Government Pension Scheme Details (LGPS)

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is adjusted 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 of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

For local government employees the LGPS changed on 1 April 2015 from a final salary pension scheme to a career average scheme. In the 2015 scheme, normal retirement age for both councillors and employees is equal to the member's state pension age subject to a minimum of 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non-manual employees.

The members contribution rates for 2021/22 remain at the 2020/21 rates, however the ranges have changed as follows:

Whole time pay	Range 2021/22	Range 2020/21	Contribution rate 2021/22	Contribution rate 2020/21
On earnings up to and including	£22,300	£22,200	5.5%	5.5%
On earnings above	£22,301 and up to £27,300	£22,201 and up to £27,100	7.25%	7.25%
On earnings above	£27,301 and up to £37,400	£27,101 and up to £37,200	8.5%	8.5%
On earnings above	£37,401 and up to £49,900	£37,201 and up to £49,600	9.5%	9.5%
On earnings above	£49,901	£49,601	12.0%	12.0%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

The Local Government Pension Scheme changed on 1 April 2015 from a Final Salary to a Career Average Scheme. For each year in the Scheme from 1 April 2015, a scheme member builds up pension at 1/49ths of pensionable pay. The pension is built up in the member's Pension Account which is revalued each scheme year by HM Treasury Revaluation Order which is currently the Consumer Prices Index (CPI).

REMUNERATION REPORT

STATEMENT 3

If an employee was a member of the Scheme prior to 1 April 2015, the benefits built up under the Final Salary arrangement will continue to be worked out on the member's final pay when leaving. For scheme membership up to 31 March 2015, the pension accrues at 1/60th of final pay at leaving. There is no automatic lump sum but annual pension can be swapped for a tax free lump sum. For scheme membership up to 31 March 2009, pension accrues on the basis of 1/80th of the member's final pay at leaving plus an automatic lump sum of three times the pension.

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; 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 relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment.

4.2 Pension Benefits Senior Councillors - Local Government Pension Scheme (LGPS)

The pension entitlements of Senior Councillors for the year to 31 March 2022 are shown in the table below, together with the contribution made by the council to each Senior Councillor's pension during the year.

Name	Post Title	In-year pension contributions		Accrued pension benefits			
		For year to 31 March 2022	For year to 31 March 2021	As at 31 March 2022		Difference from 31 March 2021	
		£	£	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000
Council Leader, Provost and Senior Councillor contributions							
L Fitzpatrick	Leader of the Council	8,112	7,821	9	2	2	-
T Kerr	Provost (Civic Leader)	2,028	5,866	7	2	-	-
H Cartmill	Executive Councillor - Health and Social Care	5,915	5,703	5	-	1	-
T Conn	Executive Councillor - Environment	5,915	5,703	7	2	1	-
C Muldoon	Executive Councillor - Development and Transport	5,915	5,703	7	2	1	-
C Horne	Chair of Audit Committee	5,915	5,703	3	-	1	-
D Doran-Timson	Chair of Governance and Risk Committee	5,915	5,703	3	-	1	-
K Sullivan	Executive Councillor - Voluntary Organisations (Depute Leader)	5,915	5,703	3	-	1	-
CJ Kennedy	Chair of Development Management Committee	5,915	5,703	3	-	1	-
A Doran-Timson	Executive Councillor - Social Policy	5,915	5,703	3	-	1	-
D Dodds	Executive Councillor - Education	5,915	5,703	4	-	1	-
P Heggie	Chair of Licensing Committee	5,915	5,703	3	-	1	-
Total		69,290	70,717	57	8	12	-

All senior Councillors, under the age of 75, shown in the tables are members of the LGPS.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, including any service with a council subsidiary body, and not just their current appointment.

Councillors A McGuire and G Paul are not members of the LGPS. All Councillors under 75 years of age are eligible for participation in the LGPS. Councillor Kerr turned 75 during 2021, therefore was ineligible to continue in the LGPS.

REMUNERATION REPORT

STATEMENT 3

4.3 Pension Benefits Senior Employees - Local Government Pensions Scheme (LGPS)

The pension entitlements of Senior Employees who are members of the LGPS for the year to 31 March 2022 are shown in the table below, together with the contribution made by the council to each Senior Employee's pension during the year.

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

Name	Post Title	In-year pension contributions		Accrued pension benefits			
		For year to 31 March 2022	For year to 31 March 2021	As at 31 March 2022		Difference from 31 March 2021	
		£	£	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000
G Hope ¹	Chief Executive	32,909	31,739	76	118	5	1
A White	Depute Chief Executive (from 5 July 2021)	9,652	-	1	-	-	-
R G Struthers	Depute Chief Executive	27,831	27,739	63	94	4	1
E Cook	Depute Chief Executive	27,831	27,739	74	-	3	-
D Forrest	Head of Finance and Property Services	22,797	22,683	51	77	2	-
J Jack	Head of Operational Services	21,118	20,996	51	82	3	1
A M Carr	Head of Housing, Customer and Building Services (until 15 August 2021)	7,918	20,996	37	88	(14)	(7)
M G Mackie	Head of Housing, Customer and Building Services (from 26 July 2021 until 9 January 2022)	17,674	-	29	36	-	-
C McCorrison	Head of Planning, Economic Development and Regeneration	21,118	20,996	51	82	3	1
J Whitelaw	Head of Corporate Services Interim Head of Housing, Customer and Building Services (from 10 January 2022)	21,307	20,996	39	45	3	-
L Henderson	Interim Head of Corporate Services (from 10 January 2022)	16,939	-	33	45	-	-
J Cameron	Head of Education (Learning, Policy and Resources)	22,797	22,683	82	-	3	-
D McMaster	Head of Education (Curriculum, Quality Improvement and Performance) (until 18 October 2020)	-	12,439	-	-	-	-
J MacPherson ²	Head of Social Policy	7,526	22,258	52	92	1	-
Total		257,417	251,264	639	759	13	(3)

1. Chief Executive in-year contributions total includes pension benefits for Returning Officer duties in 2021/22. The Chief Executive undertook no Returning Officer duties during 2020/21.

2. J MacPherson has left the LGPS scheme.

C Hatch and G Welsh Acting Joint Head of Education are currently not members of the LGPS pension scheme, as both remain members of SPPA as a result of their acting status.

The McCloud and Goodwin judgements, as outlined in note 20 (net pension liability), may have an impact on the valuation of accrued pension benefits disclosed in notes to the Remuneration Report 4.2 and 4.3 above, as the impact of these rulings is considered and implemented across the Lothian Pension Fund. However, while an estimate on the impact of these rulings has been made at the fund level it is not possible to assess the value of the impact for any specific individual at this stage.

4.4 Facility Time Report 2021/22

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the council to collect and publish a range of information on trade union (TU) facility time in respect of its employees who are TU representatives.

The information for 2021/22 is summarised in the following table:

		Non-Teacher	Teacher
Number of employees who were relevant union officials during 2021/22		35	13
Number of FTE employees who were relevant union officials during 2021/22		32.9	12.5
Percentage of time spent on facility time	0%	20	4
	1% - 50%	10	8
	51% - 99%	4	-
	100%	1	1
Percentage of pay bill spend on facility time	Total cost facility time	£130,309	£73,379
	Total pay bill	£143,911,145	£167,368,633
	Percentage of total pay bill on facility time	0.09%	0.04%
Paid trade union activities		3.96%	-

Full details are available at the link: [Trade Union Facility Time Reports](#)

Graham Hope
Chief Executive
27 September 2022

Councillor Lawrence Fitzpatrick
Leader of the Council

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**STATEMENT 4****PURPOSE**

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2021/22			2020/21		
		Gross Expend £'000	Gross Income £'000	Net Expend £'000	Gross Expend £'000	Gross Income £'000	Net Expend £'000
Schools, Education Support		272,566	27,379	245,187	278,346	27,132	251,214
Planning, Economic Development and Regeneration		15,626	5,703	9,923	14,375	5,945	8,430
Operational Services		91,189	7,632	83,557	82,686	6,143	76,543
Housing, Customer and Building Services		28,488	7,664	20,824	20,927	6,519	14,408
Corporate Services		2,014	562	1,452	1,898	507	1,391
Social Policy – IJB, Adult and Elderly Services		190,387	112,531	77,856	173,173	103,820	69,353
Social Policy – non-IJB Children's Services		46,922	5,325	41,597	43,743	5,126	38,617
Chief Executive, Finance and Property		58,754	7,936	50,818	50,765	7,353	43,412
Joint Boards		1,304	-	1,304	1,193	-	1,193
Other Services		45,376	44,827	549	50,261	47,324	2,937
Net Cost of General Fund Services		752,626	219,559	533,067	717,367	209,869	507,498
Housing Revenue Account		70,562	56,573	13,989	61,747	54,329	7,418
Net Cost of Services		823,188	276,132	547,056	779,114	264,198	514,916
Other Operating Expenditure	9	(603)	-	(603)	(1,272)	-	(1,272)
Finance and Investment Income and Expenditure	10	59,986	28,213	31,773	60,396	29,094	31,302
Taxation and Non-Specific Grant Income	11	-	497,716	(497,716)	-	477,506	(477,506)
Deficit on Provision of Services	5	882,571	802,061	80,510	838,238	770,798	67,440
Items that will not be reclassified to the Deficit on the Provision of Services							
Surplus on revaluation of property, plant and equipment				(39,579)			(394,340)
Remeasurement of the net defined benefit loss / (gain)				(212,645)			63,868
Items that may be reclassified to the Deficit on the Provision of Services				(252,224)			(330,472)
Deficit / (Surplus) from investments in equity instruments designated at fair value through other comprehensive income				(20)			79
Other Comprehensive Income and Expenditure				(252,244)			(330,393)
Total Comprehensive Income and Expenditure				(171,734)			(262,953)

MOVEMENT IN RESERVES STATEMENT

STATEMENT 5

PURPOSE

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the council analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The Statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the Statutory General Fund Balance and Housing Revenue Account Balance Movements in year following those adjustments.

**MOVEMENT IN RESERVES STATEMENT
AS AT 31 MARCH 2022**

	Note	General Fund £'000	Housing Revenue Account £'000	Capital Fund £'000	Insurance Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2020		19,869	926	57,917	9,317	88,029	657,256	745,285
Movement in Reserves during 2020/21								
Total comprehensive income and expenditure		(49,708)	(17,732)	-	-	(67,440)	330,393	262,953
Adjustments between accounting basis and funding basis under regulations	13	76,005	17,732	(17,705)	-	76,032	(76,032)	-
Net increase (decrease) before transfers to other statutory funds		26,297	-	(17,705)	-	8,592	254,361	262,953
Transfers (to) / from other statutory funds	12	(3,647)	-	5,368	(1,721)	-	-	-
Increase (decrease) in year		22,650	-	(12,337)	(1,721)	8,592	254,361	262,953
Balance at 31 March 2021		42,519	926	45,580	7,596	96,621	911,617	1,008,238
General Fund analysed over:								
Amounts Earmarked	34	40,258						
Amounts Uncommitted		2,261						
Total General Fund Balance at 31 March 2021		42,519						
Movement in Reserves during 2021/22								
Total comprehensive income and expenditure		(55,368)	(25,142)	-	-	(80,510)	252,244	171,734
Adjustments between accounting basis and funding basis under regulations	13	72,668	25,142	(14,221)	-	83,589	(83,589)	-
Net increase (decrease) before transfers to other statutory funds		17,300	-	(14,221)	-	3,079	168,655	171,734
Transfers (to) / from other statutory funds	12	(6,992)	-	7,281	(289)	-	-	-
Increase (decrease) in year		10,308	-	(6,940)	(289)	3,079	168,655	171,734
Balance at 31 March 2022		52,827	926	38,640	7,307	99,700	1,080,272	1,179,972
General Fund analysed over:								
Amounts Earmarked	34	50,746						
Amounts Uncommitted		2,081						
Total General Fund Balance at 31 March 2022		52,827						

BALANCE SHEET**STATEMENT 6****PURPOSE**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Fund that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

		As at 31 March 2022 £'000	As at 31 March 2021 £'000
LONG TERM ASSETS	Note		
Property, Plant and Equipment			
- Council Dwelling		464,947	473,070
- Other Land and Buildings		1,168,207	1,166,446
- Vehicles, Plant, Furniture and Equipment		12,788	11,059
- Infrastructure Assets		245,630	240,321
- Community Assets		501	501
- Assets under construction		88,006	39,799
- Surplus Assets, not yet held for disposal		23,134	22,856
- Intangible Assets		3,569	1,746
	14.1	2,006,782	1,955,798
Heritage Assets		861	779
Long Term Investments	15.1	508	491
TOTAL LONG TERM ASSETS		2,008,151	1,957,068
CURRENT ASSETS			
Short Term Investments	15.1	42,579	15,083
Inventories		1,623	1,730
Short Term Debtors	16	54,535	77,845
Cash and Cash Equivalents	26	48,955	71,946
TOTAL CURRENT ASSETS		147,692	166,604
CURRENT LIABILITIES			
Short Term Borrowing	15.1	(69,225)	(79,196)
Short Term Creditors	17	(95,609)	(85,641)
Provisions	18	(374)	(573)
Capital Grant Receipts in Advance	33	(21,439)	(30,066)
TOTAL CURRENT LIABILITIES		(186,647)	(195,476)
NET CURRENT LIABILITIES		(38,955)	(28,872)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,969,196	1,928,196
LONG TERM LIABILITIES			
Long Term Creditors	19	(240)	(316)
Long Term Borrowing	15.1	(568,641)	(528,641)
Defined Benefit Scheme Liability	20.3	(143,677)	(311,763)
Other Long Term Liabilities	19	(76,666)	(79,238)
TOTAL LONG TERM LIABILITIES		(789,224)	(919,958)
TOTAL NET ASSETS		1,179,972	1,008,238
Financed by:			
USABLE RESERVES			
General Fund Balance	34	52,827	42,519
Housing Revenue Fund Balance		926	926
Capital Fund	21.2	38,640	45,580
Insurance Fund	21.1	7,307	7,596
TOTAL USABLE RESERVES		99,700	96,621
UNUSABLE RESERVES	22	1,080,272	911,617
TOTAL RESERVES		1,179,972	1,008,238



DONALD FORREST CPFA, Head of Finance and Property Services

14 June 2022

CASH FLOW STATEMENT**STATEMENT 7****PURPOSE**

The Cash Flow Statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

	Note	2021/22 £'000	2020/21 £'000
Net Deficit on the provision of services		(80,510)	(67,440)
Adjustments to net deficit on the provision of services for non-cash movements	23	193,235	143,094
Net cash flows from Operating Activities		112,725	75,654
Net cash flows from Investing Activities	24	(163,384)	(2,762)
Net cash flows from Financing Activities	25	27,668	(18,962)
Net (decrease) / increase in cash and cash equivalents		(22,991)	53,930
Cash and cash equivalents at the beginning of the reporting period		71,946	18,016
Cash and cash equivalents at the end of the reporting period	26	48,955	71,946

1. ACCOUNTING POLICIES

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 they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code) 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.

Basis of Preparation Statement

The council financial statements for 2021/22 have been prepared on a going concern basis. The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future, and in particular for the period of at least 12 months from the approval of these financial statements to the end of September 2022. The provisions in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. In accordance with the CIPFA Code of Local Government Accounting (2021/22), the council is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the council will continue in operational existence for the foreseeable future.

West Lothian Council approved the 2022/23 revenue budget at the Council meeting on 15 February 2022. In order to maintain a balanced budget for 2022/23 the council is required to deliver budget savings of £9.1 million in addition to use of one-off resources of £2.6 million. The budget highlighted a number of risks that continue to be closely monitored. As part of setting the 2022/23 budget, an update was provided on the budget scenarios for 2023/24 to 2027/28 following the publication of the local government finance settlement. Council agreed that the approach of integrating corporate and financial planning over the next five year period should be retained in line with financial planning principles agreed by Council Executive in June. Council also agreed that, in accordance with the CIPFA Financial Management Code and best practice, the council will prepare a priority based revenue financial plan for 2023/24 to 2027/28, to set out how the Corporate Plan priorities will be delivered over this period.

Following the approval of the 2022/23 budget, the council continues to face unprecedented challenges, in particular the cost of living crisis and the highest level of inflation in a decade, in delivering essential services whilst resources are constrained. Officers are working to understand the impact of increased costs on the council's 2022/23 budget with a specific focus on energy costs. The position will be closely monitored as part of the council's risk based approach to budget monitoring.

The council's minimum uncommitted general fund balance is £2 million. The uncommitted general fund balance at 31 March 2022 is £2.081 million. Although the council's minimum uncommitted balance is low compared to other authorities in Scotland, the council has a high level of general services committed usable reserves, totalling £97 million at 31 March 2022 (£93 million at 31 March 2021). The HRA balance at 31 March 2022 (2021) is £0.926 million (£0.926 million). The value of earmarked reserves is subject to ongoing monitoring and review.

The council has balances of cash and short term investments, totalling £48.955 million at 31 March 2022 (£71.946 million at 31 March 2021). Normally when investments mature they are reinvested for periods up to a year. During 2020/21, as a result of the pandemic, maturing investments were retained in highly liquid instruments, such as the overnight bank account or money market funds, to ensure that the funds were available as required. The council returned to normal investment practice during 2021/22. The council's cash flow is monitored weekly by management and the council does not forecast any cash flow shortage.

The council continues to regularly monitor its financial position and provide full financial updates to Council Executive and the Council as appropriate, including options on addressing any new budget gaps and spending pressures. It is anticipated that following the completion of the capital accounting review by local government, a further update can be provided during 2022 on the potential service concession flexibility that was unable to be deployed during 2021/22.

Management is continuing to liaise with Scottish Government and COSLA on ensuring sustainable funding going forward.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

Revenue Transactions

The Revenue Accounts of the council are maintained on an accruals basis in accordance with the Code of Practice. That is, sums due to or from the council during the year are included, whether or not the cash has actually been received or paid in the year. Provision has been made for possible bad or doubtful debts in both the General Fund Account and Housing Revenue Account. There is no de minimis level for inclusion in the annual accounts for revenue transactions.

Where debtor balances for council tax are identified as impaired, the asset is written down and a charge made to the Financing and Investment Income in the Comprehensive Income and Expenditure Statement.

Intangible Assets

Intangible assets are non-monetary assets that do not have a physical substance but are controlled by the council. Non-current intangible assets include software which is not an integral part of IT systems within the council. The accounting treatment of intangible assets is the same as for Property, Plant and Equipment assets. The council accounts for software and licences financed through the capital programme as intangible assets and they are shown at cost. The assets are amortised over three years on a straight-line basis.

Property, Plant and Equipment - Valuation

All expenditure on the acquisition, creation or enhancement of property, plant and equipment has been capitalised on an accruals basis.

Operational Property, plant and equipment have been included in the balance sheet at either existing use value or depreciated replacement cost, depending on whether or not there is assessed to be an active market for the assets being revalued. Assets Under Construction and Community Assets have been included at historical cost.

Surplus assets not yet available for sale have been included in the Balance Sheet on a fair value basis using the valuation techniques for level 2 inputs, i.e. open market value.

Plant, furniture and computer equipment costing below £6,000 are not treated as long term assets but are charged to the revenue account. This de minimis limit does not apply where certain categories of these assets are grouped together and form part of the approved capital programme.

Council houses have been valued at fair value using the Beacon Principle, existing use value for social housing, in accordance with the Royal Institution of Chartered Surveyors (RICS) Guidance. During 2020/21 the council houses were revalued by the Valuation Office Agency – DVS Property Specialists for the Public Sector.

Valuations have been provided by the council's Property Services and an external firm of chartered surveyors. Increases in valuations are credited to the Revaluation Reserve.

Property, Plant and Equipment - Capital Receipts

Receipts arising from the sale of property, plant and equipment are credited to capital receipts and used to finance new capital expenditure. These transactions are then credited to the capital adjustment account

Property, Plant and Equipment - Depreciation

Assets, other than land, are being depreciated using the straight line method over their useful economic lives as follows:-

- Council dwellings	50 years
- Council dwellings (Fixtures)	27 years
- Operational buildings	20 - 60 years
- Plant and equipment (Other)	10 - 25 years
- Plant and equipment (Books)	3 years
- Motor vehicles	4 - 10 years
- Fixtures and fittings	3 - 10 years
- Infrastructure assets	40 years

No depreciation is provided on Community Assets, Assets Under Construction, Surplus Assets not yet available for sale and Heritage Assets.

Under International Accounting Standard 16 (IAS 16), where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Significance is determined by comparing the cost of components against the overall cost of the asset. The significance threshold is set at £100,000 on assets with a value in excess of £1 million.

During 2021/22, all properties subject to material change in valuation; community centres, day centres, old people's homes, partnership centres, pavilions and miscellaneous land were revalued. As a result, £11.4 million was charged to the Comprehensive Income and Expenditure Account. The revaluation charge has no impact on the General Fund Balance carried forward.

In total, the revalued properties were collectively deemed to be significant in terms of their overall asset value and as such depreciation was charged on a componentised basis for all properties revalued as part of those groups.

The current policy of quinquennial revaluation will remain. However, in line with the requirements of the Code, only assets which were acquired, enhanced or revalued in 2021/22 had their useful lives updated. The council undertakes an annual review to ensure assets are valued with sufficient regularity to be fairly stated.

In the case of council dwellings, fixtures are depreciated over 27 years with the non-fixture element of council dwellings being depreciated over 50 years.

Property, Plant and Equipment - Revaluation

Where decreases in value are identified, they are accounted for as follows: -

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

Property, Plant and Equipment - Impairment

Assets subject to revaluation that have suffered a reduction in value have been impaired. Where impairment losses are identified, they are accounted for as follows: -

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

Property, Plant and Equipment - Charges to Revenue

Service revenue accounts and the HRA have been charged with a capital charge for all Property, Plant and Equipment assets used in the provision of the service. Such charges cover the annual provision for depreciation.

Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the council in pursuit of its overall objective in relation to the maintenance of heritage.

The council's Heritage Assets are held in various locations throughout the authority. There are two main categories of asset: - Artworks and Sculptures and Civic Regalia which includes Precious Metals, Fabric Items and Robes. All other assets are included in the Miscellaneous Other category.

As a general policy, Heritage Assets are recognised on the balance sheet where the cost or value of the asset is known. 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.

There have been no acquisitions, donations, disposals, or council owned additions to the Heritage Asset portfolio during the financial year 2021/22.

The council's external valuer for its heritage assets (Bonhams – Fine Art Auctioneers and Valuers) carried out a valuation of the full collection as at 31 March 2022. These insurance valuations are updated on a quinquennial basis.

Improvement Grants

All expenditure on improvement and other grants is charged to revenue in the year the expenditure is incurred.

Government Grants and Contributions

Government grants are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account. Capital grants and contributions received to finance Property, Plant and Equipment assets have been credited to the Comprehensive Income and Expenditure Account. They are reversed out of the General Fund Balance in the Movement in Reserves Statement and transferred to the Capital Adjustment Account.

Additional Scottish Government funding provided in relation to Covid-19 has been accounted for as grant income in line with all other government grant income on an accruals basis, and any related expenditure recognised separately in the financial statements.

Grant income has been accounted for on the basis that the council is acting either as principal or agent based on the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) with further guidance provided by the LASAAC Guidance on Accounting for Coronavirus (Covid-19) Grants / Funding Streams. Definitions and treatment of grants are as follows: -

Agency

Grant income where the council is acting as an agent, as an intermediary in distributing funds from the Scottish Government, has not been recorded in the CIES as the council does not retain the risks and rewards of the income and related expenditure. The balance sheet records the debtors and creditors for these transactions.

Note 7.3 on pages 15 and 16 of the Management Commentary provides a detailed analysis of grants where the council has acted as an agent for Covid-19 grant funding from Scottish Government.

Principal

Grant income where the council is acting as a principal, on its own behalf, has been recorded in the CIES and the notes to the financial statements.

Notes 33.1 and 33.2 on page 88 of the financial statements provides a detailed analysis of grants where the council has acted as principal for Covid-19 grant funding from Scottish Government.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement and Capital Adjustment Account until conditions attached to each grant have been satisfied.

Monies advanced as revenue grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the revenue grants are credited to the service line in the Comprehensive Income and Expenditure Statement and, for capital grants, to the Capital Adjustment Account.

Redemption of Debt

The council operates a Consolidated Loans Fund under the terms of the Local Government (Scotland) Act 1975. All loans raised are paid into the fund and have a repayment period of 35 years.

Premiums and discounts on debt rescheduling have been transferred to the Financial Instruments Adjustment Account and have been designated as statutory premiums and discounts under statutory guidance issued by the Scottish Government. The annual charge to the General Fund is managed by movements to and from the Financial Instruments Adjustment Account and the Movement on Reserves Statement.

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 twenty four 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.

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.

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FINANCIAL INSTRUMENTS**Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Borrowing

The amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Creditors

Creditors are recognised when a supplier has provided goods and services to the council for an agreed price. The creditors recognised in the Balance Sheet represent the current value of the outstanding liabilities of the council as at 31 March as a proxy for amortised cost.

**Financial Assets
Investments**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

The amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

Debtors

Debtors are recognised when goods and services have been provided by the council for an agreed price. The value of the debtors recognised in the Balance Sheet represents the current value of the outstanding asset of the council as at 31 March as a proxy for amortised cost.

Expected Credit Loss Model

The council recognises expected credit losses on all of its financial assets held at amortised cost on a 12 month basis. The expected credit loss model also applies to lease receivables. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remain slow, losses are assessed on the basis of 12 month expected losses.

Fair Value Measurement

The council measures its non-financial assets such as surplus assets not yet held for sale and financial instruments equity shareholdings at fair value at each reporting date using valuation techniques. When measuring the fair value of an asset the council assumes highest and best pricing. Inputs to the valuation techniques are categorised within the fair value hierarchy as follows: -

Level 1 – quoted prices in active markets for identical assets or liabilities that the council can access at the measurement date.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The council holds no assets under this classification.

Financial Assets Measured at Fair through other comprehensive income (FVOCI)

The council holds an equity investment in Lothian Buses Limited. The investment is held for strategic purposes. Under IFRS9 the council designates that this investment be classified as being measured at Fair Value through Other Comprehensive Income. Any gain or loss on this investment will be held in the Financial Instrument Revaluation Reserve. The investment in Lothian Buses Limited has been shown in the Balance Sheet at fair value (Level 2 on the fair value hierarchy), based on the current share price multiplied by the council's shareholding.

External Interest Payable and Loans Fund Interest

External interest has been calculated and charged to the Income and Expenditure Account on an amortised cost basis over the life of the loan. For the majority of loans this represents the interest amount payable for the year per the loan agreement. However, for stepped LOBO loans, this results in a difference between the coupon rate and the amount charged to the Income and Expenditure Account. This difference is removed from the General Fund by a transfer to the Financial Instruments Adjustment Account.

These accounting adjustments ensure that the loans fund interest is calculated and allocated to the Revenue Account in accordance with LASAAC Guidance Note No 2.

Interest on revenue balances is allocated on the basis of the monthly balances held on the respective accounts.

Reserves

The council operates the following reserves under Schedule 3 of the Local Government (Scotland) Act 1975.

General Fund - to ensure that sufficient funds are held in reserve to deal with the financial consequences of uncertain future events the council has agreed that the uncommitted General Fund Balance will be a minimum of £2 million.

Insurance Fund – this is the funding mechanism for the control of insurance risk and includes premiums and self-funding insurance costs. The fund covers all known insurance liabilities and is independently valued on a triennial basis.

Capital Fund – established to ensure that, following the introduction of the CIPFA Prudential Code for Capital Finance in Local Authorities in April 2004, borrowing decisions and capital programme management are based on Best Value considerations. General Fund treasury management balances in any given year will normally be transferred to or from the Capital Fund. The balance in the Capital Fund at 31 March 2022 was £38.640 million.

Revaluation Reserve

The Revaluation Reserve represents the net increase in the value of fixed assets as a result of these being shown in the Balance Sheet at revalued amounts rather than historical cost.

Financial Instrument Revaluation Reserve (FIRR)

The FIRR represents the gains made by the council arising from increases in the value of its investments that are measured at Fair Value through Other Comprehensive Income. The balance is reduced when the investments are impaired downward or disposed of and gains realised.

Capital Adjustment Account

This account accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation or impairment. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure.

Inventories

Stocks and stores held by the council are recorded at average cost, with the exception of Deer and Highland Cows which have been valued at net realisable value. The valuation is in accordance with IAS 41 - Agriculture. The use of average cost rather than lower of cost and net realisable value is a departure from the Code but is not considered material.

Central Support Services

Time recording systems and number of employees have been used as the bases for allocating costs to direct services, with the exception of the following: -

- a) Administration Buildings - the number of employees based at each building
- b) Central Telephone Service - based on number of extensions
- c) Central Postal and Messenger Services - based on actual usage
- d) HR Pay and Reward – based on employee numbers within each Service

Central Support Service charges allocated to the HRA and Building Services are a fixed amount agreed at the start of the financial year.

Revenue from Contracts with Customers

IFRS 15 enables users of the annual accounts to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts.

Council income was assessed using a five step approach: Identification of the contract, identification of the performance obligations, identification of the contract price, allocation of the contract price and finally recognition of the revenue as the obligation is satisfied.

Following review of the council's income no material income streams required change to the revenue recognition applied. All new income streams are reviewed on an annual basis.

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Finance Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the Property, Plant or Equipment from the lesser to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, these elements are considered separately for classification.

Assets acquired under finance leases have been capitalised together with a liability to pay outstanding rentals. Payments have been apportioned between the finance charge and the reduction of the outstanding obligation, with the finance charge being allocated and charged to revenue over the term of the lease.

Employee Benefits

A charge is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements earned by employees, but not taken before the year end, which employees can carry forward into the next financial year. The charge is made at the remuneration rates applicable in the following financial year and is required, under statute, to be reversed out of the General Fund Balance by a credit to the Employee Statutory Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by an officer, in agreement with the council, to terminate their employment before the normal retirement date, or an officer's decision to accept voluntary severance. The costs are charged on an accruals basis to the Other Services line in the Comprehensive Income and Expenditure Statement. Where the termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the council 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 Pensions 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 or pensioners and any such amounts payable but unpaid at the year-end.

**Public Private Partnership (PPP)
Design, Build, Finance and Maintain (DBFM)**

The treatment of PPP and DBFM contracts, under International Financing Reporting Standards (IFRS) looks at aspects of control of an asset, such as specifying services and the price paid for these services. The PPP and DBFM schools are recognised as property assets, with recognition of a liability for the financing of these assets. The unitary charge paid to the contractor is allocated between operating costs, finance lease principal and interest, and any capitalised lifecycle costs.

Operating Leases

Current annual operating lease rentals have been charged to revenue.

Non-Domestic Rates (NDR)

Local authorities act as the agent of the Government when collecting NDR. The Code therefore requires local authorities not to recognise NDR debtors in their balance sheets but to instead recognise a creditor or debtor for cash collected from NDR debtors as agent of the Government but not paid or overpaid to the Government.

Pension Costs

The council participates in two separate pension schemes which provide members with defined benefits related to pay and service and are as follows: -

Teachers: This is an unfunded scheme administered by the Scottish Government. Under the pensions accounting standard IAS 19 - 'Retirement Benefits' this scheme is treated as a defined contribution scheme as it does not allow the identification of liabilities consistently and reliably between participant authorities. The pension cost charged to the Accounts is the contribution rate set by HM Treasury on the basis of a notional fund.

Other Employees: Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme (which is administered by the City of Edinburgh Council as the Lothian Pension Fund). The Lothian Pension Fund is a multi-employer scheme funded on the basis of triennial actuarial valuations of the required employers' contributions to ensure adequate assets in the scheme. As it is possible to identify the council's share of the assets and liabilities underlying the scheme on a consistent and reliable basis, it is accounted for as a defined benefit scheme under IAS 19.

IAS 19 is based on the premise that an organisation should account for retirement benefits when it is committed to give them, even if the actual payment will be many years in the future. The pension cost under IAS 19 is therefore not the cash contributions paid to the pension fund but the increase in the employers' attributable pensions liability during the year.

The IAS 19 actuarial valuation involves the actuary reviewing the most recent triennial actuarial valuation, updating it to reflect current conditions at the balance sheet date and apportioning assets and liabilities amongst employers. Assets are valued at fair value, principally bid value for investments. Liabilities are valued using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The 2021/22 discount rate was 2.7% (2.0% 2020/21). The inclusion of attributable scheme assets and liabilities in the balance sheet represents an authority's commitment to increase contributions to make up any shortfall, or its ability to benefit, via reduced contributions, from a surplus in the scheme.

The actuary identifies the following elements of pension cost charged to the Income and Expenditure account:

Actuarial gains and losses – these consist of experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effect of actuarial assumption changes in regard to financial and demographic assumptions.

Current Service Cost - the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Net Defined Benefit Liability (asset) – the present value of the defined benefit obligation less the fair value of the plan assets.

Net interest Income (expense) – the change during the period in the net defined benefit liability (asset) that arises from the passage of time. This includes allowance for interest on the current service cost.

Past Service Costs – the change in the present value of the defined benefit obligation for employee service in prior periods resulting from a plan amendment.

Any difference between the accounting cost (i.e. the IAS 19 based cost) and the funding cost (i.e. the contributions or payments made during the year) is appropriated from the Pensions Reserve to the Movement in Reserves Statement. This appropriation ensures the IAS 19 pension cost equals the pension payments funded from taxation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in the Notes to the Annual Accounts. Details of the liabilities are shown in note 28.

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 obligation. Provisions are charged as an expense to the appropriate service revenue account in the Comprehensive Income and Expenditure Statement in the year the council becomes aware of the obligation, based on the best estimate of the likely settlement. 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 and appropriate adjustments made to the level of provision. Details of the provisions are detailed in note 18.

VAT

Income and Expenditure excludes any amounts related to VAT, as all VAT collected and paid is payable to, or recoverable from, Her Majesty's Revenues and Customs (HMRC).

Prior Period Adjustments

Prior Period Adjustments arise as a result of a change in accounting policy. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts. There have been no prior period adjustments in 2021/22.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

For 2021/22 the following accounting policy changes require to be reported as issued but not yet adopted by the code.

Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes four changed standards:

- IFRS1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – Amendment removes a misleading example that is not referenced in the code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances

There is no impact of these changes on the accounts covering the 2021/22 financial year.

IFRS 16 Leases

Following its emergency consultation on exploratory proposals for changing the Code, CIPFA/LASAAC Local Authority Accounting Code Board and the Financial Reporting Advisory Board have agreed to defer IFRS 16 Leases until 1 April 2024.

IFRS16 eliminates nearly all off balance sheet accounting for lessees as existing rules no longer apply for treating lease transactions as operating or finance leases.

All contracts that convey the right to use an asset for a period of time in exchange for consideration could meet the definition of a lease, and require to be examined. The council will continue to review its current lease portfolio in preparation for the new accounting requirements.

In preparation for implementation, the council has made significant progress in identifying lease type agreements and has engaged with Link Asset Services for the provision of a lease asset register. Whilst progress has been made, the council is not in a position to quantify the impact on the financial statements for 2021/22. Moving forward to the financial statements in relation to 2023/24 the council will be in a position to quantify the impact. The council will adopt IFRS16 with effect from 1 April 2024. The implementation and compliance with IFRS16 is recognised as potentially significant for most leases.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in note 1, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events in particular in relation to the impact of Covid-19 on the council's financial position. The critical judgements made in the annual accounts are:

- **PPP / DBFM** - The council is deemed to control the services provided under the PPP and DBFM agreements for the provision of educational establishments in accordance with IFRC12. Details of the partnership agreements to which this judgement applies are included in Note 35. The council controls the services provided under the scheme and ownership of the schools will pass to the council at the end of the contract. The council therefore applies the accounting policies for public private partnerships and these schools are recognised on the council's balance sheet at a net book value of £209.7 million, with a corresponding liability in relation to future payments to be made under the scheme of £272.8 million.
- **Uncertainty over future funding** - There is a high degree of uncertainty around future levels of funding for local government, which may significantly impact the council's ability to maintain its property, plant and equipment assets. This uncertainty is not yet sufficient to provide an indication that the assets might be impaired as a result of a reduction in funding and subsequently require changes to investment and capital strategies. Officers are currently undertaking work in relation to a new ten year capital investment strategy to 2032/33 which will consider this further. In addition to the impact of the Covid-19 pandemic recovery on income streams and the impact of increased operating costs, there remains uncertainty over the medium term. In particular in relation to the funding from Scottish Government to meet the additional costs arising from Covid-19 recovery and, as a consequence, the potential impact on the council's budget strategy detailed in section 5 of the Management Commentary.
- **Acting as a principal or agent in income and expenditure transactions** – The council has applied its judgement in determining the recognition of income and expenditure related to government grants where it may be considered either an agent or the principal in receiving and distributing funds. In 2021/22 the council has applied its judgement in line with the LASAAC Guidance on Accounting for Coronavirus (COVID-19) Grants / Funding Streams in respect of funds related to Covid-19 received and distributed in the year. The impact of this interpretation results in £18.4 million for 2021/22 (£43.3 million 2020/21) being recognised as income and subsequent expenditure where the council is considered to be a principal, notes 33.1 and 33.2, with a further £19.1 million for 2021/22 (£46.4 million 2020/21) not recognised in the financial statements where the council is considered to be an agent, detailed in note 30 and section 7.3 of the Management Commentary.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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 consideration historical experience, current trends and other relevant factors based on the information available at the time of preparing the financial statements.

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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

PENSIONS LIABILITY

Uncertainties: 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 salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied by the council in estimating these values at the balance sheet date.

The actuarial inputs into the pension liability valuation are subject to annual review, and have a significant impact on the potential valuation. Historically it is common for small changes in the discount rate, salary assumption rate and pension increase rate to have material impacts on the year end valuations on a year to year basis. The potential impact of future changes is detailed below. The council's pension liability at 31 March 2022, following the updated actuarial valuation, was £143.7 million, a decrease of £168.1 million from 31 March 2021. This was driven by a 0.7% increase in the discount rate partially offset by a 0.35% increase in the pension inflation rate.

Given the history of significant changes to liability valuations in the past, the ongoing sensitivity to future changes, and the requirement to update assumptions annually, the council expects future liabilities to continue to change significantly going forward.

Sensitivities at 31 March 2022	Approx % increase to Employer Liability	Approx monetary amount £'000
0.1% decrease in Real Discount Rate	2%	28,108
0.1% increase in the Salary Increase Rate	0%	3,166
0.1% increase in the Pension rate	2%	24,718
1 year increase in member life expectancy	4%	57,668

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%, increasing it by approximately £43 million - £72 million. 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 to younger or older ages).

More information on the key assumptions used in the actuarial valuation of the estimates is available in note 20 to the accounts, including information on the key assumptions, risks and sensitivities. An update is also included in this note on the latest development around a number of equalisation adjustments to pension liabilities which have occurred in LGPS and may continue to materially impact the valuation of the council's liability going forward.

ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Continued)

FAIR VALUE MEASUREMENTS

Uncertainties: At the 31 March 2022 the council held on its balance sheet assets totalling £0.232 billion related to Surplus Assets not yet available for sale, Level 2 and 3 Financial Instruments and Pension Plan Assets. These are outlined in more detail in note 20 to the financial statements. The fair value of these assets is subject to greater estimation uncertainty than other assets as they cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs). Their fair value is instead measured using Level 2 – quoted prices for similar assets or liabilities in active markets at the balance sheet date.

Where possible the inputs to these valuation techniques are based on observable data, but where this is not possible, estimation judgement is required in establishing fair values. These judgements include considerations such as uncertainty and risk. Changes in the assumptions could affect the fair value of the council's assets and liabilities. More Information about valuation techniques and inputs used in determining the fair value of these assets is set out in note 15.

Effect if actual results differ from assumptions: Significant changes in any of the observable inputs may result in a significantly lower or higher fair value measurement for assets and liabilities. Given the nature of the estimation techniques used as outlined above it is difficult to quantify the potential valuation movement without understanding the nature of the inputs which are subject to change on an annual basis. Given the ongoing uncertainty around the markets impacting these valuations and the materiality of the estimated balances, it is likely that future changes will materially impact the financial statements.

DEBTORS

Uncertainties: At 31 March 2022, the council had a balance of debtors of £41.3 million - Accounts Receivable debtors of £10.8 million, Council Tax debtors of £25.4 million and Housing Rent debtors of £5.1 million. In 2021/22 a total of £25.7 million was written off or provided for by the council. The council reviewed all debtors' balances at 31 March 2022 and determined that a total allowance for doubtful debts of £25.7 million was appropriate. This is based on historic assessment of recoverability, review of individual balances, correspondence with third parties, professional assessments of likely recovery and ageing analysis of debt at year end. The provision for doubtful debts consists of Accounts Receivable £0.5 million, Council Tax £20.7 million and Housing Rent and Homeless Debtors of £4.5 million. This results in a reduction in outstanding debt not provided for of £1.4 million., reducing from £9.1 million in 2020/21 to £7.7 million in 2021/22.

It is recognised that in the current economic climate and taking into account the ongoing impact of the cost of living crisis there remains an increased uncertainty around the recoverability of these debtor balances. The council continues to review all material outstanding balances and has based the amended provisions for doubtful debts to reflect current collection rates and values of outstanding debt.

Effect if actual results differ from assumptions: If collection rates were to deteriorate, a 10% increase in the amount of doubtful debts would require an additional £1.6 million to be set aside as an allowance. Given the uncertainty around the ongoing financial environment the council is unable to fully assess the likelihood of such an increase occurring.

VALUATION OF PROPERTY

Uncertainties: The valuation of the council's property, plant and equipment which are subject to revaluation are subject to significant estimation due to a number of factors, such as ongoing changes to estimates around the costs of replacing existing assets, the market value fluctuation of comparable assets used for valuation, the current condition and future maintenance costs of assets, changes to regulatory standards, the remaining useful economic lives of the assets. Given the material nature of the council's assets, there is a high likelihood that changes in these estimates will result in material changes in the valuation of assets on the balance sheet. The total value of the council's assets at 31 March 2022 is outlined and broken down by asset category at note 14.1.

In particular, additional consideration continues to be given to the effects of the Covid-19 Recovery on the council's property assets and their associated values. In order to take an informed view and to gauge the position of the wider valuation profession on this matter, consultation has taken place with colleagues from a wide range of Scottish local authorities, private practice surveyors, the District Valuers Office, the Association of Chief Estate Surveyors (ACES) and the Royal Institute of Chartered Surveyors (RICS).

2021/22 revaluations

In 2021/22, valuations were undertaken for the Council's partnership centres, community centres, day centres, old peoples' homes and heritage assets. The asset valuations were based on a depreciated replacement cost (DRC) basis and resulted in a net upwards revaluation of assets of £28.3 million (25% from previous revaluation).

A valuation movement of £11.4 million was charged to the Comprehensive Income and Expenditure Account.

The changes in valuation in assets in 2021/22, compared to 2020/21, represent updated information around the assets since the most recent full valuation.

Material Valuation Uncertainty – prior year valuations

At 1 April 2020 there was an unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence on which to base judgements. The valuation, at that date, of the council's Offices, Small Business Units, Shops, Industrial Factories, Fisheries, Play Areas, Picnic Areas, Ruined Cemetery Buildings, War Memorials and Miscellaneous Land therefore occurred when valuations were reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case.

ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Material Valuation Uncertainty – prior year valuations (continued)

For the avoidance of doubt this explanatory note, including does not mean that the valuations cannot be relied upon. Rather, has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinions were prepared.

These valuations are continually monitored for material change.

Ongoing assessment of asset valuation

In addition to full valuations of property, plant and equipment on a rolling basis over a five year period, the council assesses all assets to ensure there are no material changes that should drive an earlier valuation, to ensure that, in line with the CIPFA code, assets are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the current value at the end of the reporting period.

Building indices are not applied to approximate for those assets that are not subject to the revaluation process in the year.

The council's Corporate Estates Manager has determined in his professional opinion that, at 31 March 2022, there has been no material change in the assets not subject to revaluation in the year that would require an earlier revaluation.

As a result of this process no additional assets in the council's portfolio were subject to early revaluation. The council has also continued to assess the valuation of its asset base subsequent to the financial year end to ensure new information does not indicate a change in valuation at the balance sheet date.

Effect if actual results differ from assumptions:

The value of all council property, plant and equipment subject to revaluation through the 5 year revaluation cycle is £2 billion.

Assets revalued in 2021/22, totalled £111 million before revaluation. The impact of a 5% change in valuation would be a total of £5 million. This would either result in an increase or decrease in the council's revaluation reserve or an additional impairment charge. There would be no impact on the council's general fund.

Given the wide ranging nature of the assets under revaluation, as well as the differing and overlapping estimates involved in the valuations, it is not possible for management to provide an expected range of estimate outcomes going forward. However, given the experience in past years and materiality of the asset values, it is expected that these balances will continue to be subject to change as estimates are updated annually.

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5. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also 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 on page 46.

**EXPENDITURE AND FUNDING ANALYSIS
FOR THE YEAR ENDED 31 MARCH 2022**

	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments Between the Funding and Accounting Basis (Note 6) £'000	Net Expenditure In the Comprehensive Income and Expenditure Statement £'000
2020/21			
Schools, Education Support	163,762	87,452	251,214
Planning, Economic Development and Regeneration	5,632	2,798	8,430
Operational Services	60,202	16,341	76,543
Housing, Customer and Building Services	6,470	7,938	14,408
Corporate Services	11,211	(9,820)	1,391
Social Policy – IJB, Adult and Elderly Services	69,353	-	69,353
Social Policy – non-IJB, Children's Services	29,376	9,241	38,617
Chief Executive, Finance and Property	32,770	10,642	43,412
Joint Boards	1,193	-	1,193
Other Services	15,746	(12,809)	2,937
Net Cost of General Fund Services	395,715	111,783	507,498
Housing Revenue Account	-	7,418	7,418
Net Cost of Services	395,715	119,201	514,916
Other Income and Expenditure	(418,365)	(29,111)	(447,476)
Surplus	(22,650)	90,090	67,440
	General Fund	HRA Fund	Total
Opening General Fund and HRA Balance	(19,869)	(926)	(20,795)
Net increase before transfers to other statutory reserves	(26,297)	-	(26,297)
Transfers to other statutory reserves	3,647	-	3,647
Closing General Fund and HRA Balance as at 31 March	(42,519)	(926)	(43,445)
2021/22			
Schools, Education Support	177,403	67,784	245,187
Planning, Economic Development and Regeneration	5,425	4,498	9,923
Operational Services	64,752	18,805	83,557
Housing, Customer and Building Services	7,633	13,191	20,824
Corporate Services	11,901	(10,449)	1,452
Social Policy – IJB, Adult and Elderly Services	77,856	-	77,856
Social Policy – non-IJB, Children's Services	26,649	14,948	41,597
Chief Executive, Finance and Property	30,249	20,569	50,818
Joint Boards	1,304	-	1,304
Other Services	12,295	(11,746)	549
Net Cost of General Fund Services	415,467	117,600	533,067
Housing Revenue Account	-	13,989	13,989
Net Cost of Services	415,467	131,589	547,056
Other Income and Expenditure	(425,775)	(40,771)	(466,546)
Surplus	(10,308)	90,818	80,510
	General Fund	HRA Fund	Total
Opening General Fund and HRA Balance	(42,519)	(926)	(43,445)
Net increase before transfers to other statutory reserves	(17,300)	-	(17,300)
Transfers to other statutory reserves	6,992	-	6,992
Closing General Fund and HRA Balance as at 31 March	(52,827)	(926)	(53,753)

Notes 12 and 13 to the Movement in Reserves Statement provide details of the Adjustments between accounting and funding basis and transfers to and from other Statutory Reserves

NOTES TO THE ANNUAL ACCOUNTS

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6. 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 6.1) £'000	Net change for the Pensions Adjustments (Note 6.2) £'000	Other Differences (Note 6.3) £'000	Total Adjustments £'000
Schools, Education Support	77,069	4,689	5,694	87,452
Planning, Economic Development and Regeneration	666	613	1,519	2,798
Operational Services	10,205	3,797	2,339	16,341
Housing, Customer and Building Services	(26)	2,614	5,350	7,938
Corporate Services	2,112	1,095	(13,027)	(9,820)
Social Policy – non-IJB, Children's Services	16	4,815	4,410	9,241
Chief Executive, Finance and Property	12,689	1,215	(3,262)	10,642
Other Services	(685)	(1,679)	(10,445)	(12,809)
Net Cost of General Fund Services	102,046	17,159	(7,422)	111,783
Housing Revenue Account	19,310	-	(11,892)	7,418
Net Cost of Services	121,356	17,159	(19,314)	119,201
Other income and expenditure from the Expenditure and Funding Analysis	(51,389)	5,379	16,899	(29,111)
Difference between General Fund deficit and Comprehensive Income and Expenditure Statement deficit on the Provision of Services	69,967	22,538	(2,415)	90,090

Adjustments between Funding and Accounting Basis 2021/22

Schools, Education Support	51,106	9,910	6,768	67,784
Planning, Economic Development and Regeneration	567	1,464	2,467	4,498
Operational Services	7,841	7,900	3,064	18,805
Housing, Customer and Building Services	(28)	5,493	7,726	13,191
Corporate Services	3,799	2,186	(16,434)	(10,449)
Social Policy – non-IJB, Children's Services	71	9,812	5,065	14,948
Chief Executive, Finance and Property	23,437	2,654	(5,522)	20,569
Other Services	(1,348)	(1,478)	(8,920)	(11,746)
Net Cost of General Fund Services	85,445	37,941	(5,786)	117,600
Housing Revenue Account	27,019	-	(13,030)	13,989
Net Cost of Services	112,464	37,941	(18,816)	131,589
Other income and expenditure from the Expenditure and Funding Analysis	(59,684)	6,618	12,295	(40,771)
Difference between General Fund deficit and Comprehensive Income and Expenditure Statement deficit on the Provision of Services	52,780	44,559	(6,521)	90,818

6.1. 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 i.e. Minimum Revenue Provision 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.

6.2. Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For **services** this represents the removal of the employer pension contributions made by the council 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.

NOTES TO THE ANNUAL ACCOUNTS

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6.3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and investment income and expenditure** – the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** – represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- Transfers to or from other statutory funds.

7. EXPENDITURE AND INCOME ANALYSED BY SEGMENT AND NATURE

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

	Schools with Education Support £'000	Planning, Economic Development and Regeneration £'000	Operational Services £'000	Housing, Customer and Building Services £'000	Corporate Services £'000	Social Policy - IJB, Adult and Elderly Services £'000	Social Policy - non IJB, Children's Services £'000
2020/21							
Expenditure							
Employee Expenses	166,003	5,924	35,058	11,773	2,371	33,194	19,000
Other Services Expenses	28,225	6,023	33,016	3,845	364	139,883	20,479
Support Services	4,493	1,749	4,179	5,309	(2,949)	-	4,215
Depreciation, Amortisation, Impairment	79,625	679	10,433	-	2,112	96	49
Interest Payments	-	-	-	-	-	-	-
Gain on the disposal of non-current assets	-	-	-	-	-	-	-
Total Expenditure	278,346	14,375	82,686	20,927	1,898	173,173	43,743
Income							
Fees, Charges and Other Service Income	8,476	5,945	6,143	6,519	507	103,820	2,065
Interest and Investment Income	-	-	-	-	-	-	-
Income from Council Tax	-	-	-	-	-	-	-
Government Grants and Contributions	18,656	-	-	-	-	-	3,061
Total Income	27,132	5,945	6,143	6,519	507	103,820	5,126
Deficit on Provision of Services	251,214	8,430	76,543	14,408	1,391	69,353	38,617
	Chief Executive, Finance and Property £'000	Joint Boards £'000	Other Services £'000	Housing Revenue Account £'000	Cost of Services £'000	Not included in Cost of Services £'000	Total £'000
Expenditure							
Employee Expenses	7,177	-	174	4,606	285,280	-	285,280
Other Services Expenses	28,963	1,193	49,905	25,710	337,606	943	338,549
Support Services	709	-	182	-	17,887	593	18,480
Depreciation, Amortisation, Impairment	13,916	-	-	31,431	138,341	1,384	139,725
Interest Payments	-	-	-	-	-	57,476	57,476
Gain on the disposal of non-current assets	-	-	-	-	-	(1,272)	(1,272)
Total Expenditure	50,765	1,193	50,261	61,747	779,114	59,124	838,238
Income							
Fees, Charges and Other Service Income	7,353	-	47,324	54,329	242,481	4,464	246,945
Interest and Investment Income	-	-	-	-	-	24,630	24,630
Income from Council Tax	-	-	-	-	-	76,626	76,626
Government Grants and Contributions	-	-	-	-	21,717	400,880	422,597
Total Income	7,353	-	47,324	54,329	264,198	506,600	770,798
Deficit on Provision of Services	43,412	1,193	2,937	7,418	514,916	(447,476)	67,440

NOTES TO THE ANNUAL ACCOUNTS

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7. EXPENDITURE AND INCOME ANALYSED BY SEGMENT AND NATURE (CONTINUED)

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

2021/22	Schools with Education Support £'000	Planning, Economic Development and Regeneration £'000	Operational Services £'000	Housing, Customer and Building Services £'000	Corporate Services £'000	Social Policy - IJB, Adult and Elderly Services £'000	Social Policy - non IJB, Children's Services £'000
Expenditure							
Employee Expenses	179,331	8,175	40,616	15,351	3,460	37,882	20,346
Other Services Expenses	33,223	4,223	36,653	5,409	277	152,475	21,386
Support Services	5,846	2,626	5,126	7,728	(5,522)	-	5,074
Depreciation, Amortisation, Impairment	54,166	602	8,794	-	3,799	30	116
Interest Payments	-	-	-	-	-	-	-
Gain on the disposal of non-current assets	-	-	-	-	-	-	-
Total Expenditure	272,566	15,626	91,189	28,488	2,014	190,387	46,922
Income							
Fees, Charges and Other Service Income	6,064	5,703	7,632	7,664	562	112,531	2,319
Interest and Investment Income	-	-	-	-	-	-	-
Income from Council Tax	-	-	-	-	-	-	-
Government Grants and Contributions	21,315	-	-	-	-	-	3,006
Total Income	27,379	5,703	7,632	7,664	562	112,531	5,325
Deficit on Provision of Services	245,187	9,923	83,557	20,824	1,452	77,856	41,597
	Chief Executive, Finance and Property £'000	Joint Boards £'000	Other Services £'000	Housing Revenue Account £'000	Cost of Services £'000	Not included in Cost of Services £'000	Total £'000
Expenditure							
Employee Expenses	9,005	-	301	4,803	319,270	-	319,270
Other Services Expenses	28,811	1,304	45,026	27,060	355,847	1,009	356,856
Support Services	(1,632)	-	49	-	19,295	211	19,506
Depreciation, Amortisation, Impairment	22,570	-	-	38,699	128,776	999	129,775
Interest Payments	-	-	-	-	-	57,767	57,767
Gain on the disposal of non-current assets	-	-	-	-	-	(603)	(603)
Total Expenditure	58,754	1,304	45,376	70,562	823,188	59,383	882,571
Income							
Fees, Charges and Other Service Income	7,936	-	44,827	56,573	251,811	4,501	256,312
Interest and Investment Income	-	-	-	-	-	23,712	23,712
Income from Council Tax	-	-	-	-	-	80,054	80,054
Government Grants and Contributions	-	-	-	-	24,321	417,662	441,983
Total Income	7,936	-	44,827	56,573	276,132	525,929	802,061
Deficit on Provision of Services	50,818	1,304	549	13,989	547,056	(466,546)	80,510

NOTES TO THE ANNUAL ACCOUNTS

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8. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
- SERVICE INCOME AND EXPENDITURE STATEMENT INCLUDING INTERNAL RECHARGES

The service lines in the Comprehensive Income and Expenditure Statement exclude internal recharges. These were eliminated in the Expenditure and Funding Analysis. The income and expenditure for each service, inclusive of internal recharges, are shown below.

	2021/22			2020/21		
	Gross Expend £'000	Gross Income £'000	Net Expend £'000	Gross Expend £'000	Gross Income £'000	Net Expend £'000
Schools, Education Support	272,566	27,379	245,187	278,346	27,132	251,214
Planning, Economic Development and Regeneration	15,677	5,754	9,923	14,425	5,995	8,430
Operational Services	97,579	14,022	83,557	88,754	12,211	76,543
Housing, Customer and Building Services	61,123	40,299	20,824	48,225	33,817	14,408
Corporate Services	22,014	20,562	1,452	17,856	16,465	1,391
Social Policy – IJB, Adult and Elderly Services	190,387	112,531	77,856	173,173	103,820	69,353
Social Policy – non-IJB Children's Services	46,922	5,325	41,597	43,743	5,126	38,617
Chief Executive, Finance and Property	80,728	29,910	50,818	68,383	24,971	43,412
Joint Boards	1,304	-	1,304	1,193	-	1,193
Other Services	45,377	44,828	549	50,262	47,325	2,937
Cost of General Fund Services	833,677	300,610	533,067	784,360	276,862	507,498
HRA	70,562	56,573	13,989	61,748	54,330	7,418
Net Cost of Services	904,239	357,183	547,056	846,108	331,192	514,916

9. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
- OTHER OPERATING EXPENDITURE

Gain on disposal of non-current assets

2021/22 £'000	2020/21 £'000
603	1,272

10. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
- FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Interest payable and similar charges
 Net interest on the defined benefit liability (asset)
 Interest receivable and similar income
 (Surplus) / Deficit on trading operations

2021/22 £'000	2020/21 £'000
27,804	28,602
6,618	5,379
(367)	(1,135)
(2,282)	(1,544)
31,773	31,302

11. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
- TAXATION AND NON-SPECIFIC GRANT INCOME

Council tax income
 Non-domestic rates distribution
 Non-ring-fenced government grants
 Capital grants and contributions

2021/22 £'000	2020/21 £'000
80,054	76,626
60,063	52,042
303,705	310,977
53,894	37,861
497,716	477,506

12. MOVEMENT IN
RESERVES STATEMENT -
TRANSFERS TO OR (FROM)
OTHER STATUTORY
RESERVES - 2020/21

Transfer (to) / from Insurance Fund
 Transfer (to) / from Capital Fund

General Fund £'000	HRA £'000	Capital Fund £'000	Insurance Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
1,721	-	-	(1,721)	-	-	-
(5,368)	-	5,368	-	-	-	-
(3,647)	-	5,368	(1,721)	-	-	-

TRANSFERS TO OR (FROM)
OTHER STATUTORY
RESERVES - 2021/22

Transfer (to) / from Insurance Fund
 Transfer (to) / from Capital Fund

General Fund £'000	HRA £'000	Capital Fund £'000	Insurance Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
289	-	-	(289)	-	-	-
(7,281)	-	7,281	-	-	-	-
(6,992)	-	7,281	(289)	-	-	-

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13. MOVEMENT IN RESERVES STATEMENT - ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS							
	General Fund £'000	HRA £'000	Capital Fund £'000	Insurance Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
2020/21							
Depreciation and impairment of non-current assets	107,801	31,534	-	-	139,335	(139,335)	-
Amortisation of intangible assets	390	-	-	-	390	(390)	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(37,861)	-	-	-	(37,861)	37,861	-
Gain on disposal of non-current assets	(1,272)	-	-	-	(1,272)	1,272	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements							
- adjustment for interest on stepped interest rate loans	(36)	-	-	-	(36)	36	-
- annual recharge of deferred discounts from refinancing of debt	(393)	-	-	-	(393)	393	-
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under pension scheme regulations	22,393	145	-	-	22,538	(22,538)	-
Statutory provision for repayment of debt	(10,412)	(1,845)	-	-	(12,257)	12,257	-
Statutory charge for lifecycle capital (PFI)	(200)	-	-	-	(200)	200	-
Capital expenditure charged to the General Fund and HRA	(6,047)	(12,121)	-	-	(18,168)	18,168	-
Net transfer to / (from) earmarked reserves required by legislation (i.e. holiday pay accrual)	1,642	19	-	-	1,661	(1,661)	-
Capital receipts transferred to the Capital Fund	-	-	(17,705)	-	(17,705)	17,705	-
	76,005	17,732	(17,705)	-	76,032	(76,032)	-
2021/22							
Depreciation and impairment of non-current assets	90,264	38,799	-	-	129,063	(129,063)	-
Amortisation of intangible assets	712	-	-	-	712	(712)	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(53,894)	-	-	-	(53,894)	53,894	-
Gain on disposal of non-current assets	(603)	-	-	-	(603)	603	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements							
- adjustment for interest on stepped interest rate loans	(36)	-	-	-	(36)	36	-
- annual recharge of deferred discounts from refinancing of debt	(394)	-	-	-	(394)	394	-
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under pension scheme regulations	44,385	174	-	-	44,559	(44,559)	-
Statutory provision for repayment of debt	(3,038)	(2,150)	-	-	(5,188)	5,188	-
Statutory charge for lifecycle capital (PFI)	(645)	-	-	-	(645)	645	-
Capital expenditure charged to the General Fund and HRA	(4,985)	(11,680)	-	-	(16,665)	16,665	-
Net transfer to / (from) earmarked reserves required by legislation (i.e. holiday pay accrual)	902	(1)	-	-	901	(901)	-
Capital receipts transferred to the Capital Fund	-	-	(14,221)	-	(14,221)	14,221	-
	72,668	25,142	(14,221)	-	83,589	(83,589)	-

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Movements in 2020/21

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra- structure Assets £'000
Cost or Valuation				
At 1 April 2020	463,934	1,275,116	58,087	315,960
Additions	20,150	11,943	5,862	9,522
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,178	(57,437)	-	-
Revaluation increases / (decreases) recognised in the Deficit on the Provision of Services	(14,676)	(3,385)	-	-
Derecognition - disposals	(150)	(836)	(72)	-
Other movements in cost or valuation	2,634	3,471	-	213
At 31 March 2021	473,070	1,228,872	63,877	325,695
Accumulated Depreciation and Impairment				
At 1 April 2020	80,130	325,079	45,587	77,242
Depreciation charge	15,831	94,128	5,557	8,132
Depreciation written out to the Revaluation Reserve	(95,961)	(354,759)	-	-
Depreciation written out to the Deficit on the Provision of Services	-	(1,984)	-	-
Derecognition - disposals	-	(38)	(72)	-
Other movements in depreciation and impairment	-	-	-	-
At 31 March 2021	-	62,426	51,072	85,374
Net Book Value At 31 March 2021	473,070	1,166,446	12,805	240,321
At 31 March 2020	383,804	950,037	12,500	238,718
	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
Cost or Valuation				
At 1 April 2020	567	13,895	22,672	2,150,231
Additions	-	32,021	-	79,498
Revaluation increase / (decreases) recognised in the Revaluation Reserve	31	-	359	(55,869)
Revaluation increases / (decreases) recognised in the Deficit on the Provision of Services	-	-	-	(18,061)
Derecognition - disposals	-	-	(71)	(1,129)
Other movements in cost or valuation	(97)	(6,117)	(104)	-
At 31 March 2021	501	39,799	22,856	2,154,670
Accumulated Depreciation and Impairment				
At 1 April 2020	-	-	-	528,038
Depreciation charge	-	-	-	123,648
Depreciation written out to the Revaluation Reserve	-	-	-	(450,720)
Depreciation written out to the Deficit on the Provision of Services	-	-	-	(1,984)
Derecognition - disposals	-	-	-	(110)
Other movements in depreciation and impairment	-	-	-	-
At 31 March 2021	-	-	-	198,872
Net Book Value At 31 March 2021	501	39,799	22,856	1,955,798
At 31 March 2020	567	13,895	22,672	1,622,193

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14.1 Movements in 2021/22				
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra- structure Assets £'000
Cost or Valuation				
At 1 April 2021	473,070	1,228,872	63,877	325,695
Additions	25,950	25,894	8,744	13,577
Revaluation increase / (decreases) recognised in the Revaluation Reserve	-	6,431	-	-
Revaluation increases / (decreases) recognised in the Deficit on the Provision of Services	(18,786)	(15,143)	-	-
Derecognition - disposals	-	(9)	-	-
Other movements in cost or valuation	3,458	14,801	-	102
At 31 March 2022	483,692	1,260,846	72,621	339,374
Accumulated Depreciation and Impairment				
At 1 April 2021	-	62,426	51,072	85,374
Depreciation charge	18,745	67,225	5,192	8,370
Depreciation written out to the Revaluation Reserve	-	(33,068)	-	-
Depreciation written out to the Deficit on the Provision of Services	-	(3,704)	-	-
Derecognition - disposals	-	(4)	-	-
Other movements in depreciation and impairment	-	(236)	-	-
At 31 March 2022	18,745	92,639	56,264	93,744
Net Book Value At 31 March 2022	464,947	1,168,207	16,357	245,630
At 31 March 2021	473,070	1,166,446	12,805	240,321
	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
Cost or Valuation				
At 1 April 2021	501	39,799	22,856	2,154,670
Additions	-	67,126	-	141,291
Revaluation increase / (decreases) recognised in the Revaluation Reserve	-	-	(72)	6,359
Revaluation increases / (decreases) recognised in the Deficit on the provision of Services	-	-	(18)	(33,947)
Derecognition - disposals	-	-	(190)	(199)
Other movements in cost or valuation	-	(18,919)	558	-
At 31 March 2022	501	88,006	23,134	2,268,174
Accumulated Depreciation and Impairment				
At 1 April 2021	-	-	-	198,872
Depreciation charge	-	-	-	99,532
Depreciation written out to the Revaluation Reserve	-	-	(236)	(33,304)
Depreciation written out to the Deficit on the Provision of Services	-	-	-	(3,704)
Derecognition – disposals	-	-	-	(4)
Other movements in depreciation and impairment	-	-	236	-
At 31 March 2022	-	-	-	261,392
Net Book Value At 31 March 2022	501	88,006	23,134	2,006,782
At 31 March 2021	501	39,799	22,856	1,955,798

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

14.2 Property, Plant and Equipment - PPP and DBFM Schools

The value of assets held under two PPP contracts and a DBFM contract are as follows: -

Cost or Valuation

Value as at 1 April

Additions

Revaluation increase / (decreases) recognised in the Revaluation Reserve

Value as at 31 March

Aggregate Depreciation

Value as at 1 April

Charge for year

Depreciation written out to the Revaluation Reserve

Value as at 31 March

Net Book Value

As at 31 March

2021/22 £'000	2020/21 £'000
221,340	197,522
645	200
-	23,618
221,985	221,340
-	63,602
12,240	16,344
-	(79,946)
12,240	-
209,745	221,340

14.3 Financial Liabilities - PPP and DBFM Schools

The value of financial liabilities resulting from PPP and DBFM contracts are as follows: -

As at 1 April

Additions / Adjustments

Principal repayments

As at 31 March

Split

Short term Creditors

Long term Creditors

2021/22 £'000	2020/21 £'000
81,622	85,364
9	(60)
(2,384)	(3,682)
79,247	81,622
2,581	2,384
76,666	79,238
79,247	81,622

14.4 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with 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.

	2021/22		2020/21	
	£'000	£'000	£'000	£'000
Opening Capital Financing Requirement		713,242		721,714
Capital Investment				
Property, Plant and Equipment and Intangible Assets		141,291		79,498
		854,533		801,212
Sources of Finance				
Capital Receipts	(14,855)		(19,484)	
Government Grants	(25,067)		(24,147)	
Contributions from Other Bodies	(28,827)		(13,714)	
Capital Financed from Current Revenue	(16,665)		(18,168)	
Finance Lease Principal (incl. PPP)	(3,051)		(3,978)	
Loans Fund Principal	(2,782)	(91,247)	(8,479)	(87,970)
Closing Capital Financing Requirement		763,286		713,242
(Decrease) / Increase in Capital Financing Requirement		50,044		(8,472)

NOTES TO THE ANNUAL ACCOUNTS

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14.5 Fixed Asset Valuation

For assets included in the balance sheet at current value the undernoted valuation details apply: -

Date of Valuation	Council Dwellings £'000	Other Land and Buildings £'000	Surplus Assets £'000	Total £'000
1 April 2017	1,990	131,512	18,626	152,128
1 April 2018	69	161,891	4,519	166,479
1 April 2019	400	125,930	641	126,971
1 April 2020	465	78,275	660	79,400
31 March 2021	468,494	832,469	-	1,300,963
1 April 2021	-	102,357	468	102,825
	471,418	1,432,434	24,914	1,928,766
Net historical cost alterations	12,274	328,914	(1,780)	339,408
Gross Valuation	483,692	1,761,348	23,134	2,268,174

Valuations of the above categories of assets are undertaken over a five year rolling programme by independent expert valuers engaged by the council and by the council's Chartered Surveyors in the Property Services Team, in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS).

In 2021/22, valuations were undertaken for the Council's partnership centres, community centres, day centres, old peoples' homes and heritage assets. The asset valuations were based on a depreciated replacement cost (DRC) basis and resulted in a net upwards revaluation of assets of £28.3 million.

More information about the valuation process and the estimates made in the financial statements is available on pages 58 and 59 in the estimates and judgements section of the accounting policies.

14.6 Depreciation

Assets other than land are being depreciated using the straight line method over their useful economic lives as follows: -

Council Dwellings	50 Years
Council Dwellings (Fixtures)	27 Years
Operational Buildings	20 - 60 Years
Plant and Equipment (Other)	10 - 25 Years
Plant and Equipment (Books)	3 Years
Motor Vehicles	4 - 10 Years
Fixtures and Fittings	3 - 10 Years
Infrastructure	40 Years

No depreciation is charged on community assets, heritage assets, assets under construction and surplus assets not yet available for sale. The total depreciation charge for 2021/22 was £99.532 million (£123.648 million 2020/21). Amortisation of intangible assets for 2021/22 accounted for £0.712 million (£0.390 million 2020/21).

14.7 Capital Commitments

At 31 March 2021 the council has commitments on capital contracts of £10.359 million (£14.352 million 2020/21) for the Housing Programme and £16.279 million (£69.151 million 2020/21) for the Composite Programme.

The housing commitment of £10.359 million is a result of ongoing investment in the new council house build programme to deliver the commitment of 3,000 new homes for West Lothian, with £1.615 million for Deans South, £0.741 million for Eaglebrae, £2.741 million for Mossend, £5.247 for Wellhead Murieston and £0.015 million for Standhill Bathgate developments.

The committed expenditure of £16.279 million in the Composite Programme is a consequence of several significant capital investment projects namely Winchburgh Schools (£9.277 million), Adult complex Care Housing (£3.6 million), Howden Primary School Refurbishment (£0.452 million) and Whitburn Partnership Centre (£1.017 million). The remaining commitment is spread over a number of roads and bridge infrastructure projects and property projects.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

15. FINANCIAL INSTRUMENTS

15.1 Types of Financial Instruments

The carrying amounts of financial assets and liabilities presented in the Balance Sheet relate to the following measurement categories.

	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Financial Assets Amortised Cost								
Investments	289	293	-	-	42,579	15,083	-	-
Debtors	-	-	-	-	-	-	10,434	14,231
Cash and Cash Equivalent	-	-	-	-	48,955	71,946	-	-
Assets Held at FVOCI								
Equity	219	198	-	-	-	-	-	-
Total Financial Assets	508	491	-	-	91,534	87,029	10,434	14,231
Assets not defined as financial instruments	-	-	-	-	-	-	44,101	63,614
Total	508	491	-	-	91,534	87,029	54,535	77,845

	Non-Current				Current			
	Borrowing		Other Liabilities		Borrowing		Other Liabilities	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Financial Liabilities Amortised Cost								
Borrowing	(568,641)	(528,641)	-	-	(69,225)	(79,196)	-	-
Creditors	-	-	-	-	-	-	(7,766)	(13,201)
PFI and Financial Lease Liabilities	-	-	(76,666)	(79,238)	-	-	(2,584)	(2,405)
Total Financial Liabilities	(568,641)	(528,641)	(76,666)	(79,238)	(69,225)	(79,196)	(10,350)	(15,606)
Assets not defined as financial instruments	-	-	-	-	-	-	-	-
Pensions Assets and Liabilities recognised in the Balance Sheet	-	-	(143,677)	(311,763)	-	-	-	-
Short-term Creditors	-	-	-	-	-	-	(85,259)	(70,035)
Total	(568,641)	(528,641)	(220,343)	(391,001)	(69,225)	(79,196)	(95,609)	(85,641)

Investments in equity instruments designated at fair value through other comprehensive income

The council designates the following equity as fair value through other comprehensive income: -

	25,000 Nominal Shares @ £1 £'000	Fair Value £'000	Change in Fair Value during 2021/22 £'000	Dividends £'000
Lothian Buses	25	218	20	-

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

15.1 Types of Financial Instruments (Continued)

The council holds 25,000 ordinary shares in Lothian Buses, representing 0.4% of the company's capital. The core purpose of Lothian Buses Limited is to deliver a high quality, integrated and socially inclusive transport service with a long term vision to be an integral part of the future success of Edinburgh and the Lothians.

As the asset is not held for trading or income generation, but as a longer term policy initiative the equity has been designated as fair value through comprehensive income.

The shares in this company are not traded in an active market and therefore the fair value of £0.218 million (£0.198 million 2020/21) is based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on the current calculated share price of £8.74 multiplied by the council's shareholding. The council has no current intention to dispose of the shareholding. No dividend was paid in 2021/22 or 2020/21 as a result of circumstances arising from Covid-19.

Items of income, expense, gains and losses

The gains and losses recognised in the Income and Expenditure Account in relation to financial instruments are made up as follows:

	2021/22 Other Comprehensive Income and Expenditure £'000	2020/21 Other Comprehensive Income and Expenditure £'000
Gain / Loss on:		
Amortised Costs	-	-
Interest Expense		
Amortised Cost	23,521	24,081
PFI and finance lease liabilities	4,283	4,521
Total Interest Expense	27,804	28,602
Interest Income		
Amortised Cost	(367)	(1,135)
Total	27,437	27,467

15.2 Fair Value of Assets and Liabilities carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) are carried in the balance sheet at amortised cost.

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 instrument, using the following assumptions: -

- Interest rates at 31 March 2022 for PWLB vary from 1.26% to 8.25% depending on the maturity profile of the loans and for other market loans (LOBO's) from 3.75% to 4.85% again based on the maturity profile of the loans.
- No early repayments or impairment are recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is assumed to be the invoiced or billed amount.

For both assets and liabilities, the valuation basis adopted by Link Asset Services uses Level 2 inputs i.e. inputs other than quoted prices that are observable for the financial asset / liability. The accounting policy for the Fair Value Measurement is included in Statement 8 note 4 on page 58.

The fair values are calculated as follows: -

	31 March 2022		31 March 2021	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Assets				
Loans and receivables – Bonds				
The bond valuation is made by the prevailing benchmark rates	289	693	293	730
Loans and receivables - Cash				
The loans and receivables valuation is calculated using the prevailing benchmark rates	47,250	47,269	70,110	70,117
Loans and receivables - Fixed Term Deposits				
The fixed term deposit valuation is made by comparison of the fixed term investment with a comparable investment with the same / similar lender for the remaining period of the deposit	42,579	42,486	15,083	15,062
	90,118	90,448	85,486	85,909

NOTES TO THE ANNUAL ACCOUNTS

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15.2 Fair Value of Assets and Liabilities carried at Amortised Cost (Continued)

The fair value is more than the carrying amount because the council's lending figure includes a number of loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. The commitment to receive interest above current market rates increases the amount that the council would receive if it agreed to early repayment of the loans. The fair value amount also includes accrued interest receivable on the loans of £0.077 million.

Financial Liabilities**Financial liabilities - PWLB**

For loans from the PWLB, Link Asset Services have provided fair value estimates using both redemption and new borrowing (certainty rate) discount rates.

Financial liabilities - LOBO's and Temporary borrowing

For non-PWLB loans Link Asset Services have provided fair value estimates using both PWLB redemption and new market loan discount rates.

31 March 2022		31 March 2021	
Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
574,340	704,675	544,283	749,251
63,526	91,184	63,554	99,741
637,866	795,859	607,837	848,992

The fair value is more than the carrying amount because the council's borrowing figure 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 current market rates increases the amount that the council would have to pay if the lender requested or agreed to early repayment of the loans.

15.3 Nature and Extent of Risks arising from Financial Instruments

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.
- **Re-financing risk** - the possibility that the council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **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 risks actively works to minimise its exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

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 exposures to the council's customers.

This risk is minimised through the Treasury Management Plan which required that deposits are only placed with a limited number of high quality UK banks and building societies whose credit rating is independently assessed as sufficiently secure by the council's treasury adviser and to restrict lending to a prudent maximum amount of each institution.

The credit ratings of investments as at 31 March 2022 are: -

Investments

West Calder High School DBFM
Bank of Scotland Plc – Main Banking Provider
Standard Chartered Bank Plc
Goldman Sachs
Al Rayan Bank
Santander UK Plc
National Bank of Kuwait
Sumitomo Mitsui Banking Corporation

Total

Credit Risk	Investment Value at 31 March 2022 £'000	%
AA	289	-
A+	40,250	44
A+	7,000	8
A+	7,000	8
A+	14,500	16
A	7,000	8
A	7,000	8
A	7,000	8
Total	90,039	100

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15.3 Nature and Extent of Risks arising from Financial Instruments (Continued)

The Treasury Management Plan, which is set annually and is monitored throughout the year, sets out the limits on both duration and maximum levels of deposits. These counterparties are chosen using credit rating data supplied by the council's treasury advisers. This is based on data from the three main credit rating agencies, overlaid by:

- Credit watches and credit outlooks from credit rating agencies.
- Credit Default Swap spreads (i.e. insurance policies) to give early warning of likely changes in credit ratings.
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally; as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the council's deposits, but there was no evidence at 31 March 2022 that this was likely.

The Treasury Management Plan for 2021/22 was approved by Council on 25 February 2021 and is available on the council's website link: [Treasury Management Plan for 2021/22](#)

Amounts Arising from Expected Credit Losses

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited / credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. During 2021/22 the credit losses recognised related only to receivables (debtors) and was based on a lifetime basis.

	Amount at 31 March 2022 £'000	Historical experience of non- payment adjusted for market conditions at 31 March 2022 %	Estimated maximum exposure to default and uncollectability £'000
Deposits with banks and building societies	90,118	0%	-
Customers (other income)	41,325	3.0%	1,240

The council does not generally allow credit for customers, however, £32.276 million of the £41.325 million balance is past its due date for payment. The past due amount can be analysed by age as follows:

	Debtors - Local Taxation £'000	Other Debtors £'000	Total £'000
Less than three months	-	2,084	2,084
Three to six months	-	1,272	1,272
Six months to one year	1,780	1,419	3,199
More than one year	23,616	2,105	25,721
	25,396	6,880	32,276

The council has provided £25.677 million against possible bad debts at 31 March 2022 (£25.21 million at 31 March 2021), providing for approximately 80% (76%) of all debt outstanding at 31 March 2022 (2021).

Liquidity Risk

The council's main source of borrowing is the Treasury's Public Works Loan 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 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 possible uncertainty over interest rates. The council's policy is to ensure that not more than 15% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments. LOBO Loans are classified as maturing at the date of the next rate review but are unlikely to be repaid at that point.

The maturity analysis of financial liabilities, including LOBO Loans, is as follows: -

	31 March 2022 £'000	31 March 2021 £'000
Less than one year	69,225	79,196
Between one and two years	-	-
Between two and five years	873	-
Between six and ten years	42,500	33,373
More than ten years	525,268	495,268
	637,866	607,837

15.3 Nature and Extent of Risks arising from Financial Instruments (Continued)

Refinancing and Maturity Risk

The council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameter used to address this risk.

The council approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes: -

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The council policy is to ensure that no more than 15% of loans are due to mature within any financial year, through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments. LOBO Loans are classified as maturing at the date of the next review but are unlikely to be repaid at that point.

Market risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates. An increase in interest rates would also mean an increase in the income received on lending at variable rates.

Changes in market rates also affect the notional "fair value" of lending and borrowing. For example, a rise in interest rates would reduce the fair value of both lending and borrowing at fixed rates. Changes in the fair value of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

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 ensure its variable rate borrowing is limited to a maximum of 35% of total borrowing. At 31 March 2022 the council had no debt subject to variable rates.
- 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 adviser and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and 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 for the financial year 2021/22, with all other variables held constant.

Impact on tax-payer and rent-payers

Increase in interest payable on variable rate borrowings

£'000

-

Increase in interest receivable on variable rate lending

(378)

Net effect on Income and Expenditure Account

(378)

Housing Revenue Account's Share

(146)

Price Risk

The council has 25,000 ordinary shares in Lothian Buses Limited (formerly Lothian Buses Plc). While the value of the shares held is not significant, there remains a risk arising from the movement in the price of the shares.

Foreign Exchange Risk

The council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

NOTES TO THE ANNUAL ACCOUNTS

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16. SHORT TERM DEBTORS	2021/22		2020/21	
	£'000	£'000	£'000	£'000
Central Government Bodies		14,774		44,457
Other Local Authorities		1,176		2,237
NHS Bodies		20,429		10,532
Public Corporations and Trading Funds		345		338
Other Entities and Individuals				
• Council Tax Debtors	25,396		27,420	
• Provision for Council Tax Debtors	(20,675)		(21,112)	
• Trade Debtors	8,543		7,716	
• Provision for Trade Debtors and Other Debtors	(5,002)		(4,098)	
• Other Entities and Individuals	9,549		10,355	
		17,811		20,281
Total Short Term Debtors		54,535		77,845

Analysed as follows: -	2021/22 £'000	2020/21 £'000
Trade Receivables	6,669	9,899
Prepayments	3,765	4,332
Other Receivables	32,700	46,684
	43,134	60,915
Debtors for Local Taxation	11,401	16,930
Total Short Term Debtors	54,535	77,845

17. SHORT TERM CREDITORS	2021/22 £'000	2020/21 £'000
Central Government Bodies	14,753	10,778
Other Local Authorities	3,670	3,383
NHS Bodies	53	2,093
Public Corporations and Trading Funds	264	547
Other Entities and Individuals	76,869	68,840
Total Short Term Creditors	95,609	85,641

Analysed as follows: -	2021/22 £'000	2020/21 £'000
Trade Payables	10,350	15,606
Other Payables	85,259	70,035
Total Short Term Creditors	95,609	85,641

18. PROVISIONS	Balance at 31 March 2021 £'000	Increase / (Reduction) in Provision in Year £'000	Payment / (repayment) in year £'000	Balance at 31 March 2022 £'000
Equal pay settlements	379	-	(5)	374
Holiday pay settlements	194	(310)	116	-
Total Provisions	573	(310)	111	374

Equal Pay Provision

The council's equal pay claims are largely settled, the remaining provision of £0.374 million is deemed sufficient to meet the outstanding liability due in respect of equal pay pension liabilities due to Lothian Pension Fund.

Holiday Pay Provision

The council's known holiday pay claims are now settled, the remaining provision of £0.310 million has now been written back as there are no further liabilities on the provision.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

19. LONG TERM CREDITORS	Sum Outstanding 2021/22 £'000	Sum Outstanding 2020/21 £'000
Finance Leases - outstanding principal	-	3
Open Space Agreements	212	223
Economic Development Business Gateway	28	90
	240	316
OTHER LONG TERM LIABILITIES		
PPP1 Schools	9,975	9,757
PPP3 Schools	41,443	43,353
DBFM School	25,248	26,128
	76,666	79,238

20. PENSION SCHEMES

20.1 Pension Schemes

As part of the terms and conditions of employment of its officers, 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 payments and to disclose them at the time that employees earn their future entitlement.

As explained in Statement 8 note 1 of the Accounting Policies the council participates in two post-employment schemes:

- Local Government Pension Scheme**

The Local Government Pension Scheme (Lothian Pension Fund) is administered by City of Edinburgh council in accordance with the Local Government Pension Scheme (Scotland) Regulations 2018. This is a funded defined benefit final salary scheme, meaning that the council and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.

- Teachers' Pension Scheme**

The Teachers' Pension Scheme is administered by the Scottish Public Pensions Agency, an Executive Agency of the Scottish Government. It provides teachers with defined benefits upon their retirement, and the council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. However, as the Scheme is not able to identify each council's share of the underlying liabilities with sufficient reliability for accounting purposes, the pension costs are accounted for as if it were a defined contribution scheme.

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to an extent by the statutory requirement to charge the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

In 2021/22 the council paid an employer's contribution of £20.670 million (£20.062 million 2020/21) at the prescribed rate of 23% (23% 2020/21) of pensionable pay to the Scottish Government in respect of teachers' pension costs. An actuarial valuation was carried out at 31 March 2005. In addition, the council is responsible for all pension payments relating to added years together with related increases. In 2021/22 (2020/21) these amounted to £0.356 million (£0.395 million) representing 0.26% (0.28%) of pensionable pay.

The council recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

Guaranteed Minimum Pension (GMP)

GMP was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females, however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

The fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of West Lothian Council for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards. This increased liability has been reflected since 2019/20 in the annual accounts as a past service cost, with no further impact assessed at 31 March 2021 or 31 March 2022.

McCloud Judgement

When the LGPS benefit structure was reformed in 2015, transitional protections were applied to certain older members close to normal retirement age. Following legal proceedings argued in the McCloud and Sargeant cases, the Court of Appeal found that the transitional provisions introduced in the judges and firefighters' pension schemes in 2015 gave rise to unlawful age discrimination.

The UK Government requested leave to appeal this finding but this was refused by the Supreme Court on 27 June 2019. The UK Government has formally accepted the Court's decision and, recognising the implications for all public sector pension schemes, is engaging with relevant representatives to agree how the discrimination will be remedied.

In July 2020, following the UK Government consultation, the Lothian Pension Fund's actuary adjusted GAD's estimate to better reflect the council's local assumptions, particularly withdrawal rates and salary increases. The estimated impact of the McCloud judgement included in the 2020/21 financial statements as a past service cost was estimated at £5.9 million. These numbers are a high level estimate based on a combination of scheme and fund level calculations and therefore depend on various key assumptions which may or not be borne out in practice. This had no further impact assessed at 31 March 2022.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

20.2 Transactions Relating to Post-Employment Benefits

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement:

Comprehensive Income and Expenditure Statement**Cost of Services**

Current Service cost

Past Service Costs

Effect of Settlements

Financing and Investment Income and Expenditure

Net Interest Expense

Remeasurement of the net defined benefit liability comprising:

Return on plan assets (excluding the amount included in the net interest expense)

Actuarial (gains) and losses arising on changes in demographic assumptions

Actuarial (gains) and losses arising on changes in financial assumptions

Other experience

Total Post-employment Benefits Charged to Comprehensive Income and Expenditure Statement

2021/22		2020/21	
£'000	£'000	£'000	£'000
69,393	69,673	47,370	47,542
280		172	
-		-	
	6,618		5,379
	76,291		52,921
(103,360)		(143,448)	
(9,001)		(62,173)	
(102,016)		276,412	
1,732	(212,645)	(6,923)	63,868
	(136,354)		116,789

Movement in Reserves Statement

Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with Code

Actual Amount charged against the General Fund Balance of pensions in the year

Employer's contributions payable to the scheme

Contributions in respect of unfunded benefits

2021/22		2020/21	
£'000	£'000	£'000	£'000
	168,086		(86,406)
(29,898)		(28,466)	
(1,834)		(1,917)	
	(31,732)		(30,383)

The amount charged to taxation for the Lothian Pension Fund Scheme in 2021/22 (2020/21) was £31.487 million (£29.810 million).

20.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the council's obligation in respect of Lothian Pension Fund is as follows: -

Fair Value of Assets

Present Value of Funded Liabilities

Share of net liabilities

Present value of unfunded liabilities

Net pension liabilities arising from defined benefit obligation

2021/22 £'000	2020/21 £'000
1,298,452	1,164,451
(1,417,309)	(1,448,689)
(118,857)	(284,238)
(24,820)	(27,525)
(143,677)	(311,763)

20.4 Reconciliation of the Movements in the Fair Value of Lothian Pension Fund Assets

Opening fair value of assets at 1 April

Interest income on plan assets

Remeasurement gain / (loss) - Return on plan assets (excluding the amount included in the net interest expense)

Remeasurement gain / (loss) - Other experience

Employer's contributions payable to the scheme

Contributions by scheme participants

Benefits paid

Closing fair value of assets at 31 March

2021/22 £'000	2020/21 £'000
1,164,451	1,019,487
23,345	23,495
103,360	143,448
-	(27,518)
29,898	28,466
8,246	7,870
(30,848)	(30,797)
1,298,452	1,164,451

20.5 Reconciliation of the Present Value of Lothian Pension Fund Liabilities

Opening Balance at 1 April

Current Service costs

Interest cost

Contributions by scheme participants

Remeasurement gain / (loss):

- Actuarial (gains) and losses arising on changes in demographic assumptions

- Actuarial (gains) and losses arising on changes in financial assumptions

- Other experience

Past service costs

Benefits paid

Unfunded benefits paid

Closing balance of liabilities at 31 March

2021/22 £'000	2020/21 £'000
(1,476,214)	(1,244,844)
(69,393)	(47,370)
(29,963)	(28,874)
(8,246)	(7,870)
9,001	62,173
102,016	(276,412)
(1,732)	34,441
(280)	(172)
30,848	30,797
1,834	1,917
(1,442,129)	(1,476,214)

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STATEMENT 8

20.6 Lothian Pension Fund Assets by Category

The asset values below are at bid value as required by IAS 19

Equity Securities:

	2021/22		2020/21	
	£'000	%	£'000	%
*Consumer	159,739	12%	151,416	13%
*Manufacturing	171,845	13%	167,904	14%
*Energy and Utilities	71,682	6%	59,323	5%
*Financial Institutions	74,835	6%	71,371	6%
*Health and Care	89,944	7%	72,757	6%
*Information Technology	59,001	5%	55,181	5%
*Other	96,803	7%	92,452	8%

Private Equity:

All	5,970	-	7,131	1%
*All	136	-	-	-

Investment funds and unit trusts:

*Equities	22,320	2%	16,454	1%
Equities	1,003	-	-	-
Infrastructure	131,649	10%	133,296	12%

Equity

884,927	68%	827,285	71%
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Debt Securities:

Corporate Bonds A (investment grade)	-	-	39,720	4%
*UK Government	113,392	9%	93,422	8%
*Other	24,354	2%	-	-

Investment funds and unit trusts:

*Bonds	24,401	2%	23,967	2%
Bonds	36,403	3%	-	-

Derivatives:

*Foreign exchange	61	-	61	-
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Bonds

198,611	16%	157,170	14%
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Real Estate:

*UK Property	12,090	1%	-	-
UK Property	56,552	4%	60,728	5%
Overseas Property	366	-	137	-

Property

69,008	5%	60,865	5%
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Cash and cash equivalents

*All	145,906	11%	119,131	10%
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Cash and cash equivalents

145,906	11%	119,131	10%
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Total

1,298,452	100%	1,164,451	100%
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Assets marked with an asterisk (*) have quoted prices in active markets and equate to £1,066.509 million (£923.439 million 2020/21) with prices not quoted in active markets totalling £231.943 million (£241.012 million 2020/21).

20.7 Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit credit method which assesses the future liabilities of the fund discounted to their present value. The valuations are based on a valuation as of 31 March 2020 and updated for the following period by Hymans Robertson, the independent actuaries to the Lothian Pension Fund. The significant assumptions used in the calculations for both the Lothian Pension Fund and discretionary payments are:

Mortality Assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised on page 79.

Investment Returns

The return on the Fund in market value terms for the period to 31 March 2022 is estimated based on actual Fund returns. Index returns, where used, are based on employer asset holdings. Details are given below:

Actual Returns from 1 April 2021 to 31 March 2022

10.8%

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

20.7 Basis for Estimating Assets and Liabilities (Continued)

Current Pensioners - Males
- Females
Future Pensioners - Males
- Females

2021/22 Years	2020/21 Years
20.3	20.5
23.1	23.3
21.6	21.9
25.0	25.2

Financial Assumptions

Rate of inflation
Rate of increase in salaries
Increase in Pensions
Rate for discounting scheme liabilities

2021/22 %	2020/21 %
3.2%	2.9%
3.7%	3.3%
3.2%	2.9%
2.7%	2.0%

20.8 Sensitivity Analysis

Accounting guidance requires disclosure of the sensitivity of the results to the methods and assumptions used. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

0.1% decrease in Real Discount Rate
0.1% increase in the Salary Increase Rate
0.1% increase in the Pension Increase Rate
1 year increase in member life expectancy

Approximate % Increase to Employer Obligation	Approximate Monetary Amount £'000
2%	28,108
0%	3,166
2%	24,718
4%	57,668

For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3 – 5%, increasing it by approximately £43 – £72 million. 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 predominately apply at younger or older ages).

20.9 Projected Pension Cost for period to 31 March 2023

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The most recent formal valuation date was 31 March 2020 with the subsequent results are based on a rollforward from the formal valuation.

The pension deficit has decreased as a result of a combination of

- the investment returns being significantly greater than expected leading to a positive impact. The total investment return achieved by the Fund over the accounting period was 10.8%, compared to an expected accounting return of 2%,
- the net discount rate (discount rate net of inflation) has increased. The discount rate assumption has increased by more than the increase in the CPI assumption resulting in a positive impact. It is estimated by the actuary that the gain is in the region of a 6 - 8%.
- The longevity assumptions have changed from the previous accounting period to reflect the latest available mortality improvement table resulting in a gain on the obligations. It is estimated by the actuary that the decrease in obligations are in the region of 0.5%.

The figures presented in the actuary's valuation are prepared only for the purposes of IAS 19 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes and have no impact on the employer's pension contribution rate.

The net pensions liability does not impact on the council's usable reserves but the requirement to recognise the net pensions liability in the balance sheet has decreased the reported net worth of the council by 11% (24% 2020/21).

The following table sets out the projected amount to be charged to operating profit for the year to 31 March 2023, based on assumptions as at 31 March 2022: -

31 March 2023			
Assets £'000	Obligations £'000	Net £'000	% of pay
Current service cost	(62,602)	(62,602)	(45.9%)
Past service cost including curtailments	-	-	-
Effect of settlements	-	-	-
Total Service Cost	(62,602)	(62,602)	(45.9%)
Interest income on plan assets	-	35,137	25.8%
Interest cost on defined benefit obligation	(39,432)	(39,432)	(28.9%)
Total Net Interest Cost	(39,432)	(4,295)	(3.1%)
Total included in Profit or Loss	(102,034)	(66,897)	(49.0%)

The estimated Employer's contributions for the year to 31 March 2023 will be approximately £29.721 million.

21. USABLE RESERVES

Movements in the council's usable reserves are detailed in the Movement in Reserves Statement and Notes 12 and 13.

21.1 Revenue Statutory Funds

Insurance Fund

Balance at 1 April
Appropriation

Balance at 31 March

2021/22 £'000	2020/21 £'000
7,596	9,317
(289)	(1,721)
7,307	7,596

NOTES TO THE ANNUAL ACCOUNTS

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21.2 Capital Fund	2021/22 £'000	2020/21 £'000
Balance at 1 April	45,580	57,917
Transfer (to) / from Capital Adjustment Account	(14,221)	(17,705)
Appropriation	7,281	5,368
Balance at 31 March	38,640	45,580

22. UNUSABLE RESERVES	2021/22 £'000	2020/21 £'000
Revaluation Reserve	834,066	843,918
Financial Instruments Revaluation Reserve	193	173
Capital Adjustment Account	410,290	399,418
Financial Instruments Adjustment Account	(7,117)	(7,547)
Pensions Reserve	(143,677)	(311,763)
Employee Statutory Adjustment Account	(13,483)	(12,582)
Total Unusable Reserves	1,080,272	911,617

22.1 Revaluation Reserve	2021/22 £'000	2020/21 £'000
Balance at 1 April	843,918	504,897
Unrealised gains / (losses) on revaluation of fixed assets	39,579	394,340
Less: Depreciation on revaluations	(49,431)	(55,319)
Balance at 31 March	834,066	843,918

The Revaluation Reserve represents the store of gains on revaluation of fixed assets not yet realised through sales, and contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account. The revaluations are depreciated over the life of the revalued assets with the corresponding credit charged to the Capital Adjustment Account.

22.2 Financial Instruments Revaluation Reserve	2021/22 £'000	2020/21 £'000
Balance at 1 April	173	252
Revaluation of long-term Investments at fair value	20	(79)
Balance at 31 March	193	173

22.3 Capital Adjustment Account	2021/22 £'000	2020/21 £'000
Balance at 1 April	399,418	396,361
Depreciation and impairment	(129,063)	(139,335)
Amortisation of intangible assets	(712)	(390)
Loans fund principal repayments	5,188	12,257
Capital financed from grants (Government and other bodies)	53,894	37,861
Capital financed from current revenue (General Fund)	5,630	6,247
Capital financed from current revenue (HRA)	11,680	12,121
Gain/ (Loss) on disposal of non-current assets	603	1,272
Revaluation Reserve - Depreciation on revaluations	49,431	55,319
Transfer of Capital Receipts to Capital Fund	14,221	17,705
Balance at 31 March	410,290	399,418

The balances on the former Fixed Asset Restatement Account and Capital Financing Account at 31 March 2007 have been transferred into the Capital Adjustment Account. Revaluation gains up to 1 April 2007 have been accumulated in the Capital Adjustment Account. This account accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairment. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

22.4 Financial Instruments Adjustment Account

Balance at 1 April
Appropriations (to) from Movements on Reserve Statement

Balance at 31 March

The Financial Instruments Adjustment Account is an accounting reserve arising from the re-measurement of financial instruments. It is a balancing account to allow for differences in statutory requirements and proper accounting practices for the council's lending and borrowing. The balance at 31 March 2022 represents: -

Deferred Premiums less Discounts from Debt Rescheduling
Market LOBO loans restated - balance sheet value
- Deduct: actual loans outstanding

22.5 Pension Fund Reserve

The pension reserve mirrors the net pensions liability detailed in note 20.3.
The movements in the year are summarised as follows:

Balance at 1 April
Net surplus for year
Actuarial (Losses) Gains in Pension Plan

Balance at 31 March

22.6 Employee Statutory Adjustment Account

Balance at 1 April

Annual leave and maternity accrual - previous year
Annual leave and maternity leave accrual - current year

Statutory adjustment for the year

Balance at 31 March

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 and maternity leave carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or (from) the Account.

23. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The following amounts are included in the net cash flows from Operating Activities: -

Interest paid
Interest element of finance lease rental payments including PPP contracts
Interest received

The deficit on the provision of services has been adjusted for the following non-cash movements: -

Depreciation
Amortisation of intangible assets
Impairment and downward revaluations
Amortisation
Increase/(decrease) in creditors
(Increase)/decrease in debtors
(Increase)/decrease in short term intangible assets
(Increase)/decrease in inventories
Movement in pension liability
Gain on disposal of non-current assets
Other non-cash items

2021/22 £'000	2020/21 £'000
(7,547)	(7,976)
430	429
(7,117)	(7,547)
2021/22 £'000	2020/21 £'000
(4,703)	(5,096)
(62,994)	(63,031)
60,580	60,580
(7,117)	(7,547)
2021/22 £'000	2020/21 £'000
(311,763)	(225,357)
(44,559)	(22,538)
212,645	(63,868)
(143,677)	(311,763)
2021/22 £'000	2020/21 £'000
	(12,582)
12,582	10,921
(13,483)	(12,582)
	(901)
	(1,661)
	(13,483)
	(12,582)
2021/22 £'000	2020/21 £'000
23,431	23,679
4,283	4,521
(276)	(1,190)
98,820	123,258
712	390
30,243	16,077
(36)	(35)
(2,701)	21,180
22,207	(38,661)
-	-
107	(384)
44,559	22,538
(603)	(1,272)
(73)	3
193,235	143,094

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24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

Purchase of property, plant and equipment and intangible assets
 Proceeds from the sale of property, plant and equipment
 Net (increase) decrease in short term investments
 Net cash flows from Investing Activities

2021/22
£'0002020/21
£'000

(137,629)

(78,939)

1,741

174

(27,496)

76,003

(163,384)**(2,762)****25. CASH FLOW STATEMENT - FINANCING ACTIVITIES**

Cash receipts of short and long term borrowing
 Cash payments for the reduction of the outstanding liabilities relating to
 finance leases and on balance sheet PPP contracts
 Repayments of short and long term borrowing
 Net cash flows from Financing Activities

2021/22
£'0002020/21
£'000

40,000

-

(2,397)

(3,778)

(9,935)

(15,184)

27,668**(18,962)****26. CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS**

Cash held by officers
 Bank current accounts
 Short term deposits
 Total Cash and Cash Equivalents

2021/22
£'0002020/21
£'000

121

148

1,584

1,688

47,250

70,110

48,955**71,946****27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Long term borrowing
 Short term borrowings
 Finance Lease Liabilities
 On balance sheet PFI liabilities

1 April 2020
£'000Financing
Cash Flows
£'000Non-Cash
Changes
£'00031 March 2021
£'000

538,641

(10,000)

-

528,641

84,415

(5,184)

(35)

79,196

60

(36)

-

24

85,364

(3,742)

-

81,622

Total liabilities from financing activities

708,480**(18,962)****(35)****689,483**1 April 2021
£'000Financing
Cash Flows
£'000Non-Cash
Changes
£'00031 March 2022
£'000

Long term borrowing
 Short term borrowings
 Finance Lease Liabilities
 On balance sheet PFI liabilities

528,641

40,000

-

568,641

79,196

(9,935)

(36)

69,225

24

(22)

-

2

81,622

(2,375)

-

79,247

Total liabilities from financing activities

689,483**27,668****(36)****717,115****28. CONTINGENT LIABILITIES****Municipal Mutual – Scheme of Arrangement**

The Municipal Mutual Scheme of Arrangement was triggered in November 2012. The scheme administrator announced that the initial levy rate was 15% of claims paid since 1993. In 2016 this was subsequently increased to 25%. The council has paid a total of £0.228 million in respect of West Lothian District Council and Livingston Development Corporation liability and £0.035 million in respect of the council's share of Lothian Regional Council liability.

The council recognises that further levies will be imposed and therefore acknowledges a potential future liability.

Abuse Claims

The council recognises the potential for compensation claims deriving from the Scottish Government's Limitation (Childhood Abuse) (Scotland) Bill which has removed the three-year time limit on claims of child abuse. Some claims may be more historic and predate Local Government Reorganisation in 1996. As at 31 March 2022, six claims have been received. However, no claims have been brought that have progressed to a stage where a possible payment can be reliably estimated and accounted for in the financial statements. The council will consider the funding of future claims according to the nature and materiality of claims as they are brought in future years.

Pension guarantees

The council provides a formal guarantee to Lothian Pension Fund in respect of any monies due to the fund by West Lothian Leisure should it be unable to meet its obligations to the fund. The council has considered the likelihood of this guarantee being called upon in light of the financial challenges faced by WLL and concluded that there remains no expectation of the council having to settle obligations on its behalf given that its payments to the fund remain up to date and WLL has existing financial support and plans in place to address its financial challenges going forward.

29. TRADING OPERATIONS

The Local Government in Scotland Act 2003 introduced a specific performance requirement for each significant trading operation to breakeven over a three year rolling basis.

Economic Development Properties have been identified as a significant trading operation. The Service involves the maintenance and letting of industrial units, office accommodation and shops. The portfolio contains around 500 individual rental units and the policy objective is to ensure an adequate supply of property to meet the requirements of business needs in West Lothian. Summarised details of the account are as follows: -

	2021/22 £'000	2020/21 £'000
Turnover	4,501	4,464
Expenditure	2,219	2,920
Surplus for year	2,282	1,544
Budget Surplus for year	2,448	1,791

Included in turnover is internal income of £0.150 million (£0.149 million 2020/21).

The requirement to charge notional interest was removed in the 2006 SORP. However, for the purposes of assessing whether the trading operation has met the statutory requirement to breakeven over a three year rolling period, interest still requires to be included in expenditure for this assessment. A share of General Fund loan interest has been made based on the net book value of Economic Development Properties fixed assets to the total net book value of General Fund fixed assets. The results are summarised as follows: -

	Surplus / (Deficit) £'000	Loan Interest £'000	Net Surplus / (Deficit) £'000
2019/20	1,546	426	1,120
2020/21	1,544	477	1,067
2021/22	2,282	399	1,883
Surplus over three year period	5,372	1,302	4,070

In the three years to 31 March 2022 the trading account achieved a statutory aggregate surplus of £4.07 million, therefore meeting the statutory financial requirement to breakeven over the three year period.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

30. AGENCY SERVICES

Expenditure**Local Bus Services**

Cross boundary bus services where other local authorities contract for the services and charge West Lothian for shared cross boundary agreements.

176

93

Residential Schools and other Social Work payments

Costs incurred in relation to residential care for children under the age of 18 who are deemed to be a significant risk to themselves or others in the community. Secure care is provided by third sector organisations. Secure care provides intensive support and safe boundaries whilst providing care, including health and education.

608

704

Special School Placements

Costs incurred in respect of West Lothian children who are in receipt of supported education services provided by other local authorities outwith the West Lothian Area.

249

211

Community Testing Programme

Costs incurred in the provision of the Community Testing Programme.

736

-

Other

Provision of other services – Speech Therapy, Additional Needs Support, Corporate Procurement, Taxi Inspection and Mortuary Fees etc.

1,193

1,014

Non Domestic Rates

The council provides a collection service for Scottish Government in relation to Non-Domestic Rates. The difference between funding received and costs incurred is fully funded by Scottish Government and is included as a debtor in the council's Balance Sheet.

58,712

50,517

Total Expenditure

61,674

52,539

Income**Scottish Water Collection Services**

The council has an agreement with Scottish Water whereby it collects water and waste charges in conjunction with collection of council tax for a collection fee.

557

557

Social Work Services

Income in respect of delivery of support for people with alcohol and drug problems. This is delivered through West Lothian Council's Social Work Addictions Team and funded by National Health Service under our Alcohol and Drug Partnership contracts.

2,134

1,628

Local Bus Services

Cross boundary bus services where West Lothian contract for the services and recharge other local authorities for shared cross boundary agreements.

265

255

Special School Placements

Recovery of the cost of provision of supported education provided to Other Local Authority children living outwith the West Lothian boundary but receiving educational services in West Lothian.

487

358

Business Gateway

Agreement between City of Edinburgh Council and West Lothian Council for the provision of management services and for the delivery by WLC to or on behalf of CEC of various economic and business development and training programmes within the Edinburgh and Lothians area.

204

242

Community Testing Programme

Recovery of costs for the provision of the Community Testing Programme.

736

-

Other

Recovery of the cost of provision of payroll, HR, IT & Telephony Service to the Improvement Service, recovery of the cost of payroll, HR, Corporate Communications/Media support, IT & Telephony Service to West Lothian College.

118

107

Non Domestic Rates

The council provides a collection service for Scottish Government in relation to Non-Domestic Rates. The difference between funding received and costs incurred is fully funded by Scottish Government and is included as a debtor in the council's Balance Sheet.

63,833

50,304

Total Income

68,334

53,451

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

Covid-19 Response Funding – Scottish Government - Agency

Covid-19 Scottish Government funding provided and expenditure incurred during 2021/22 where the council has acted as an intermediary for Scottish Government is as follows: -

Scottish Government Grants – Agency	2021/22 £'000	2020/21 £'000
Transitional Support Fund for Childcare Providers	-	305
Business Closure Fund	-	475
Business Contingency Fund: Soft Play & Nightclubs	-	240
Furlough Support Fund	-	117
Small Business Grants	-	27,414
Self Employed Hardship Fund	-	303
Covid Spring Hardship	-	708
Covid Winter Hardship Grants	-	608
£500 payments Social Care Staff	-	633
£500 payments Social Care Providers	-	822
Covid-19 Business Support – Support for Brewers, Travel Agents & Indoor Football	-	125
Temporary Restrictions Fund for Childcare Providers	88	143
Strategic Framework Business Fund	8,526	13,687
Business support - small accommodation providers paying council tax	12	68
SWF Self Isolation Grants	1,330	202
Taxi and Private Hire Driver Support Fund	1,441	594
Low Income Pandemic Payments	2,115	-
Scottish Child Payment Bridging Payments	2,990	-
National Qualifications 2020-21 Additional Teacher Payment	392	-
Route Map Extension Restrictions Fund	262	-
Soft Play Support Fund	15	-
Hospitality and Leisure	1,471	-
Business Ventilation Fund	7	-
Nightclub Closure Fund	100	-
Scottish Brewers Support Fund	6	-
Public House Table Service Restriction Fund	127	-
Childcare Sector Omicron Impacts Fund	172	-
Total Agency Grants	19,055	46,444

31. EXTERNAL AUDIT COSTS

The Accounts Commission for Scotland appointed Ernst & Young LLP as the council's External Auditor for the financial years 2016/17 to 2021/22, with a subsequent notification that the appointment would be extended to cover the audit of the 2021/22 financial year.

The council has incurred the following costs in relation to the audit of the Annual Accounts, certification of grant claims and statutory inspections services provided by the council's external auditors: -

	2021/22 £'000	2020/21 £'000
Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with the Code of Audit Practice.	341	359
Audit fee in respect of s106 Trust Funds	10	10
	351	369

32. POST REPORTING PERIOD EVENTS

The Head of Finance and Property Services, Donald Forrest CPFA, being the officer responsible for the council's financial affairs, authorised the issue of the unaudited annual accounts on 21 June 2022. Events after the balance sheet date have been considered up to this date.

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- **Adjusting events**
Those that provide evidence of conditions that existed at the end of the reporting period which the Annual Accounts are adjusted to reflect.
- **Non Adjusting Events**
Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted to reflect these events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of events and their estimated financial effect.

There are no events to consider, however the council continues to monitor and assess the financial impact of Covid-19 recovery and cost of living pressures during 2022/23.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

33. GRANT INCOME

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22.

	2021/22 £'000	2020/21 £'000
Credited to Taxation and Non-Specific Grant Income		
Capital Grants and Contributions		
- General Capital Grant	11,457	14,090
- Other Scottish Government Grant	13,610	10,057
- Developers Contributions	26,352	10,498
- Other Capital Contributions	2,475	3,216
Total Capital Grants and Contributions	53,894	37,861
Revenue Support Grant	286,439	273,566
Covid-19 Response Funding - Redetermination (note 33.1)	17,266	37,411
Distribution from Non-Domestic Rate Pool	60,063	52,042
Total Grants credited to Taxation and Non-Specific Grant Income	417,662	400,880
Credited to Services		
Ring Fenced Grants		
Criminal Justice Grant	3,006	3,061
Pupil Equity Funding	6,008	5,010
Early Learning Childcare	15,299	13,638
Gaelic	8	8
	24,321	21,717
Covid-19 Response Funding – Service (note 33.2)	1,103	5,929
Other grants		
Housing Benefits Grant	39,899	42,394
Administration of Benefits Grant	610	606
DWP Discretionary Housing Payment	2,006	602
Integration Joint Board	10,133	10,133
Education Maintenance Allowance	639	765
Schools for the Future Programme	1,912	1,907
Leader	182	393
European Grants	1,110	687
Private Sector Housing Grant	732	732
Home Energy Efficiency Programme for Scotland	930	650
Other Grants	5,529	3,819
Contribution from Local Authorities	1,067	861
Contribution from NHS	25,204	25,666
Total Grants credited to Services	115,377	116,861
Capital Grants Received in Advance		
The council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the developer. The balances are as follows: -		
	2021/22 £'000	2020/21 £'000
Developer Contributions	21,439	30,066

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

33.1 Covid-19 Response Funding – Scottish Government – Redetermination

The grants detailed below relate to Covid-19 funding received by the council through redetermination in General Revenue Grant and are reported in Taxation and Non-specific Grant Income within the CIES.

Redetermination Grants	2021/22 £'000	2020/21 £'000
Food Fund	-	1,045
Test and Protect	-	163
Additional Education – Teachers, Digital Inclusion, Home Learning Support Fund	-	1,683
Education Recovery Funding	2,360	3,186
Teacher/support staff and Teacher Workforce	-	2,011
Estimate UKG Consequentials Lost Income Scheme	-	4,190
Additional UKG Consequentials	-	1,653
Local Authority Hardship Fund	-	1,687
Winter Plan - RRTP	-	195
Scottish Welfare Fund Top Up	-	712
Community Justice CPP Transitional Funding Extra	-	13
Council Tax Reduction Scheme Additional Support	-	760
Children and Young People's Mental Health	-	511
Business Support Grant Admin	82	313
PESF Boost	-	176
Tackling Financial Insecurity over Winter Funding	-	1,352
Flexible Fund to Support People Impacted by Protection Level Restrictions	-	1,012
Discretionary Fund	-	2,453
Associated with Covid-19	-	5,228
Free School Meals	-	988
General Covid-19 Funding	8,439	7,998
Other Covid-19 Grants (including Registrars of Death and Environmental Health Officers)	-	82
Business Support and Low Income Household	2,615	-
Low Income Pandemic Payments	2,234	-
CO2 Monitors	113	-
Financial Insecurity Flexible Funding	780	-
Local Self Isolation Assistance Service	300	-
Tenant Grant Fund	343	-
Total Grants - Redetermination	17,266	37,411

33.2 Covid-19 Response Funding – Scottish Government – Service Grants

The grants detailed below relate to Covid-19 funding received by the council through service specific Covid-19 grants from Scottish Government, which have been applied to service income in the CIES.

Service Grants	2021/22 £'000	2020/21 £'000
Free School Meals	-	699
Winter Plan for Social Protection	-	501
Teacher / Support Staff and Teacher Workforce	-	2,073
Local Authority Discretionary Funding to Support Business	-	1,056
Additional Food Funding for Vulnerable Groups	-	440
No One Left Behind	95	250
Care Experienced & Young People Fund	339	457
Additional Discretionary Housing Payment Funding	-	233
Young Persons Guarantee - No One Left Behind and PACE	-	46
PACE	61	120
Other Covid-19 Grants - Admin	44	54
Community Health & Wellbeing Support Framework	110	-
Criminal Justice Pandemic Recovery Work	356	-
Contact Tracing	29	-
SWF Self Isolation Grant Admin	42	-
Hospitality and Leisure Admin	27	-
Total Grants - Service	1,103	5,929

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

34. GENERAL FUND BALANCE

The following amounts have been earmarked within the General Fund Balance.

	Balance at 1 April 2020 £'000	Transfers Out 2020/21 £'000	Transfers In 2020/21 £'000	Balance at 1 April 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31 March 2022 £'000
General Fund Balance	19,869			42,519			52,827
Movement in Earmarked Reserves							
Balances held by schools under a scheme of delegation	951	-	545	1,496	-	437	1,933
Modernisation Fund	1,538	-	1,141	2,679	(715)	2,000	3,964
Government Grants	5,233	(100)	-	5,133	-	-	5,133
Time Limited Projects	1,062	(433)	-	629	(78)	37	588
Developer Contribution Fund	5,107	(2,830)	-	2,277	(792)	-	1,485
Anti-Poverty Fund Strategy (including Period Poverty)	303	-	-	303	-	-	303
Voluntary Organisations Fund	63	-	-	63	-	-	63
Committed Funds from Loans Fund Review	2,154	(4,353)	5,498	3,299	(5,030)	5,880	4,149
Lifetime Alcohol Licensing Fund	464	-	-	464	(64)	-	400
Scottish Government Funding Carry Forward	-	-	19,328	19,328	(19,328)	-	-
Council Resources Earmarked for Covid Response	-	-	2,837	2,837	(18,155)	41,277	25,959
Winter Resilience Fund	-	-	1,000	1,000	-	-	1,000
Investment for Potholes	-	-	750	750	-	-	750
Whitburn Community Centre Works	-	-	-	-	-	1,750	1,750
Additional Amount to balance 2022/23 on one-off basis	-	-	-	-	-	962	962
Homelessness Provision	-	-	-	-	-	450	450
Ashdieback	-	-	-	-	-	500	500
One-off Energy Provision for increased costs in 2022/23	-	-	-	-	-	609	609
Winchburgh High School Early Opening one-off costs	-	-	-	-	-	748	748
Total Earmarked Reserves	16,875	(7,716)	31,099	40,258	(44,162)	54,650	50,746
Uncommitted General Fund Balance	2,994			2,261			2,081

In accordance with both the School Boards Delegation and Devolved School Management schemes, a net credit balance of £1.933 million (£1.496 million 2020/21) is held within the General Fund. This sum represents the amount by which schools underspent their delegated schemes and may be used to supplement their 2022/23 budgetary provision. This sum, although held within the General Fund, must be spent on Education Services and is not available to the council for general use.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

35. LEASING, PPP AND DBFM PAYMENTS**Leases**

The council uses leased cars, street sweeping vehicles, occupies certain offices financed under the terms of various operating leases and leases windows and doors in some of the council's housing stock. The amounts paid under these arrangements were as follows: -

	2021/22 £'000	2020/21 £'000
Plant and Vehicles	1,236	1,673
Property	523	536
	1,759	2,209

Assets acquired under finance leases have been capitalised.

Operating Leases

The future cash payments required under operating leases are: -

	2021/22 £'000	2020/21 £'000
2022/23 (2021/22) - Land and Buildings	552	535
- Other Operating Leases	1,101	1,127
2023/24 to 2026/27 (2022/23 to 2025/26) - Land and Buildings	1,603	1,470
- Other Operating Leases	2,188	1,503
2027/28 onwards (2026/27 onwards) - Land and Buildings	6,367	6,476
- Other Operating Leases	-	-

The cumulative value of leases in 2021/22 where the council is a lessor is £5.456 million for 738 units (£5.939 million for 738 units 2020/21).

Education Service PPP1 Schools Project

PPP1 is a 31 year Public Private Partnership contract which was awarded in August 2001 for the construction, extension and refurbishment of existing facilities, for three high schools, three primary schools and two nursery schools in Bathgate, Broxburn, Whitburn and Linlithgow. The contractor is responsible for the ongoing maintenance and operation of school facilities, which requires the ongoing procurement of construction services, plant and equipment. Contract expiry date is 7 November 2032.

The unitary charge is subject to annual RPI indexation. The PPP contractor has price risk for utilities, therefore the council may be entitled to a rebate on the unitary charge, this is reviewed bi-annually. The council is entitled to receive a share of any Refinancing Gain in accordance with a formula linked to the Equity IRR.

The council has rights to access the school facilities each school day. The contract specifies standards for the services to be delivered by the PPP contractor, with payment deductions to be made if facilities become unavailable or performance falls below the required standards. The school facilities and any plant and equipment installed in them at the end of the contract will be transferred to the council for nil consideration. Both parties have rights to terminate the contract, but compensation may be payable.

A number of minor changes to the arrangements have been made in the period, but none significant enough to change the risk profile of the project.

Education Service PPP3 Schools Project

PPP3 is a 31 year Public Private Partnership contract for the construction of new facilities, for two high schools in Livingston (Deans) and Armadale. The contractor is also responsible for the ongoing maintenance and operation of school facilities, which requires the ongoing procurement of construction services, plant and equipment. Contract expiry date is 16 August 2039.

The Unitary Charge is subject to annual RPI indexation. The parties share the benefit/cost of improving or not achieving the set utility consumption targets, so the council may be due a rebate on the unitary charge and this is reviewed annually. Whilst the council may have to meet any additional cost of insurance premiums, it may also benefit from their reduction. In addition, the council is entitled to receive a 50% share of a refinancing gain arising from a qualifying refinancing.

The council has rights to access the school facilities each week day, and each weekend. The contract specifies standards for the services to be delivered by the PPP contractor, with payment deductions to be made if facilities become unavailable or performance falls below the required standards. The school facilities and any plant and equipment installed in them at the end of the contract will be transferred to the council for nil consideration. Both parties have rights to terminate the contract, but compensation may be payable.

A number of minor changes to the arrangements have been made in the period, but none significant enough to change the risk profile of the project.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

35. LEASING, PPP AND DBFM PAYMENTS (CONTINUED)**Education Service DBFM West Calder High School Project**

DBFM is a 25 year Design, Build, Finance and Maintain (DBFM) contract for the construction of a new high school in West Calder to replace the existing high school. The school was handed over to the council on 29 June 2018 and became operational on 20 August 2018. The DBFM contractor is responsible for the majority of the ongoing maintenance of the school facilities, which requires ongoing procurement of construction services, plant and equipment. The council operates the school facilities (janitorial, cleaning and security services) and is responsible for some elements of ongoing maintenance, such as grounds maintenance, kitchen equipment maintenance, replacement floor finishes and redecoration. The contract expiry date is 29 June 2043.

The Monthly Service Payment is subject to annual RPI indexation. The council has price risk on insurance premiums and both price and consumption risk for utilities. The council is entitled to receive a 30% share of any refinancing gain arising from a qualifying refinancing.

The council has rights to access the school facilities every day of the calendar year. The DBFM contract specifies standards for the services to be delivered by the DBFM contractor, payment deductions to be made if facilities become unavailable or performance falls below the required standards. The school facilities must achieve a specified standard when they are handed over to the council on the contract expiry date. Both parties have rights to terminate the contract, but compensation may be payable.

PPP and DBFM Payments

The future cash payments under two PPP schools and the DBFM school contracts are analysed as follows: -

Range	Principal £'000	Interest £'000	Lifecycle Capital Costs £'000	Operating Costs £'000	Schools for the Future Revenue Funding £'000	2021/22 Total £'000	2020/21 Total £'000
Within one year	2,581	4,240	657	9,964	(1,867)	15,575	15,380
2 to 5 years	14,576	14,763	1,719	42,118	(7,468)	65,708	64,880
6 to 10 years	23,299	13,787	1,944	60,692	(9,335)	90,387	89,251
11 to 15 years	20,136	7,337	213	46,738	(9,335)	65,089	72,128
16 to 20 years	15,948	2,582	-	25,238	(9,335)	34,433	46,281
21 to 25 years	2,707	135	-	1,105	(2,327)	1,620	2,941
Total	79,247	42,844	4,533	185,855	(39,667)	272,812	290,861

The Schools for the Future Programme, in order to ensure successful delivery of the DBFM Project at West Calder High School, has committed to provide revenue funding support for a period of 25 years commencing during 2018/19. The level of funding will total £46.677 million towards operating costs of the project.

36. 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.

Scottish Government

Scottish Government has effective control over the general operations of the council. It is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from Government Departments are set out in note 33.

Councillors

Members of the Council have direct control over the council's financial and operating policies. The total of Councillors Remuneration allowances paid in 2021/22 are shown in the Remuneration Report note 2.3 on page 38. There are no related party transactions with members of the council.

Officers

There are no related party transactions with officers of the council.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

36. RELATED PARTIES (CONTINUED)

During the year, the council entered into a number of transactions with related parties which include Central Government, Other Local Authorities, the Joint Valuation Board and related companies.

	2021/22 £'000	2020/21 £'000
EXPENDITURE		
Government Payments		
PAYE and National Insurance	68,424	64,792
Superannuation – Teachers	20,670	20,062
Other Local Authority Payments		
Superannuation	31,379	30,522
Other Payments	935	771
Other Related Party Payments		
Joint Valuation Board	1,155	1,171
West Lothian Integration Board	77,856	69,353
West Lothian Leisure Ltd.	3,592	4,658
Councillors Remuneration	750	715
Criminal Justice Authority	4,422	3,564
SESTRAN / CITY DEAL (formerly SESPLAN)	149	22
Scotland Excel	125	121
	209,457	195,751
Other Related Party Income		
Other Local Authority Receipts	1,067	861
Criminal Justice Authority	3,362	3,061
	4,429	3,922
BALANCE SHEET		
The amounts due (to) or from related parties are detailed below: -		
Government departments	21	33,679
Other local authorities	(2,494)	(1,146)
Related companies		
West Lothian Leisure Ltd.	1,492	1,199
	(981)	33,732

HRA – INCOME AND EXPENDITURE STATEMENT**STATEMENT 9**

PURPOSE	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. Authorities charge 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.		
INCOME		2021/22 £'000	2020/21 £'000
	Dwellings Rent (gross)	(54,715)	(52,830)
	Non-Dwellings Rent (gross)	(498)	(592)
	Other Income	(1,360)	(907)
	TOTAL INCOME	(56,573)	(54,329)
EXPENDITURE	Repairs and Maintenance	18,932	14,307
	Supervision and Management	8,251	8,043
	Depreciation and Revaluation of non-current assets	38,799	31,534
	Bad or Doubtful Debts	927	905
	Other Expenditure	3,653	6,958
	TOTAL EXPENDITURE	70,562	61,747
	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	13,989	7,418
	HRA Services share of Corporate and Democratic Core (CDC)	100	103
	HRA Share of Employee Statutory Adjustment	(1)	19
	HRA share of Non-Distributed Costs	7	5
	Net Cost of HRA Services	14,095	7,545
	HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement		
	Profit on disposal of HRA assets	-	-
	Interest payable and similar charges	10,880	10,047
	Net interest on the net defined benefit liability	167	140
	Deficit for the year on HRA Services	25,142	17,732

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MOVEMENT ON THE HRA STATEMENT			STATEMENT 10		
PURPOSE	This statement summarises the differences between the outturn on the HRA Income and Expenditure Account and the HRA Balance.				
MOVEMENT		Note	2021/22 £'000	2020/21 £'000	
	Balance on the HRA at the end of the previous year		(926)	(926)	
	Deficit for the year on the HRA Income and Expenditure Statement		25,142	17,732	
	Adjustments between accounting basis and funding basis under regulations	1	(25,142)	(17,732)	
	(Increase) or decrease in year on the Housing Revenue Account		-	-	
	Balance on the HRA at the end of the current year		(926)	(926)	
NOTES	1.	Adjustments between accounting basis and funding basis under regulations			
		Depreciation and Revaluation	(38,799)	(31,534)	
		Share of Employee Statutory Adjustment	1	(19)	
		Amount by which pension costs calculated in accordance with IAS 19 are different from contributions due to the Lothian Pension Fund	(174)	(145)	
			(38,972)	(31,698)	
		Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year			
		Loans fund principal	2,150	1,845	
		Capital expenditure funded by HRA	11,680	12,121	
		Adjustments between accounting basis and funding basis under regulations	(25,142)	(17,732)	
	2.	Housing Stock			
		The council's stock at 1 April 2021 was 14,031 houses, and at 31 March 2022 was 14,075 houses. As a result, the council was responsible for managing an average of 14,053 dwellings during 2021/22.			
		Stock movements can be summarised as follows: -			
		Stock as at 1 April	14,031	14,038	
		New Build Completions	41	34	
		Open Market Acquisitions	31	34	
		Other Additions	14	3	
		Demolitions	-	(4)	
		Stock Reclassification	-	(74)	
		Sales	(42)	-	
		Stock as at 31 March	14,075	14,031	
		Housing Stock Numbers by type are as follows: -			
		1 Bed	2,601	2,586	
		2 Bed	6,654	6,633	
		3 Bed	4,193	4,183	
		4 Bed	481	485	
		More than 4 Bed	146	144	
			14,075	14,031	
	3.	Rent Arrears at 31 March		2021/22 £'000	2020/21 £'000
		Current Tenant		3,502	2,984
		Former Tenant		1,337	1,215
	4.	Losses on Void Properties at 31 March		2021/22 £'000	2020/21 £'000
		Losses on void properties		469	445
	5.	Bad Debt Provision		2021/22 £'000	2020/21 £'000
		Bad Debt Provision for housing rent arrears and former tenant's debt.		4,196	3,594

NON-DOMESTIC RATE INCOME ACCOUNT

STATEMENT 12

PURPOSE	This account shows the income from the rate levied on non-domestic property under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992.		
INCOME		2021/22 £'000	2020/21 £'000
	Gross rates levied and contributions in lieu	95,984	99,817
	<u>Less</u>		
	Reliefs and other deductions	(33,338)	(44,662)
	Payment of interest	(17)	-
	Provisions for bad and doubtful debts	241	(2,589)
		(33,114)	(47,251)
	Net non-domestic rate income	62,870	52,566
	Allocated:		
	National non-domestic rate pool	63,031	52,732
NOTES	Cost of council rate relief	(161)	(166)
		62,870	52,566
	1. The amount distributed to West Lothian Council from the national non-domestic rate income pool in 2021/22 was £60.063 million (£52.042 million 2020/21).		
	2. Occupiers of non-domestic property pay rates based on the valuation of the property within the valuation roll for Lothian area. The National non-domestic rate poundage is determined by the Scottish Government and was 49.0p per £ in 2021/22 (49.8p in 2020/21). The rate was 50.3p (51.1p in 2020/21) for properties with a rateable value between £51,000 and £95,000 and 51.6p for properties with a rateable value above £95,000. Properties with a rateable value of £18,000 or less are subject to a reduced charge if they meet the qualifying criteria under the small business bonus scheme.		
	3. Rateable values at 1 April 2021		
		Number	Rateable Value £'000
	Shops, Offices and other Commercial Subjects	3,125	74,597
	Industrial Subjects	1,799	76,286
	Miscellaneous (Schools etc.)	1,757	51,292
	Total	6,681	202,175

TRUSTS AND MORTIFICATIONS

STATEMENT 13

PURPOSE	The council acts as sole trustee for 40 Trusts and Mortifications. The funds do not represent the assets of the council and therefore they have not been included in the Balance Sheet.		
	The figures below summarise the Income and Expenditure arising during the year and the aggregate Assets and Liabilities of the Trusts at the year end.		
EXPENDITURE INCOME SURPLUS / (DEFICIT)	INCOME AND EXPENDITURE STATEMENT	2021/22 £'000	2020/21 £'000
	Beneficiaries	(6)	(6)
	Loans Fund and Dividend Interest	4	4
	For Year	(2)	(2)
	At 1 April	385	387
	At 31 March	383	385
	BALANCE SHEET		
	Current Assets		
	Investments	47	47
	Revenue Advances to Loans Fund	336	339
		383	386
	Current Liabilities	-	-
	TOTAL ASSETS	383	386
	Reserves		
	Capital Fund	165	165
	Revenue Fund	218	221
	TOTAL RESERVES	383	386
NOTES	1.	In order to preserve the capital value of Trust Funds, it is council policy to disburse only revenue income arising from them. This is done one year in arrears i.e. revenue income received during 2021/22 is disbursed in 2022/23.	
	2.	The main fund balances where the council is sole trustee at 31 March 2022 are: -	
		Capital £'000	Revenue £'000
	Irene Elizabeth Miller Trust	60	6
	West Lothian Trust for the Benefit of People with Disabilities	41	16
	Quarter Farm Trust	17	40
	James Wood Bequest	14	55
	Robert Turner of Armadale Trust	11	19
	3.	The council also administered five other trusts in 2021/22, which have external and council trustees. At 31 March 2022 the total assets of these trusts, valued at cost, was £0.216 million (£0.216 million at 31 March 2021).	

COMMON GOOD ACCOUNT

STATEMENT 14

PURPOSE

The Common Good Fund was inherited from West Lothian District Council and the former Linlithgow Town Council at the respective reorganisations of local government in 1996 and 1975 and is administered by the Council. Income from the Fund may be applied for the benefit of inhabitants of Linlithgow.

The figures below summarise the Income and Expenditure arising during the year and the Assets and Liabilities of the Fund at the year end.

INCOME AND EXPENDITURE STATEMENT2021/22
£'0002020/21
£'000**Expenditure**

Donations

-

-

Income

Interest

-

-

Surplus / (Deficit)

-

-

At 1 April

14

14

At 31 March

14

14

BALANCE SHEET**Non-Current Assets**

Heritable Property

1

1

Furnishings

4

4

5

5

Current Assets

Revenue Advances to Loans Fund

18

18

23

23

TOTAL ASSETS

FINANCED BY:

Reserves

Revenue Balance

14

14

Capital Reserve

9

9

23

23

TOTAL LOANS AND RESERVES

NOTES

1. Fixed Assets represent book values taken over from former councils as recorded in their Annual Accounts. They consist of: -

Furnishings

£'000

4

Heritable Property

1

5

2. LASAAC has issued guidance on the application of accounting requirements to Common Good assets. The council has not taken any action due to the insignificant amount involved (£5,000) and have not included this amount in their asset register.

3. Interest received in 2021/22 amounted to £35 (£93 2020/21).

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - GROUP

STATEMENT 15

PURPOSE

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Group Note	2021/22			2020/21		
		Gross Expend £'000	Gross Income £'000	Net Expend £'000	Gross Expend £'000	Gross Income £'000	Net Expend £'000
Schools, Education Support		268,569	27,379	241,190	275,759	27,132	248,627
Planning, Economic Development and Regeneration		15,626	5,703	9,923	14,375	5,945	8,430
Operational Services		91,189	7,632	83,557	82,686	6,143	76,543
Housing, Customer and Building Services		28,488	7,664	20,824	20,927	6,519	14,408
Corporate Services		2,014	562	1,452	1,898	507	1,391
Social Policy – IJB, Adult and Elderly Services		190,387	112,531	77,856	173,173	103,820	69,353
Social Policy – non-IJB, Children's Services		46,922	5,325	41,597	43,743	5,126	38,617
Chief Executive, Finance and Property		58,754	7,936	50,818	50,765	7,353	43,412
Joint Boards		1,304	-	1,304	1,193	-	1,193
Other Services		45,376	44,827	549	50,261	47,324	2,937
West Lothian Leisure Ltd.		10,935	7,672	3,263	9,124	6,207	2,917
Net Cost of General Fund Services		759,564	227,231	532,333	723,904	216,076	507,828
Housing Revenue Account		70,562	56,573	13,989	61,747	54,329	7,418
Net Cost of Services		830,126	283,804	546,322	785,651	270,405	515,246
Other Operating Expenditure		(603)	-	(603)	(1,272)	-	(1,272)
Financing and Investment Income and Expenditure		60,253	28,449	31,804	61,395	29,936	31,459
Share of corporation tax of Joint Venture		-	-	-	-	-	-
Taxation and Non-Specific Grant Income		-	497,716	(497,716)	-	477,506	(477,506)
Deficit on Provision of Services		889,776	809,969	79,807	845,774	777,847	67,927
Share of Operating Results of Associates and Joint Ventures		153,213	163,499	(10,286)	144,820	149,348	(4,528)
Deficit on Group		1,042,989	973,468	69,521	990,594	927,195	63,399
Items that will not be reclassified to the Deficit on the Provision of Services							
Surplus on revaluation of property, plant and equipment				(39,579)			(394,340)
Remeasurements of the net defined benefit liability / (asset)				(212,645)			67,750
(Gains) / Losses on Investments in Associates and Joint Ventures				(2,104)			218
Items that may be reclassified to the Deficit on the Provision of Services				(254,328)			(326,372)
(Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income				(20)			79
Other Comprehensive Income and Expenditure				(254,348)			(326,293)
Total Comprehensive Income and Expenditure				(184,827)			(262,894)

MOVEMENT IN RESERVES STATEMENT - GROUP**STATEMENT 16****PURPOSE**

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the council analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The Statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the Statutory General Fund Balance and Housing Revenue Account Balance Movements in year following those adjustments.

**MOVEMENT IN RESERVES STATEMENT - GROUP
AS AT 31 MARCH 2022**

	Group Note	Single Entity Usable Reserves (Note 1) £'000	Single Entity Unusable Reserves (Note 1) £'000	Group Reserves (Notes 2 & 3) £'000	Total Group Reserves £'000
Balance at 1 April 2020		88,029	657,256	(6,395)	738,890
Movement in Reserves during 2020/21					
Total comprehensive income and expenditure		(67,440)	330,393	(59)	262,894
Adjustments between accounting basis and funding basis under regulations		76,032	(76,032)	-	-
Net increase (decrease) before transfers to other statutory funds		8,592	254,361	(59)	262,894
Transfers to or from other statutory funds		-	-	-	-
Increase (decrease) in year		8,592	254,361	(59)	262,894
Balance at 31 March 2021	G3	96,621	911,617	(6,454)	1,001,784
Movement in Reserves during 2021/22					
Total comprehensive income and expenditure		(80,510)	252,244	13,093	184,827
Adjustments between accounting basis and funding basis under regulations		83,589	(83,589)	-	-
Net increase (decrease) before transfers to other statutory funds		3,079	168,655	13,093	184,827
Transfers to or from other statutory funds		-	-	-	-
Increase (decrease) in year		3,079	168,655	13,093	184,827
Balance at 31 March 2022	G3	99,700	1,080,272	6,639	1,186,611

1. Statement 5 and notes 12 and 13 to the Annual Accounts provide details of the Single Entity Reserves.
2. Note G3 to the Group Accounts provides details of the Combining Entities Reserves.

BALANCE SHEET - GROUP**STATEMENT 17****PURPOSE**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Fund that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that are adjustment accounts that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Group Note	As at 31 March 2022 £'000	As at 31 March 2021 £'000
LONG TERM ASSETS			
Property, Plant and Equipment			
- Council Dwelling		464,947	473,070
- Other Land and Buildings		1,168,207	1,166,446
- Vehicles, Plant, Furniture and Equipment		13,592	12,027
- Infrastructure Assets		245,630	240,321
- Community Assets		501	501
- Assets under construction		88,006	39,799
- Surplus Assets, not yet held for disposal		23,134	22,856
- Intangible Assets		3,569	1,746
Heritage Assets		861	779
Long Term Investments		508	491
TOTAL LONG TERM ASSETS		2,008,955	1,958,036
CURRENT ASSETS			
Short Term Investments		42,579	15,083
Inventories		1,656	1,741
Short Term Debtors		53,235	77,114
Cash and Cash Equivalents		51,409	73,129
TOTAL CURRENT ASSETS		148,879	167,067
CURRENT LIABILITIES			
Short Term Borrowing		(69,225)	(79,196)
Short Term Creditors		(96,479)	(86,637)
Provisions		(374)	(573)
Capital Grants Receipts in Advance		(21,439)	(30,066)
TOTAL CURRENT LIABILITIES		(187,517)	(196,472)
NET CURRENT ASSETS (LIABILITIES)		(38,638)	(29,405)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,970,317	1,928,631
LONG TERM LIABILITIES			
Long Term Creditors		(240)	(316)
Long Term Borrowing		(568,668)	(528,716)
Defined Benefit Scheme Liability		(153,798)	(321,884)
Other Long Term Liabilities		(76,666)	(79,238)
Share of Net Liabilities of Associates and Joint Venture	G3	15,666	3,307
TOTAL LONG TERM LIABILITIES		(783,706)	(926,847)
TOTAL NET ASSETS		1,186,611	1,001,784
Financed by:			
USABLE RESERVES			
General Funds Balance		69,235	47,681
Housing Revenue Fund Balance		926	926
Capital Fund		38,640	45,580
Insurance Fund		7,307	7,596
TOTAL USABLE RESERVES		116,108	101,783
UNUSABLE RESERVES		1,070,503	900,001
TOTAL RESERVES		1,186,611	1,001,784



DONALD FORREST CPFA, Head of Finance and Property Services

14 June 2022

CASH FLOW STATEMENT - GROUP**STATEMENT 18****PURPOSE**

The Cash Flow Statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

	Group Note	2021/22 £'000	2020/21 £'000
Net deficit on the provision of services of Group		(69,521)	(63,399)
Adjustments to deficit on the provision of services for non-cash movements		183,513	138,872
Net cash flows from Operating Activities		113,992	75,473
Net cash flows from Investing Activities		(163,380)	(2,818)
Net cash flows from Financing Activities		27,668	(19,208)
Net (decrease) / increase in cash and cash equivalents		(21,720)	53,447
Cash and cash equivalents at the beginning of the reporting period		73,129	19,682
Cash and cash equivalents at the end of the reporting period		51,409	73,129

NOTES TO THE GROUP ACCOUNTS

STATEMENT 19

G1. ACCOUNTING POLICIES

The group accounting policies are those specified for the single entity financial statements as detailed in Statement 8 note 1. The accounting policies of all group members are materially the same as those of the single entity.

G2. WEST Lothian INTEGRATION JOINT BOARD

The West Lothian Integration Joint Board (IJB) was established as a body corporate by order of Scottish Ministers on 21 September 2015, and is a separate and distinct legal entity from West Lothian Council and NHS Lothian. The arrangements for the IJB's operation, remit and governance are set out in the integration scheme which was approved by West Lothian Council, NHS Lothian and the Scottish Government.

The IJB's purpose is to set the strategic direction for the delegated functions through the development of a Strategic Plan. Relevant functions and resources from the council and NHS Lothian were delegated to the West Lothian IJB from 1 April 2016 to enable it to plan the delivery of functions and deliver on strategic outcomes. The IJB gives directions to the council and NHS Lothian as to the functions to be delivered and the resources available to deliver the functions.

The IJB meets on a six weekly basis and is made up of eight voting members, comprising four elected members appointed by West Lothian Council and four NHS Lothian non-executive directors appointed by NHS Lothian. The IJB Audit Risk and Governance Committee and Strategic Planning Group have been set up to support integrated policy and strategic development and to ensure IJB business adheres to the principles of good corporate governance.

The IJB is defined as a joint venture. The net expenditure of the IJB for 2021/22 is £77.856 million (2020/21 £69.353 million). It should be noted that this expenditure does not include support services such as Human Resources, Legal and Financial Services which are not delegated to the IJB and are provided free of charge to the IJB. The IJB does not employ staff directly delivering services and does not hold cash resources or operate a bank account. The IJB accounts for 2021/22 show the Balance Sheet with assets and reserves of the IJB of £30.08 million.

G3. COMBINING ENTITIES

The council has a number of non-consolidation interests in other entities, full details of which are shown on pages 104 and 105.

West Lothian Leisure Ltd. (WLL) is a company limited by guarantee, it was assessed that the council exerted significant influence and control and as such, West Lothian Leisure is treated as a subsidiary of the council for financial reporting, details as follows:

- The Chief Executive of WLL is T P J Dent.
- Details of the remuneration of the Chief Executive of WLL is included in section 3.2 of the Remuneration Report on page 40.
- There were no Councillors of West Lothian Council remunerated by the body in 2021/22.
- There were no employees of WLL whose remuneration was £150,000 or more.

The council has not paid any consideration for its interests in West Lothian Leisure Ltd. and therefore no goodwill is involved in the acquisition. All intra-group transactions have been eliminated from the Group Accounts as part of the consolidation process. The subsidiary has been consolidated on a line by line basis.

Lothian Valuation Joint Board is deemed to be an associate.

The council has joint control and right to net assets in West Lothian Integration Joint Board which is defined to be a joint venture.

The following shares of the accounts of these bodies have been included within the Group Accounts.

	2021/22	2020/21
Associates		
Valuation Joint Board - basis - WLC funding to total funding	18.86%	18.86%
Joint Venture		
West Lothian Integration Joint Board - basis - WLC representation on board	50%	50%

The summarised Financial Information of the associate, subsidiary and joint ventures are detailed below:

Council share of Associate, Subsidiary and Joint Ventures		Valuation Joint Board £'000	West Lothian Leisure Ltd £'000	Integration Joint Board £'000	Total £'000
Total Assets	2021/22 2020/21	437 439	1,992 1,431	15,041 4,654	17,470 6,524
Total Liabilities and shareholders' equity	2021/22 2020/21	188 (1,786)	(11,019) (11,192)	- -	(10,831) (12,978)
Net Assets / (Liabilities)	2021/22 2020/21	625 (1,347)	(9,027) (9,761)	15,041 4,654	6,639 (6,454)
Included in Surplus / (Deficit) in Group	2021/22 2020/21	(131) (122)	734 (459)	10,386 4,622	10,989 4,041

NOTES TO THE GROUP ACCOUNTS

STATEMENT 19

G3. COMBINING ENTITIES (CONTINUED)

The summarised reserves of the associate, subsidiary and joint ventures are detailed below:

Council share of Associate, Subsidiary and Joint Ventures		Valuation Joint Board £'000	West Lothian Leisure Ltd £'000	Integration Joint Board £'000	Total £'000
General Fund Balance	2021/22	273	1,094	15,041	16,408
	2020/21	148	360	4,654	5,162
Capital Fund	2021/22	-	-	-	-
	2020/21	-	-	-	-
Capital Grants Unapplied A/C	2021/22	-	-	-	-
	2020/21	-	-	-	-
Capital Receipts Reserve	2021/22	-	-	-	-
	2020/21	-	-	-	-
Total Usable Reserves	2021/22	273	1,094	15,041	16,408
	2020/21	148	360	4,654	5,162
Unusable Reserves	2021/22	352	(10,121)	-	(9,769)
	2020/21	(1,495)	(10,121)	-	(11,616)
Total Reserves	2021/22	625	(9,027)	15,041	6,639
	2020/21	(1,347)	(9,761)	4,654	(6,454)

The accounting year for the Valuation Joint Board, West Lothian Leisure Ltd. and the West Lothian Integration Joint Board ends 31 March 2022. The associate and joint ventures have been accounted for using the equity method.

The Trusts, Mortifications and the Common Good Fund, which the council manage, have not been included in the Group Accounts on the grounds of materiality. Full details of these accounts can be found in Statements 13 and 14 on pages 97 and 98.

G4. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the associate, subsidiary and joint ventures on the Group Balance Sheet as at 31 March 2022 (2021) is to reduce the net assets by £6.639 million (£6.454 million) representing the council's share of net liabilities of these organisations. The net liabilities are attributable to the Lothian Valuation Joint Board which has pension assets under IAS 19 of £0.317 million (£1.533 million liabilities) and West Lothian Leisure Ltd. with pension liabilities of £10.121 million (£10.121 million).

Further information regarding these deficits can be found in the annual report and accounts of the relevant bodies.

G5. GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

The 2021/22 (2020/21) share of Associates pension interest cost and expected return on pension assets is £0.032 million (£0.028 million). These figures are not included in the Group Comprehensive Income and Expenditure Account as they are part of the IAS 19 pension entries which are reversed out in arriving at the share of operating results of associates for the year.

G6. NON-CONSOLIDATION INTEREST IN OTHER ENTITIES

The council has a relationship with the following companies which have been set up for specific purposes. The following companies are not consolidated into the Group Accounts as it is not considered that the council is able to exert a significant influence over any of the entities and participation is deemed to be immaterial.

Accounts of the companies may be obtained on application to the Head of Finance and Property Services.

6.1 WL Ventures Group Limited

The company is limited by guarantee and was set up to promote industry and commerce within West Lothian. The council has a right to nominate six members and directors.

The unaudited (audited) accounts for the period ended 31 March 2022 (2021) show a profit (loss) before and after tax of £7,250 (£1,240) with net assets of £645,094 (£637,844).

6.2 West Lothian Enterprise Limited

The company is limited by guarantee. The principal activity is the management of funds designed for investments in industrial and commercial businesses with a view to promoting economic development. The company commenced in 2012/13. The company was wound up in September 2020 and all assets transferred to WL Ventures Group.

6.3 The West of Scotland Archaeology Service

This body was set up in 1997 as a Joint Committee of local authorities in the area. It is currently funded by 10 local authorities and Historic Scotland for Specific Projects. Its primary purpose is to provide planning related archaeological advice to its members, permitting them to discharge their duties in respect of Scottish Executive planning guidance for the treatment of archaeological remains in the planning process. During the year, the council made a contribution of £12,691 (£12,691 2020/21) representing 7.21% (7.12% 2020/21) of the Committee's estimated running costs for the year to 31 March.

6.4 South East of Scotland Transport Partnership (SESTRAN)

The council is a member of SESTRAN, one of seven statutory regional transport partnerships set up under the Transport (Scotland) Act 2005. SESTRAN has a membership of 8 local authorities and they have a statutory duty to produce a Regional Transport Strategy Plan and provide the council with capital grant for West Lothian projects within the plan. During the year, the council made a contribution of £21,674 (£21,674 2020/21) and had a voting share of 12.5%.

G6. NON-CONSOLIDATION INTEREST IN OTHER ENTITIES (CONTINUED)**6.5 Strategic Development Planning Authority for Edinburgh and South East Scotland (SESplan)**

The council is a member of SESplan. SESplan is composed of 6 local authorities that have a statutory duty under Section 4 of the Planning (Scotland) Act 2006 to work together to prepare, and keep under review, a Strategic Development Plan (SDP) for the South East of Scotland. During 2021/22 and 2020/21 no contributions were made to SESplan by its members. The council has a voting share of 17%.

The Planning (Scotland) Act 2019 removes the need for the preparation of Strategic Development Plans. Strategic planning matters will be set out in the National Planning Framework 4 (NPF4) which is currently being prepared by Scottish Government. SESplan remains a legal entity until NPF4 comes into force and the provisions of the Planning etc (Scotland) Act 2006, insofar as they relate to strategic development planning, remain in force. As there is no longer any decision making function for the SESplan Joint Committee to perform regional spatial planning responsibilities have transferred from the SESplan Joint Committee to the City Region Deal Elected Member Oversight Committee.

6.6 Scotland Excel

Scotland Excel was launched in April 2008 to establish a centre of procurement expertise for the local government sector in Scotland. Its remit is to work collaboratively with the 32 local authority members and external suppliers to raise procurement standards, secure best value for customers and to improve the efficiency and effectiveness of public sector procurement in Scotland. During 2021/22, the council made a contribution of £124,643 (£120,752 2020/21), 3.3% (3.3% 2020/21) of Scotland Excel's funding.

6.7 Seemis Group LLP

Seemis Group is the software provider of the standard management Information system within Scottish Education and works closely with its members and the strategic bodies responsible for education direction in Scotland. West Lothian's student data is processed and managed by Seemis software. Seemis supports local authorities and their associated schools in delivering their statutory and discretionary responsibilities. During 2021/22, the council contributed £190,924 (£183,416 2020/21), 3.9% (3.9% 2020/21) of Seemis Group LLP's funding.



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