

South Lanarkshire Council

Annual Accounts

2023

Contents

Joint Introduction by Chief Executive and Council Leader

Management Commentary

Background

Introduction to South Lanarkshire Council

Financial Performance

The Balance Sheet

Financial Outlook including Risks and Uncertainties

Risks and Uncertainties

Sustainable Development and Climate Change

Supplementary Information

South Lanarkshire Council Annual Governance Statement 2022/2023

1. Scope of responsibility
2. The purpose of the council
3. The purpose of the council's governance framework
4. How the council monitors and evaluates the effectiveness of its governance arrangements?
5. Key elements of the council's governance assurance framework
6. Review of Effectiveness
7. Significant Governance Areas
8. Summary

Statement of Responsibilities

Remuneration Report

Remuneration Policy

Disclosure of Exit Packages

Disclosure of Remuneration

Expenditure and Funding Analysis

Comprehensive Income and Expenditure Statement

Balance Sheet

Movement in Reserves Statement

Cash Flow Statement

Notes to the Financial Statements

Note 1 Accounting Standards Issued but Not Adopted

Note 2 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Note 3 Material Items of Expenditure and Income

Note 4 Notes to the Expenditure and Funding Analysis Statement Adjustments Between Funding and Accounting Basis

Note 5 Reconciliation of Adjustments Between Funding and Accounting Basis Shown in the Expenditure and Funding Analysis (EFA) to Those Shown In the Movement in Reserves Statement (MIRS)

Note 6 Expenditure and Income Analysed by Nature The council's expenditure and income is analysed as follows:

Note 7 Revenue from Contracts with Service Recipients

Note 8 Adjustments Permitted Under Accounting Standards and Between Accounting Basis and Funding Basis Under Regulations

Note 9 Comprehensive Income and Expenditure Statement – Other Operating Expenditure

Note 10 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

Note 11 Comprehensive Income and Expenditure Statement – Taxation and Non-Specific Grant Income

Note 12 Movements in Usable Reserves

Note 13 Balance Sheet – Unusable Reserves

Note 14 Members Allowances

Note 15 External Audit Costs

Note 16 Related Parties

Note 17 Leases

Note 18 Grant Income

Note 19 Events After the Balance Sheet Date

Note 20 Property, Plant and Equipment

Note 21 Other Assets – Intangible, Heritage and Assets Held For Sale

Note 22 Capital Expenditure and Capital Financing

Note 23 Short Term Debtors

Note 24 Debtors for Local Taxation

Note 25 Short Term Creditors

Note 26 Provisions

Note 27 Receipts in Advance

Note 28 Public Private Partnership and Similar Contracts

Note 29 Pension Schemes Accounted for as Defined Contribution Schemes

Note 30 Pension Schemes Accounted for as Defined Benefit Schemes

Note 31 Contingent Assets and Liabilities

Note 32 Financial Instruments

Note 34 Common Good

Note 35 Trust Funds

Note 36 Accounting Policies

Note 37 Critical Judgements in Applying Accounting Policies

Supplementary Statement No 1

Supplementary Statement No 2

Group Accounts

Group Comprehensive Income and Expenditure Statement

Group Balance Sheet

Group Movement in Reserves Statement

Group Cash Flow Statement

Notes to Group Financial Statements

Note 1 Notes to the Expenditure and Funding Analysis Statement – Adjustments between Funding and Accounting Basis

Note 2 Expenditure and Income Analysed by Nature (Group)

Note 3 Investments / Liabilities in Associates and Joint Boards

Note 4 Disclosure of Interests in Other Entities

Note 5 Financial Impact of Consolidation

Note 6 Group Entities

Note 7 Non-Material Interest in Other Entities

Independent auditor's report to the members of South Lanarkshire Council and the Accounts Commission

Glossary of Terms

Joint Introduction by Chief Executive and Council Leader

Thank you for taking the time to read the annual accounts for South Lanarkshire Council for the financial year 2022-2023.

We publish our accounts every year to clearly demonstrate how we use the public money with which we are entrusted to efficiently deliver the best possible services. The accounts also show how we meet our legal obligation to balance our budget.

As such, they reinforce our commitment not only to best value but also to public accountability, especially at a time when the public sector, and local authorities in particular, are facing very real financial and other challenges.

Three years after the start of the Covid-19 pandemic the council, like the country, still has a long way to go on the road to recovery. There continues to be a significant impact on some services, and there are also ongoing costs related to the pandemic and our recovery. With specific Covid-19 funding now at an end, this is a contributory factor to our wider financial issues.

We have faced financial challenges for many years, with substantial shortfalls between what we need to deliver our services and our income, more than three-quarters of which is funding from the Scottish Government. These issues were compounded through 2022-23 by the cost-of-living crisis and double-digit rises in inflation, while our real terms funding has reduced.

Just like companies and householders, the council faced large increases in costs, for example for energy to heat our care homes and food for our school meals. In addition, we have had to contend with large rises in costs for construction and across a wide range of contracts.

These pressures are not forecast to ease in the short to medium-term, and indeed South Lanarkshire Council's funding gap over the next two financial years, up to the Spring of 2025, is estimated at £55 million. This follows five years in which a total of £155 million has had to be found in savings to balance the budget.

Of course, despite such pressures it is our statutory duty to report a balanced budget, and the council's 2022-23 revenue budget of £835.14 million and our associate spending plans were agreed at a meeting of the full Council on 23 February 2022.

Education remains our largest area of spend, with our young people continuing to be taught in our fantastic estate of new and refurbished nurseries, primaries and secondary schools. The second biggest area of spend is Social Work, with the remainder of our budget funding Community and Enterprise, Housing and Technical, and Finance and Corporate Resources.

The full Council also approved two major capital programmes to invest a further £82.284m in General Services and another £52.230m in our housing programme. Despite the financial challenges being faced, the 2022-23 budget also identified a number of one-off investments.

These included early intervention to promote the wellbeing of vulnerable children and young people, a programme of pavement improvements, and a campaign to tackle the scourge of fly-tipping. Some of this funding was also redirected to support residents and communities cope with the cost-of-living crisis, including our Warm Welcome scheme that provided places for people to go during the colder months.

Our ability to respond effectively to these issues is possible because of the council's sound financial planning. The other absolute essential element to this is the invaluable effort we see on a daily basis from the council's fantastic workers as they deliver all of our services.

We are very proud of, and greatly value, our staff. This was reinforced by the New Deal for Employees, which made them the first in Scotland to have the "right to disconnect" outside of their working hours. An additional wellbeing day's leave was also provided in 2022, and conditions were enhanced around paternity leave and to support those who experience loss during pregnancy or who are undergoing fertility treatment.

Although these annual accounts cover 2022-23, it is worth noting that even in the current difficult economic conditions, new investments continue in 2023-24. These include additional resources to combat fly-tipping and graffiti, more investment in safe routes in communities, including drainage and streetlighting, and to extend £130 clothing grants to cover eligible 3 and 4-year-olds in early learning establishments.

Our full Council also agreed to kickstart a planned £13m Leisure and Culture Transformation Fund that will modernise local facilities, optimise their use and contribute towards the council's climate change responsibilities. Additional funding has also been made available to our partners South Lanarkshire Leisure and Culture, as it deals with its own budget pressures and transitions its business model.

We have been able to do this while retaining South Lanarkshire's position of having the lowest council taxes in mainland Scotland. As ever, we must thank our residents for understanding the challenges we continue to face, and for working with us to make sure South Lanarkshire remains a great place to live, learn, visit, and to do business.

On that theme, we can report that there is a steady flow of people who want to live in South Lanarkshire and benefit from its excellent schools, our good roads and wider connectivity advantages – and, most of all, to be part of the thriving communities in our rural and urban areas.

The council will continue to support our area's growth by delivering excellent services and through what investment we can afford, including our Community Growth Areas. We are proud to do this because, as we like to say, "WE are South Lanarkshire."

Management Commentary

Background

The Management Commentary will provide the reader with key messages in relation to the council's year-end financial position and also its performance for the year 2022/2023. As well as providing a summary of 2022/2023, this commentary also looks forward and provides a summary of the council's future financial plans and the challenges, risks and uncertainties it faces, while trying to maintain service delivery and meet the needs of the people of South Lanarkshire. This includes reference to the climate change agenda. Before this, the commentary will provide a brief introduction to the council area and its functions as well as its key ambitions and achievements.

Introduction to South Lanarkshire Council

The Area

The South Lanarkshire area is both urban and rural and covers 686 square miles from the Cathkin Braes to the Pentlands and down through the Southern Uplands. The council faces the dual challenge of catering for the busy towns in the north west (East Kilbride, Hamilton, Cambuslang and Rutherglen), while meeting the needs of residents in Lanark and the rural Clydesdale area.

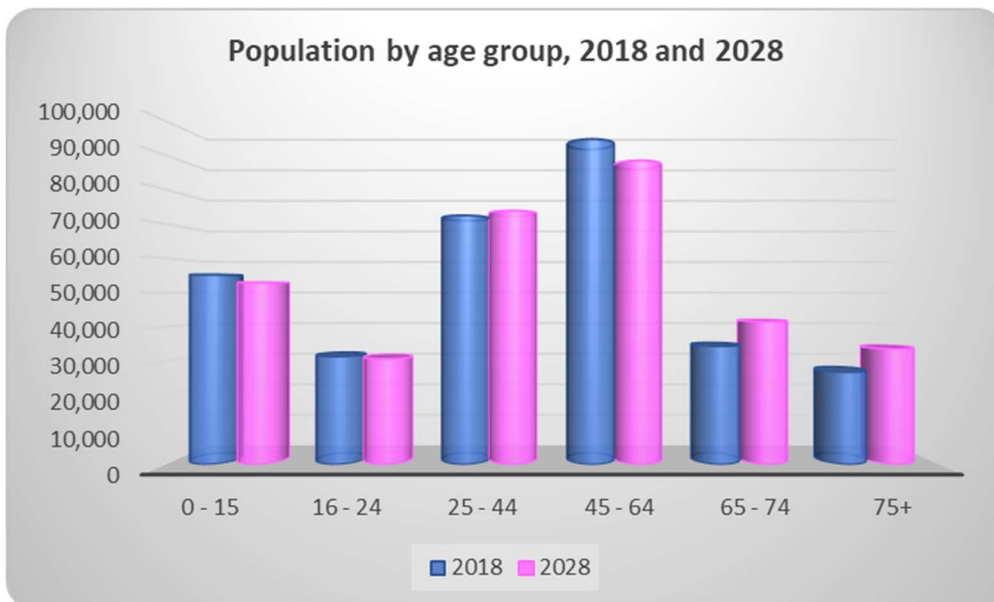
The council Structure

The council provides a range of essential public services across the area through its five Resources, facilitated by the commitment, dedication and ability of our 16,122 employees.

The council's five Resources, their functions and number of employees is detailed below:

Council Resource	Functions	Employees
Community and Enterprise Resources	Facilities, Waste and Grounds, Leisure and Culture Services, Planning and Regulatory Services, Enterprise and Sustainable Development, Roads Transportation and Fleet	3,413
Education Resources	Early Years, Schools, Quality and Improvement	7,459
Finance and Corporate Resources	Finance, Information Technology, Personnel, Administration, Legal and Licensing, Communications and Strategy	955
Housing and Technical Resources	Housing and Property Services	1,436
Social Work Resources	Adults and Older People, Children and Families, Criminal Justice	2,859

The council's 5 Resources serve around 320,000 people. This population is expected to both grow and age with projections suggesting that this population will rise c325,000 in 2028, an increase of 2% since 2018. This compares with a projected increase of 1.8% for Scotland as a whole. The projected 2028 figures show the largest decrease of 4.1% in the 0-15 age group and the largest increase of 25% in the 75+ age group. A further 0.8% increase is projected for the years 2028 to 2038.



Source: National Records of Scotland

The council's overall population growth is around a tenth faster than is projected in Scotland as a whole and its share of Scotland's population rises from 5.87% in 2018 to 5.88% in 2038. South Lanarkshire is expected to have the 5th highest population out of the 32 council areas in Scotland in 2028.

These changes in population in terms of both number and age profile, influence how the council and its partners shape future service design and delivery and feed into the council plan.

City Region City Deal

The council is part of the Glasgow City Region City Deal partnership. The council's capital programme, referred to later in this commentary, includes significant infrastructure projects which will bring economic benefit to the council area. These projects include the previously completed Cathkin Relief Road and the recently completed dualling of Greenhills Road in East Kilbride. It also includes numerous Community Growth Area (CGA) projects across the 4 CGAs: Hamilton, East Kilbride, Larkhall and Newton including some large-scale build projects such as a new Primary School and Nursery provision in Jackton.

The Council Plan

The council plan, Connect is the key strategic document that shapes the work of the council. It sets out the key actions to be delivered over five years, around a long-term vision supported by core values and priorities that influence how the council works. These in turn stretch out into all annual Resource Plans through what is known as the "golden thread", and on further to Service Plans, and through personal development plans, on to the individual members of staff who are responsible for service delivery.

A new council plan for the period 2022-27 was approved by the council on 15 June 2022.

In line with the BVAR recommendations and to further align the work of the council and the partnership, the new Plan sets out a common vision – to improve the lives and prospects of everyone in South Lanarkshire – and a common set of outcomes, developed through an extensive and multi-layered engagement and consultation process.

The new council plan and Community Plan were built using engagement to place residents' views and aspirations front and centre. At the close of the engagement period in August 2021, more than 3,300 responses had been received, representing the largest consultation exercise ever carried out by the council.

Three cross-cutting themes emerged from the community responses and feedback, and these became the priorities for the new Plan. These were: **People** (in particular, the impact of poverty and inequalities), **Progress** (in particular, recovery from the pandemic) and **Planet** (in particular, sustainable development).

Further analysis of what our residents and communities had told us they want, resulted in six outcomes being identified for the council plan and the community plan:

Communities and Environment

Caring, connected, sustainable communities

Education and Learning

Inspiring learners, transforming learning, strengthening partnerships

Health and Wellbeing

People live the healthiest lives possible

Children and Young People

Our children and young people thrive

Housing and Land

Good quality, suitable and sustainable places to live

Our Economy

Thriving business, fair jobs and vibrant town centres

Council Performance

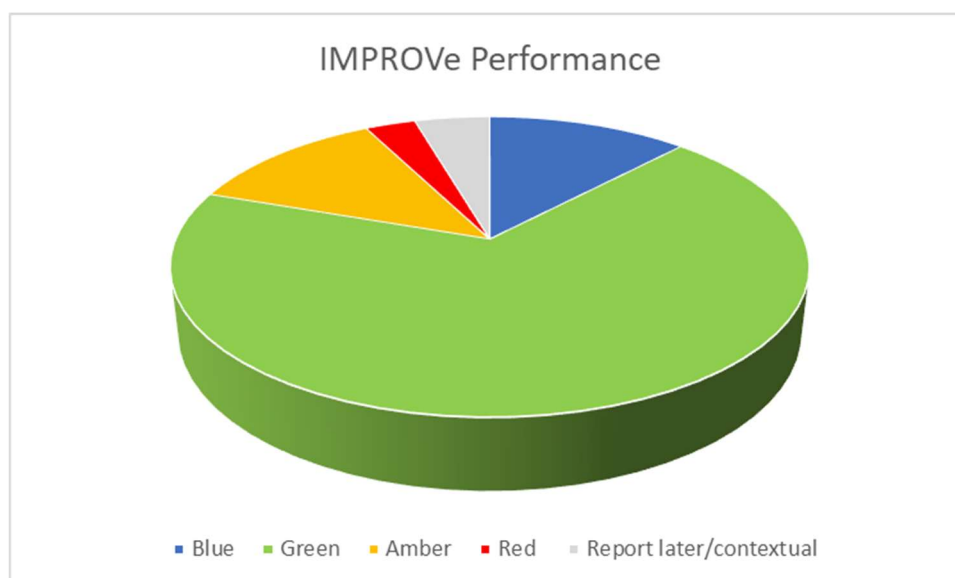
The council rates its performance using a number of measures. These are aligned to the priorities and outcomes set out in the council plan. A total of 234 measures were identified within Resource Plans for 2022/2023. Of those 66 (28%) are linked to the achievement of the Connect Outcomes detailed in the council plan. The measures are detailed within the individual Resource Plans and bi-annual progress reports, and can be found on the Performance pages of the council's website.

The Connect 2022-27 Quarter 4 Progress Report 2022/2023 was reported to the Performance and Review Scrutiny Forum on 8 August 2023.

The performance figures for quarter 4 of 2022-23 are shown below.

Status of performance measures	Definition	Number of performance measures
Blue	Project complete	8
Green	The timescale or target has been met as per expectations	45
Amber	There has been minor slippage against timescale or minor shortfall against target	8
Red	There has been major slippage against timescale or major shortfall against target	2
Report later/contextual	The information is not yet available or included for information only.	3

Status of council performance measures



There are two 'red' status measures: one relates to the percentage of total household waste that is recycled. The target of 50% was not achieved (actual at Q4 41.2%) due to higher residual waste tonnages collected at the kerbside due to Covid-19 and homeworking, high residual waste content in bulk uplifts (black bag waste accepted), and more non-recyclable waste being disposed of in Household Waste Recycling Centres. The other relates to the percentage of the road network that should be considered for maintenance treatment, according to the Society of Chief Officers of Transportation in Scotland (SCOTS) Road Condition Index (RCI) survey.

Despite the return of services through the council's Recovery Plan there is a Covid legacy in terms of a residual impact on some services and a significant build-up of demand, as a result of which there remains an inevitable impact on performance in some areas. This accounts for most of the 6 'amber' status measures.

The council continues to remain an active participant in the **Local Government Benchmarking Framework (LGBF)**. As well as allowing the council to self-assess its performance across years, the main benefit of the LGBF is the ability to compare performance with peers against an agreed suite of performance indicators, which will assist in achieving best practice and efficiencies.

The latest results available (2021/2022, as at 31 January 2023) show that across the 99 indicators in that year's suite, the council's performance improved against 35 (35%) indicators, remained the

same against 3 (3%) indicators, and declined for 39 (40%) indicators. There are 22 (22%) indicators for which there are no results or trend information available for 2021/2022.

Council performance against 99 indicators (latest available information – 2021/2022)

KEY:		Number (%) of indicators		
South Lanarkshire performance		2019/20	2020/21	2021/22
↑	improving performance in SLC	35 (39%)	36 (38%)	35 (35%)
↓	declining performance in SLC	45 (49%)	36 (38%)	39 (40%)
↔	No change in performance in SLC	1 (1%)	2 (2%)	3 (3%)
---	Results/trends not available	10 (11%)	21 (22%)	22 (22%)
Comparison with Scottish average		2019/20	2020/21	2021/22
□	SLC results better than Scottish average	42 (46%)	37 (39%)	41 (42%)
X	SLC results worse than Scottish average	39 (43%)	37 (39%)	34 (34%)
↔	SLC results same as Scottish average	0 (0%)	0 (0%)	2 (2%)
--	Results not available	10 (11%)	21 (22%)	22 (22%)

2019-20 Results at May 2021 refresh

2020-21 Results at May 2022 refresh

2021-22 Results at 31 January 2023

In terms of South Lanarkshire's figures relative to the Scottish results, our performance was better than the Scottish average for 41 indicators (42%) and worse for 34 indicators (34%).

Key achievements in 2022/2023

Some of the council's key achievements for 2022/2023 are listed below:



Roads, Transportation and Fleet won **'Most Effective in Road Safety, Traffic Management and Enforcement'** at the Scottish Transport Awards.

Five-year **Litter Strategy for South Lanarkshire** was approved by the Climate Change and Sustainability Committee.



Justice Services participated in an Adult Support and Protection **World Café Event** with a variety of care homes.



Sustainable Development and Climate Change Strategy was approved by the Climate Change and Sustainability Committee, following extensive public engagement building on success of previous strategy.



Scottish Education Awards 2022: **The Making a Difference (Primary) Award** was won by **Netherburn Primary School**.



Scotland's Enterprising Schools Awards 2022: **The Most Enterprising School Awards** was won by **Strathaven Academy**.



770 people attended two family orientated events at Lanark Loch and Overtoun Park, Rutherglen to mark this year's **International Literacy Day**.



Adult literacy team provided a range of **literacy-based learning activities** to support adult's and children's learning.



The **annual progress report**, in terms of **air quality**, has been submitted to the Scottish Government.



Care Facilities Modernisation Programme: new care campus in Blantyre, **19 technology enabled properties** are now occupied.



Key achievements in 2022/2023

Some of the council's key achievements for 2022/2023 are listed below:

The **power of positive relationships conference**

in September provided schools with a range of supports that are available to them in terms of Mental Health guidance.



Corporate Parenting:

A dedicated young person's service has been established for young people in conflict with the law who are **aged 12-18 years**.



South Lanarkshire Council Education Resources won the Community Learning and Development Award for the **Mobilize Music Project**.



Larkhall Academy and St Andrew's and St Bride's High School achieved the General Teaching for Scotland,

Excellence in Professional Learning Award and Quality Mark status.



'**Lanarkshire Women in Business**' event was held in June 2022.



Blantyre Town Centre Strategy and Action Plan

was approved at Community and Enterprise Resources Committee.



Financial Performance

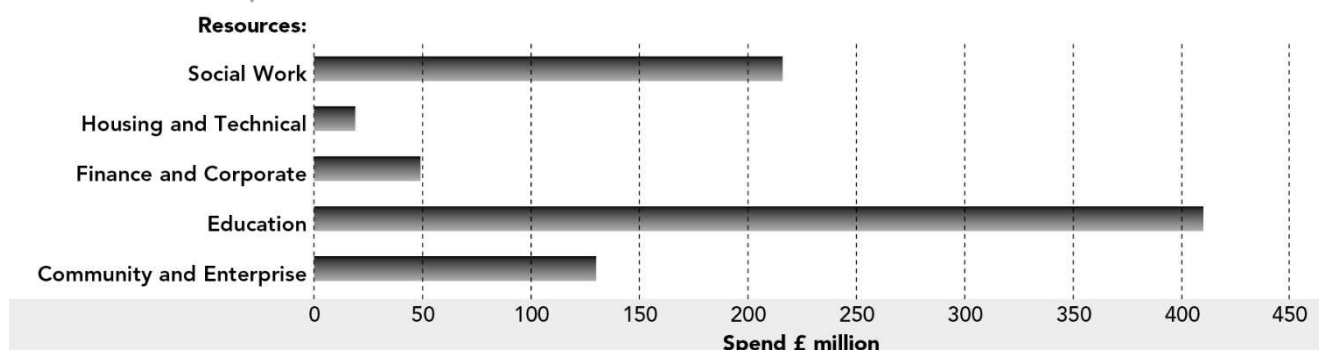
General Fund Position at end 2022/2023

The council's General Fund budget for 2022/2023 was approved by the council on 23 February 2022. This is the operational budget of the council. At the end of 2022/2023, the council's budget was showing an underspend position of £45.700 million. After making a number of agreed Transfers to Reserves totalling £45.700 million, the final position was a breakeven position. The full position for the council's Resources is detailed in the Revenue Budget Outturn 2022/2023 reported to the Executive Committee on 21 June 2023. This position takes account of the achievement of £1.985 million of the £2.235 million of approved savings for the year, with the remainder being pursued into 2023/2024.

The split of the spend across the individual Resources is shown below. This reflects the council's spend based on its operational structure (including transfers to reserves), with the biggest Resource being Education Resources. The budget is monitored internally on the basis of the five

Resources. Council spend across its five Resources (£m) is noted in the diagram and table overleaf.

Council spend across its five resources (£m)



Council Resource	Spend (After Transfers to Reserves) £m
Community and Enterprise Resources	129.410
Education Resources	410.918
Finance and Corporate Resources	49.019
Housing and Technical Resources	19.033
Social Work Resources	220.958

This spend against budget is shown in the South Lanarkshire Performance Section of the table below, which shows the Resources' final outturn position before any transfers were made to reserves for specific funding or commitments. The main variances are explained as:

Community and Enterprise Resources: an underspend of £1.555 million offset by monies carried forward into 2023/2024 for committed spend, includes additional income from waste and planning and building standards.

Education Resources: an underspend of £1.311 million was due to the timing of spend on multi-year programmes such as Early Learning and Childcare and Pupil Equity Fund. These monies will be carried into 2023/2024.

Finance and Corporate Resources: an underspend of £0.978 million was due to the timing of receipt of external funding, which will be carried forward for use in 2023/2024.

Housing and Technical Resources: a minor overspend of £5,000.

Social Work Resources: an underspend of £35,000 mainly reflecting the costs of residential placement pressures in Children and Families, offset by underspends in Performance and Support Services.

Loan Charges: an underspend of £4.721 million reflecting lower than anticipated interest costs as a result of taking a lower amount of long-term borrowing than previously anticipated during 2022/2023.

Council Tax/Council Tax Reduction Scheme (over-recovery £4.793 million) mainly the impact of additional houses added in-year as well as higher than anticipated level of income from previous years arrears collection and additional income from empty properties.

The **Comprehensive Income and Expenditure Statement** of the Accounts (page 49) sets out the council's year-end position on expenditure and income, in accordance with accounting requirements. This is different to the way that the council reports its financial monitoring internally as we are required to make a number of accounting adjustments. The **Expenditure and Funding Analysis (EFA)** on page 48 provides a link between the council's internal financial monitoring reports, and the figures in the Comprehensive Income and Expenditure Statement.

Table 1 shows the reader of the Accounts how to go from the internal Monitoring Report, through to the first column of the EFA (page 48).

	SLC Annual Budget (Col 1)	SLC Actual Outturn (Col 2)	SLC Outturn Variance (Col 3)	Building the EFA Actual Outturn (Col 2 Data)	Building the EFA Move / Remove items not included in Cost of Services	Building the EFA Net Expenditure Chargeable to the General Fund and HRA Services
	£m	£m	£m	£m	£m	£m
Community and Enterprise	129.435	127.880	1.555	127.880		127.880
Education	410.918	409.607	1.311	409.607	-	409.607
Finance and Corporate	49.018	48.040	0.978	48.040		48.040
HRA	-	-	-	-	3.990	3.990
Housing and Technical	18.953	18.958	(0.005)	18.958	-	18.958
Social Work	220.993	220.958	0.035	220.958	-	220.958
Joint Boards	2.151	2.151	-	2.151	-	2.151
Corporate Items	(0.469)	(0.469)	-	(0.469)		(0.469)
Net Cost of Services	830.999	827.125	3.874	827.125	3.990	831.115
Other Income and Expenditure	(830.999)	(872.825)	41.826	(872.825)	77.655	(795.170)
(Surplus) / Deficit on Provision of Services	-	(45.700)	45.700	(45.700)	81.645	35.945

The council's final reported outturn position for the year is a breakeven position (surplus of £45.700 million if you exclude the transfers to reserves at the end of the year – see col 2 above). However, as previously noted, this is not how the surplus is displayed in the various statements in the accounts due to accounting requirements to both exclude and include certain items for both the EFA and CIES, with the final entries being included as part of the Movement in Reserves Statement.

The final column in the table shows a surplus of £35.945 million which corresponds to the figures in the first column on the Expenditure and Funding Analysis on page 48. To this, accounting regulations require us to add in other entries for items including pensions, holiday pay, capital financed from revenue and loans fund principal payments (column 2 on EFA page 48) to arrive at a deficit on the provision of services of £45.700 million. To this, we need to take into account accounting requirements to reverse some entries to the balance sheet and also transfers from reserves which were required to fund projects during the year and transfers to reserves at the end of the year which are required to fund commitments in future years. After taking into account all of these items, the final outturn position for the council was a breakeven position, as reported to the Executive Committee.

Social Care (Home Care) Job Evaluation

The outcome of a recent Job Evaluation exercise for Home Carers will result in significant recurring costs for the Care at Home service that is delegated to the IJB in 2023/2024 and beyond. The annual costs of grade changes will be approximately £7m.

The Financial Regulations of the IJB state that if an overspend is forecast on either Parties in scope budget, the Chief Officer and the Integration Joint Board's Chief Financial Officer will aim to agree a recovery plan with the relevant Party to balance the overspending budget and to determine the actions required to be taken by the IJB to deliver the recovery plan.

In addition to the recurring costs, at a meeting of South Lanarkshire Council on 24 May 2023 it was asked that a review took place in relation to the implementation date of the outcome. Whilst the outcome of the Job Evaluation stated that grades were to change from 1 April 2023, there was the possibility that this review would change that outcome and back dated pay would require to be paid out. These costs would be in relation to Home Carers and therefore the costs are part of the services delegated to the IJB.

When the Unaudited Accounts were prepared in June 2023, the outcome of the review had been confirmed and a basis had been established for back-dating to October 2020. However, the value of the back pay had not been calculated and could not be included in the Unaudited Accounts. This calculation is now complete, and the impact of the back pay has been included in this Audited version of the Accounts for 2023. The Contingent Liability noted in the Unaudited Accounts to acknowledge the position has been removed (page 91).

Accounting for Service Concessions

The Scottish Government's 2022 Resource Spending Review contained details of a Service Concession Arrangement (SCA) flexibility that related to the council's PPP schools. The flexibility permits councils to undertake internal accounting changes that extend the period over which the principal repayment of the unitary charge can be made, resulting in a one-off credit to the General Fund (shown in the Movement in Reserves Statement) and ongoing annual savings for a period of time. In the remaining years following the end of the SCAs, the rescheduled debt repayments continue until the debt liability has been extinguished.

The annual unitary charge will continue to be paid to the contractor over the contract period. The guidance applies to principal and not to interest, service charge costs or grant. These will continue to be accounted for over the contract period.

The council has applied the permitted change in the calculation of the statutory charge in 2022/2023 and the adopted approach has been applied across the Schools PPP and the Glasgow Southern Orbital financial arrangement. This has resulted in a credit of £64 million in 2022/2023, which can be used to support future budget pressures.

The **Movement in Reserves Statement** on page 51 reconciles the financial position shown in the Comprehensive Income and Expenditure Statement (page 49) to the movement on the council's Reserves (pages 65 to 69).

During the year, the council drew money down from reserves, to meet current commitments or for agreed use in the 2022/2023 budget strategy, including Pupil Equity Fund for schools, Information Technology and funding for multi-year projects. In addition, the council made contributions to reserves for a variety of projects including Pupil Equity funding and Early Years expansion to meet future commitments. Money was also set aside for future budget strategies.

The balance on the council's total General Fund Reserve is £150.283 million and includes commitments for future projects as well as elements earmarked for use in future budget strategies. The General Fund Reserve is one of the statutory reserves that the council is permitted to hold and is included in the total usable reserves on the Balance Sheet totalling £176.941 million. A summary of the councils' total usable reserves is shown in the table below, with full details of all the council's usable reserves, including transfers to / from each of these reserves in 2022/2023 are detailed in Note 12.

	£000	£000
Total Usable Reserves	-	176,941
Less:		
General Fund (committed inc. budget strategies)	137,240	-
Repairs and Renewals (inc. Winter Maintenance)	7,610	-
Capital Funds (inc. Capital Receipts Reserve)	4,776	-
Insurance Fund	1,411	-
Housing Revenue Account	12,861	-
Total Committed Usable Reserves	-	163,898
Uncommitted General Fund	-	13,043

Note 12 shows that the council's General Fund reserve comprises an earmarked element (£137.240 million) and an unearmarked balance of £13.043 million.

The council's Reserves policy identifies that there is no prescribed minimum level of reserves which should be held by a council. The level of Uncommitted General Fund of £13.043 million currently reflects a suitable cushion to contribute towards any unanticipated pressures that the council may face.

Housing Revenue Account

As well as running a General Fund account to deliver services, the council also manages a stock of housing. The annual expenditure on the council houses (£116.578 million in 2022/2023) and the total income received (£112.586m in 2022/23), are held as a ring-fenced Housing Revenue Account (HRA). Any surplus funds are held in a Reserve on the council's balance sheet and can be used in future years. The details are shown on pages 109-110.

At the end of financial year 2022/2023, there was an overspend of £3.990 million on the Housing Revenue Account. This was funded from the Housing Revenue Account Reserve. The Reserve was also increased by £0.610 million for income received through Council Tax from owners of second homes. These monies are ring-fenced for social housing. These transfers mean a decrease of £3.990 million in the Housing Revenue Reserve, taking its total to £12.861 million at the end of 2022/2023.

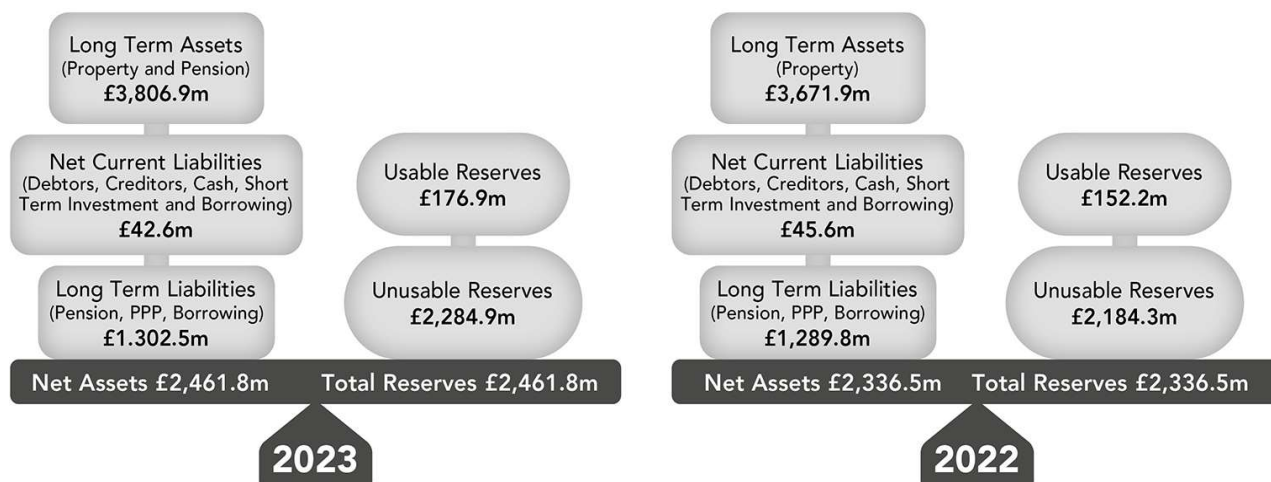
These monies will be carried forward to future years to fund the ongoing impact of welfare reform, the development costs related to the new housing management I.T. system and the continuation of the housing investment programme, as well as maintaining a reasonable level of reserves.

The council has a medium to long term financial business plan for the HRA. This ensures the affordability of the council's approved Strategic Housing Investment Programme (SHIP), a key part of the Local Housing Strategy (LHS) process. The strategic outcomes identified in the LHS, guide investment priorities outlined within the SHIP, including the increase in supply of affordable housing in areas of housing pressure, as well as coping with the needs of an ageing population.

The Balance Sheet

Taking the year's activity into account, the council's balance sheet (page 50) shows the position as at 31 March 2023 and brings together the council's year end balances including the assets owned, the monies owed to and by the council and the reserves available to the council for use in future years.

The position at the end of March 2023 as well as the previous year for information, is shown below.



The main change year on year is the increase in Long Term Fixed Assets (Property and Pension Asset) which reflects the council's spend on its property assets, an increase in the value of its council housing stock and a new Pension Asset following actuarial review of the Fund. The long-term liabilities decreased mainly due to a reduction in the pension liability which was offset by an increase in long term borrowing reflecting the implementation of the accounting treatment of Service Concession arrangements (PPP and similar contracts).

This is the first time that the council is showing a Pension Asset. The Pension Liability is indicative of a broad position, however the reader should be aware that the council is meeting its pension

costs on an annual basis. This Liability is offset in part by the Pension Asset which, while presented on the council's Balance Sheet, is not readily available for the council's use.

Assets of the Strathclyde Pension Fund are ordinarily included in the Balance Sheet at their fair value (current bid prices as required under IAS19), principally the bid price for quoted securities, estimated fair value for unquoted securities and market price for property. However, while the accounting requirements of IAS19 have been applied in the current year, the significant nature of the Asset has been reviewed, and in line with IFRIC14, the asset has been de-recognised to equate to the level of the asset ceiling, provided by the Fund's actuary. This Pension Liability is also recognised on the Balance sheet. Taking the two together, the Net Pension Liability reflects the net present value of future service costs less the net present value of future obligations over the future working lifetime as at 31 March 2023. Further information is provided in Note 30 (pages 85-90).

The council's assets and liabilities are funded by an equivalent level of Reserves. These Reserves comprise Unusable Reserves of £2,284.8 million (maintained for accounting purposes only) and Usable Reserves of £176.9 million which as the name suggests, are those which the council can use to support service delivery through its Revenue and Capital budgets. The detail of these Reserves is noted in the Movement in Reserves Statement on page 51 with more detail provided in Note 12 (page 65) and the Accounting Policies (pages 100 to 108).

It is expected that future revenue income, alongside the council's budgeting and planning processes, will ensure management of future liabilities. It is therefore considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Capital Programme

The council operates two distinct capital programmes: the General Services Capital Programme and the Housing Capital Programme.

The spend across Resources and Housing is shown in the graphic (and the table) below.



Council Resource	Spend £m
Community and Enterprise Resources	36.324
Education Resources	15.342
Finance and Corporate Resources	4.977
Housing and Technical Resources	4.883
Social Work Resources	4.210
Housing Capital Programme	60.695

The General Services Capital Programme spend was £65.736 million in 2022/2023, equating to approximately 69% of the original capital budget approved at the start of the financial year.

The underspend reflects a variation from the expected timing of spend across a number of projects within multi-year programmes. The main projects contributing to the underspend include the Place Based Investment Projects, Roads Investment Programme, Roads Participatory Budgeting, Clyde Bridge, Cycling Walking and Safer Routes, EK Civic Relocation/Near to Home, Roads City Deal, Education ASN / Mainstream Adaptation and Prioritised Urgent Investment. Project budgets have been carried forward into 2023/24 to complete these projects where appropriate.

Significant project spend during the year has been incurred on a number of build projects including:

- Jackton Primary School,
- Roads Carriageway Investment Programme,
- Newton Farm Primary School Extension,
- Oracle Fusion Project and Schools ICT and
- Blantyre Life.

The extended Newton Farm Primary School and the new Blantyre Life are shown in the images below.



The **General Services Programme** has been funded from a combination of grants from various funding bodies (including Scottish Government), partner organisations (£43.871 million), borrowing (£19.042 million) and developers' contributions (£0.059 million).

The **Housing Capital Programme** spent £60.695 million in 2022/2023, 91% of its revised budget target. This underspend is due to a number of factors, mainly, property services operatives being diverted to tackle the impact of bad weather in December which resulted in flooding damage to a number of Council properties and delays in relation to the expected milestone payments for the Kirk Street, Strathaven new build project.

The focus of Housing Capital Programme expenditure on council housing stock was on the provision of additional housing and improvement and environmental works. The Housing Programme is ring-fenced and funded by the Housing Revenue Account, Government Grant, Borrowing and house/land sales.

The newly completed housing in Larkhall is shown in the image below.



The Capital Budget Monitoring Final Outturn – 2022/2023 for both Programmes was reported to the Executive Committee on 21 June 2023.

The council is able to regulate its own capital spending limits within a Prudential Framework recommended by CIPFA and endorsed by the Scottish Government. As such, the repayment of borrowing, which falls as a future commitment against the council's Revenue Budget, must be affordable. The repayments form part of the approved revenue budget, and the spend and debt repayments remain within the Prudential Framework limits approved by the council. The ratio of financing costs to the council's Net Revenue Stream for 2022/2023 (Government Grant plus Council Tax Income) is 4.47%

Key Financial Ratios

In order to monitor financial performance and to supplement the figures contained within the Annual Accounts, the council prepares a number of financial ratios as a result of best practice guidance contained within the Prudential Code for Capital Finance in Local Authorities. These relate to the borrowing the council undertakes.

The following table provides information on these indicators:

Financial Indicator and Commentary	2022/2023	2022/2023
	Forecast	Outcome
	£m	£m
Debt/Long-term Borrowing	-	-
Capital Financing Requirement (CFR) for the current year.	1,404	1,382
External Debt Levels for the current year. (Excluding Accrued Interest)	1,215	1,215
Gross Borrowing (External Debt Levels excluding PPP Finance Lease Liability)	1,036	1,036
Ratio of Financing Costs to Net Revenue Stream (as a %) which indicates how much of the council's net revenue budget is used for servicing debt:		
General Services	4.96%	4.47%
Housing Revenue Account	17.16%	13.98%

The Capital Financing Requirement (CFR) shows how much the council needs to borrow in order to fund its capital expenditure. The actual CFR for the year is £22 million less than forecast due to a reduction in borrowing required to fund the 2022/2023 capital programmes. This reflects the timing of spend across both capital programmes (General Services and HRA).

The ratio of financing costs to net revenue stream for General Services shows what percentage of our income from Council Tax and Government Grant is used to pay for the costs of borrowing. For the Housing Revenue Account, the ratio shows how house rents have been used to pay for the cost of borrowing.

For General Services the ratio is less than forecast. This is due to lower borrowing costs and the Net Revenue Stream being higher than forecast.

For the Housing Revenue Account, the ratio is also lower than forecast due to actual borrowing costs being lower than forecast and a slight increase in income.

Financial Planning

The current economic situation and the residual demands in the wake of the Coronavirus Pandemic means that the council continues to operate in a climate of financial pressure. Increasing cost burdens due to pay awards and above average contract inflation are reducing the spending power of grant settlements.

Financial Planning is a key tool in managing these pressures and the council has a number of key documents which assist in this, and includes a Long Term Revenue Budget Strategy and a Long Term Capital Strategy. A Revenue Budget Strategy is prepared every year along with an annual report on the Prudential Indicators, the Treasury Management Strategy and the Annual Investment

Strategy. This suite of reports lays out the position for the council across the coming years and identifies the key areas of financial risk and pressure. The Revenue Budget Strategy for 2024/2025 was reported to the Executive Committee on 21 June 2023.

Financial Outlook including Risks and Uncertainties

Outlook

The council approved its 2023/2024 revenue budget of £910 million in February 2023.

The council's Budget Strategy beyond 2023/2024 indicates an expectation of financial pressure arising from a number of areas including grant reductions, pay awards and inflation. The overall result of these pressures is a significant budget shortfall for the coming years, and a continued need to make savings.

Specifically for financial year 2024/2025, the Revenue Budget Strategy was presented to Council on 21 June 2023. This Strategy was based on the best information available. It assumed a flat cash position in relation to Government Grant funding (based on the Scottish Government's Spending Review 2022) as well as a number of expenditure assumptions for items such as pay awards, demand / growth, and inflationary increases in PPP contractual payments and utility costs. It also included the reinstatement of spend as a result of previous decisions taken and with that and the benefit of corporate solutions totalling £30.895 million, the savings requirement for 2024/2025 is £29.207 million.

Moving forward, the position for the years beyond 2024/2025 was last presented to Council in February 2023. These estimations are being refreshed as part of the ongoing exercise on the 2024/2025 Budget Strategy, and members will be updated later in the financial year. The current savings required across the coming years is summarised below:

Year	2025/2026	2026/2027	2027/2028
£m	£m	£m	£m
Total	39.6	20.3	11.1

Risks and Uncertainties

In addition to the impact and uncertainty brought about by the global coronavirus pandemic, there are a number of other risks and uncertainties faced by the council.

In looking at these areas of risk and uncertainty, it is important to note the council's governance arrangements. These are detailed in the Annual Governance Statement which sets out the proper arrangements for the governance of the council's activities, facilitating the effective exercise of its functions and including clear arrangements for the management of risk. The Annual Governance Statement can be found on page 19.

The council maintains a Risk Register which is updated on a regular basis by senior management and is presented to elected members. The latest reported version of the Risk Register was the Review of the council's Top Risks/Year End Risk Management Report reported to committee in October 2022. The risk register is one of the key sources of assurance that inform the council's annual review of its governance arrangements.

The council's Top Risks (Very High level) are detailed below.

- 1. Reduction in external funding and fees/income received by the council, as well as the increased demand for services including the residual impact of the pandemic, and the increased cost of services due to rising inflation and the cost-of-living crisis, results in increasing budget gaps.** This is a key risk due to the potential impact it can have on the council's financial position. The impact is mitigated by a sound financial planning process and good financial controls.

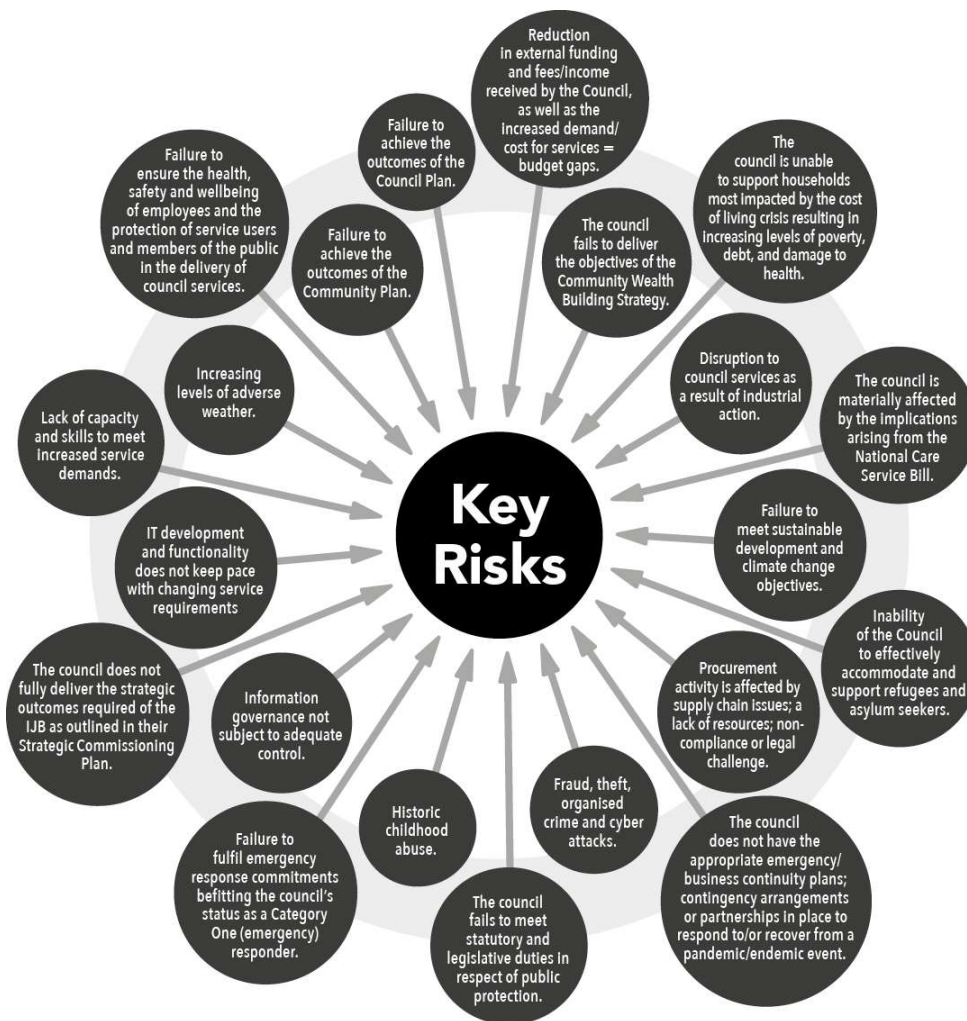
- 2. The council is unable to support households most impacted by the cost-of-living crisis resulting in increasing levels of poverty, debt, and damage to health.** The focus of this new risk is on the support that the council can provide to households, but it is important to note, with the gravity of the issue, the council's support role is only a small part of the mitigation, with the Government and Energy Companies playing a lead role.

- 3. The council fails to deliver the objectives of the Community Wealth Building Strategy.** This is a key risk due to the potential impact on the council not being able to develop resilient, inclusive local economies. The impact is mitigated by a number of control measures linked to the 5 community wealth building pillars.

- 4. The council is materially affected by the implications arising from the National Care Service Bill.** The National Care Services (Scotland) Bill that was presented to Parliament on 20 June 2022, with the Scottish Government now committed to establishing a National Care Service by the end of the current parliamentary term in 2026. The council will continue to monitor developments in this area and develop appropriate control measures where required, once more detailed proposals from the Scottish Government are known.

- 5. Disruption to Council services as a result of industrial action.** Pay claims are made that are in line with rising inflation or against the backdrop of a cost-of-living crisis and Local Government financial constraints. Whilst pay awards for 2022 have been agreed, there may be potential for further industrial action when the 2023 pay awards are being negotiated. Control measures are in place to manage disruption that arises.

- 6. Failure to meet sustainable development and climate change objectives.** The council has a legislative requirement to reduce carbon emissions, adapt to a changing climate and act sustainably to meet public sector climate change duties. Sustainable development and climate change is embedded within the council plan, Connect, as well as relevant plans, policies, and strategies. Progress in this area is reported to the Climate Change and Sustainability Committee. These key risks as well as the remainder of the council's high-level risks are shown in the graphic and list below:



- Reduction in external funding and fees/income received by the council, as well as the increased demand for services including the residual impact of the pandemic, and the increased cost of services due to rising inflation and the cost-of-living crisis, results in increasing budget gaps.
- The council is unable to support households most impacted by the cost-of-living crisis resulting in increasing levels of poverty, debt, and damage to health.
- The council fails to deliver the objectives of the Community Wealth Building Strategy.
- The council is materially affected by the implications arising from the National Care Service Bill.
- Disruption to council services as a result of industrial action.
- Failure to meet sustainable development and climate change objectives.
- Inability of the council to effectively accommodate and support households who arrive in South Lanarkshire as part of refugee resettlement and the asylum seeker dispersal programmes.
- The council does not have the appropriate emergency / business continuity plans; contingency arrangements or partnerships in place to respond to/or recover from a pandemic/endemic event.
- Procurement activity is affected by supply chain issues; a lack of resources; non-compliance or legal challenge.
- The council fails meet statutory and legislative duties in respect of public protection.

- Fraud, theft, organised crime, and cyber-attacks.
- Failure to fulfil emergency response commitments befitting the council's status as a Category One (emergency) responder.
- Historic childhood abuse.
- Information governance not subject to adequate control.
- The council does not fully deliver the strategic outcomes required of the IJB as outlined in their Strategic Commissioning Plan
- IT development and functionality does not keep pace with changing service requirements.
- Lack of capacity and skills to meet increased service demands.
- Increasing levels of adverse weather.
- Failure to ensure the health, safety and wellbeing of employees and the protection of service users and members of the public in the delivery of council services.
- Failure to achieve the outcomes of the Community Plan.
- Failure to achieve the outcomes of the council plan.

Taken together, these risks and external influences represent a fast-changing environment, bringing opportunities as well as challenges, and driving the requirement for the council and its services to be open to new ways of working, to innovation and continuous improvement.

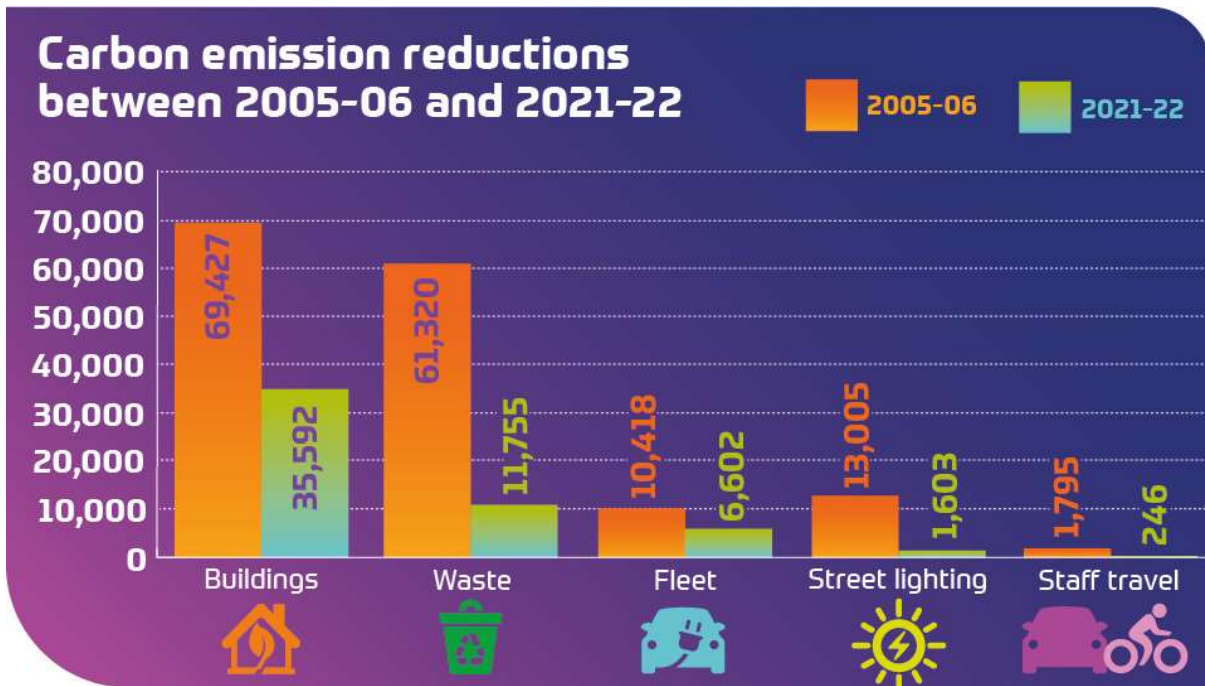
Sustainable Development and Climate Change

Sustainable development and climate change action is governed through the council's Climate Change and Sustainability Committee which has decision making powers to help to accelerate the pace and scale of action needed in response to the climate emergency and meet challenging climate change national targets.

Our commitment to sustainable development begins with integrating climate considerations into our policies, plans, and decision-making processes. Sustainable development and Climate Change is embedded within the council plan, Community Plan as well as other relevant plans, policies and strategies. The council's Sustainable Development and Climate Change Strategy (SDCCS) 2017-2022 set out our overall approach to sustainable development and challenges and opportunities of climate change.

The Climate Change (Scotland) Act 2009 has set a 2045 target for net-zero emission of all greenhouse gases, and new interim targets of 75% reduction in emissions by 2030, and 90% reduction in emissions by 2040, relative to 1990 levels. As a public sector body, we have a legislative requirement to contribute to these targets and are required to set and report on our own carbon reduction targets. We are committed to measuring, monitoring, and reporting our greenhouse gas emissions, as well as the progress we make in achieving our carbon reduction targets. The most recent carbon footprint, for 2021-22 shows that reductions of 65% have been achieved since the baseline year of 2005-06.

In addition to mitigating our own impact, we understand the importance of adaptation to climate change. Failure to meet sustainable development and climate change objectives was identified as one of the council's top risks - these risks relate to economic, social and cultural influencers.



Supplementary Information

Common Good and Trust Funds

The council operates Common Good and Trust Fund accounts which record the financial transactions in relation to funds the council administers. These do not represent charges or income to Council Tax payers. These are shown in pages 99-100 of the Accounts.

Our Group

The council has adopted the recommendations of the Accounting Code of Practice in the United Kingdom 2022/2023 and has produced a full set of Group Accounts. These accounts incorporate any material balances from identified associates of the council, and include a Group Movement in Reserves Statement, a Group Balance Sheet, a Group Expenditure Funding Analysis Statement, a Group Income and Expenditure Statement and a Group Cash Flow.

By including the Group entities along with the council's own Accounts, the effect on the Group Balance Sheet is an increase in both Reserves and Net Assets of £96.427 million. This represents the council's share of the net assets in these entities. The Group Accounts, including details of associates are included in pages 113-125. There has been no change to the Group membership since 2021/2022.

More Information

Further information about South Lanarkshire Council can be obtained on the council's website www.southlanarkshire.gov.uk. Alternatively, contact Finance and Corporate Resources, Floor 4, Almada Street, Hamilton ML3 0AB

Paul Manning
Executive Director, Finance and Corporate Resources

Cleland Sneddon
Chief Executive

Councillor Joe Fagan
Leader of the Council

South Lanarkshire Council Annual Governance Statement 2022/2023

1. Scope of responsibility

The residents of South Lanarkshire expect the council to conduct its business in a lawful and transparent way. In particular, the council has a duty to safeguard public money and account for it; and to continuously review and improve how its functions are discharged, focussing on the priorities of economy, efficiency, and effectiveness.

The council is responsible for putting in place proper arrangements for the governance of its activities, facilitating the effective exercise of its functions including clear arrangements for the management of risk.

A [Local Code of Corporate Governance](#) (referred to as the “Code” from here on) has been approved and adopted. The Code is reviewed and updated annually and is consistent with the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework entitled ‘Delivering Good Governance in Local Government’.

This statement explains how the council has complied with the Code during 2022/2023 and meets legislative requirements to include the Annual Governance Statement within the Annual Accounts. It also sets out the significant changes to the council’s governance arrangements as a result of the global health pandemic (referred to as the “Pandemic” from here on).

2. The purpose of the council

The [Council Plan 2022-27](#) sets out the council’s vision, values and objectives and what difference this will make to the residents and communities of South Lanarkshire. The council plan which was informed by the views of South Lanarkshire residents and information from many other sources including local community plans, face to face discussions, online feedback, feedback from Community Groups, Community events and surveys was approved by Council in June 2022.

The council is also a statutory Community Planning Partner and the [Community Plan 2022-32](#) provides a common vision for the South Lanarkshire Community Planning Partnership and sets out how the partners aim to achieve that vision.

The council has set the framework for strong corporate governance by having a clear vision and values which are outlined below: -

Our vision is to improve the lives and prospects of everyone in South Lanarkshire.

Our priorities are:

- People – we will work to put people first and reduce inequality.
- Progress - we will work to recover, progress and improve.
- Planet – we will work towards a sustainable future in sustainable places.

Our outcomes will be:

- Communities and environment - Caring, connected, sustainable communities.

- Education and learning - Inspiring learners, transforming learning, strengthening partnerships.
- Health and wellbeing - People live the healthiest lives possible.
- Children and young people - Our children and young people thrive.
- Housing and land - Good quality, suitable and sustainable places to live.
- Our economy - Thriving business, fair jobs and vibrant town centres.

Our values are:

- Focused on people and their needs.
- Working with and respecting others.
- Accountable, effective, efficient and transparent.
- Ambitious, self-aware and improving.
- Fair, open and sustainable.
- Excellent employer.

3. The purpose of the council’s governance framework

The governance framework comprises of the culture, values, systems, and processes by which the council is directed and controlled. It describes the way the council is accountable to communities. It enables the council to monitor the achievement of its strategic objectives and consider whether these objectives have led to the delivery of appropriate and cost-effective services.

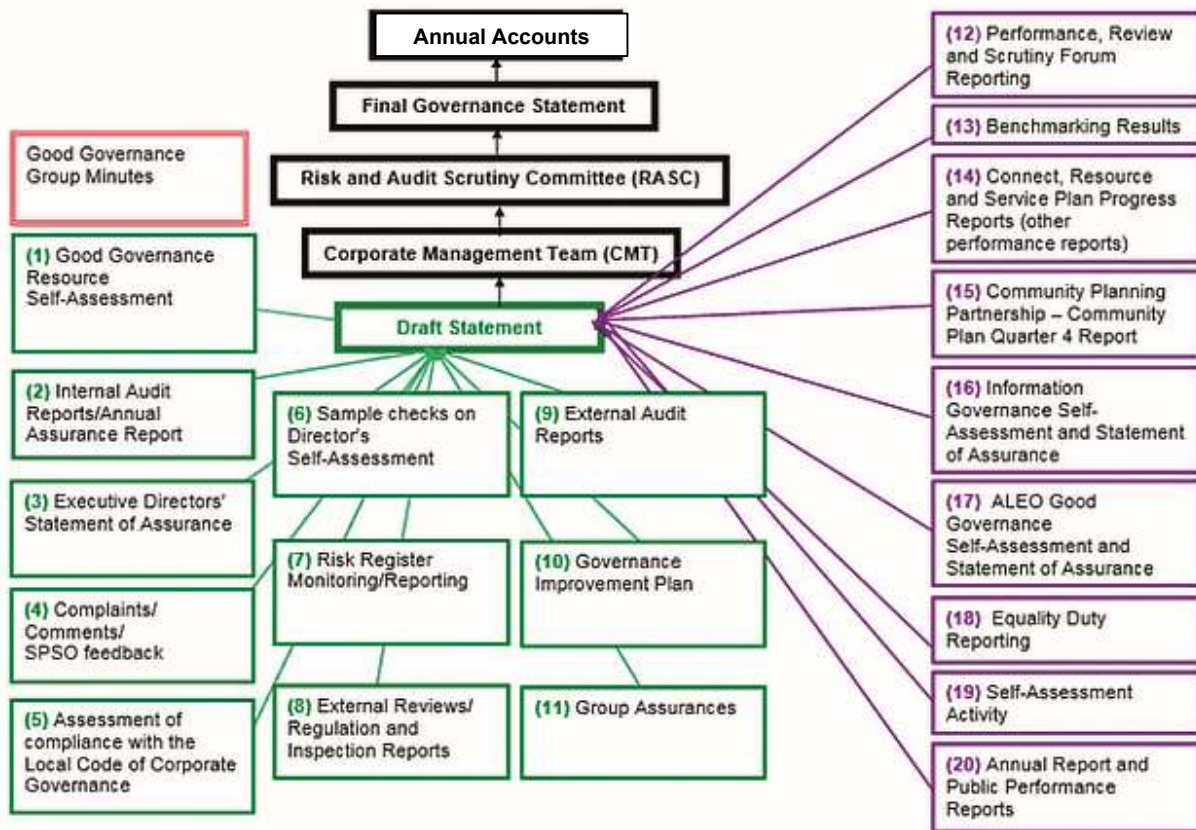
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council’s aims and objectives by evaluating the likelihood and potential impact of those risks being realised. This enables the council to manage risk efficiently, effectively, and economically.

The governance framework has been in place at South Lanarkshire Council for the year ended 31 March 2023 and up to the date of approval of the Annual Accounts.

4. How the council monitors and evaluates the effectiveness of its governance arrangements?

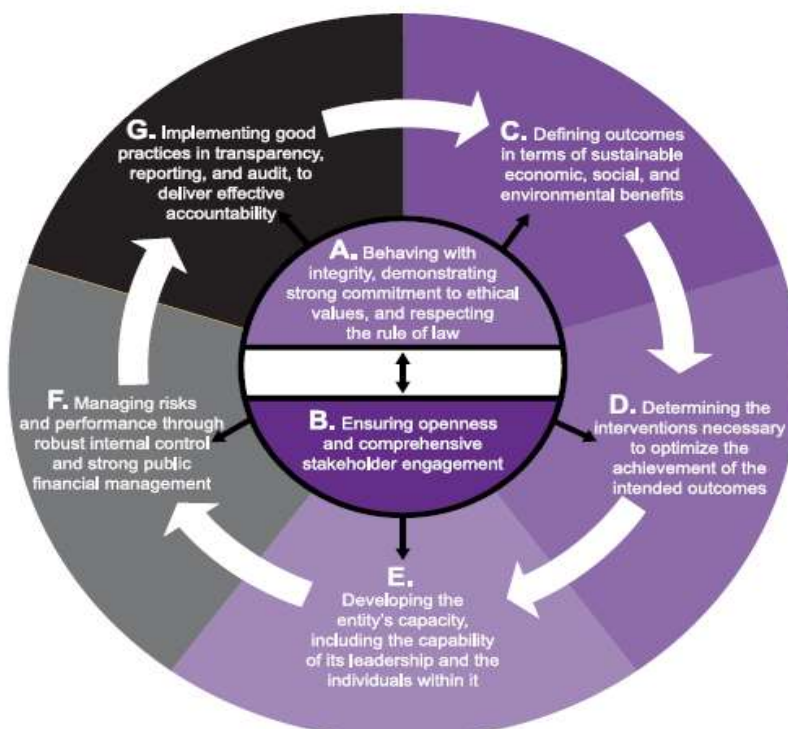
The council annually reviews the effectiveness of its governance arrangements. The key sources of assurance that inform this review and underpin the statements made within this document are shown in the diagram below.

2022-23 Annual Governance Statement Assurance Framework



5. Key elements of the council's governance assurance framework

The council aims to achieve good standards of governance by adhering to the seven national principles below, which form the basis of the council's Code. These principles are used each year to evaluate governance arrangements and identify areas for improvement.



The council has complied with these principles and provides assurance as to how they are met. Significant elements of the systems and processes that comprise the council's governance arrangements and important changes/ developments are described below. Links to the key council documents referred to below can be found in Section 2 of the Code. The impact of the Pandemic has been included and additional commentary can be found at the end of this section. Commentary on the council's level of compliance with the CIPFA Financial Management Code can also be found at the end of this section.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Links to Council's values:

Accountable, effective, efficient, and transparent; Working with and respecting others

How we do this:

- The council's values and objectives provide clear direction to councillors and employees and are embedded in all policies and processes.
- Standards of conduct and integrity were promoted through the national Code of Conduct for Councillors and by the Standards and Procedures Advisory Forum. This is supplemented by role profiles which have a core accountability to maintain the highest standards of conduct.
- The employee Code of Conduct outlines standards of conduct and integrity. All breaches including reported cases of suspected unethical behaviour and non-compliance with the law/policy were investigated through the employee disciplinary process and the recommended actions taken.
- Professional Codes of Conduct ensured that ethical standards were maintained, and all breaches were investigated by the governing body.
- To support integrity in decision making, the council has a number of Committee procedural documents including decision making protocols known as the Scheme of Delegation, terms of reference documents, standing orders on procedures and contracts and financial regulations.
- To ensure openness and transparency agendas and Committee reports are published to the council website at least five working days ahead of the scheduled meeting dates and any minutes of decisions taken by the Chief Executive during any period when committee meetings are suspended are publicised on the council website. Committee meetings are live streamed to the council's YouTube channel.
- To ensure openness and transparency in decision making processes, all declarations of interest made by councillors at meetings were recorded and made available online.
- There are a range of policies such as the Counter Fraud, Bribery and Corruption Policy Statement and Strategy, Fraud Response Plan, Whistleblowing for Third Parties and Confidential Reporting procedures. These continue to be updated to reflect best practice and support a culture of ethical behaviour amongst employees and councillors.
- Health and Safety compliance during 2022/2023 was assessed as being within the top rating band of "good".
- Legal Services maintained an overview of legislation and regulations and worked with services to ensure compliance.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

Links to Council's values:

Accountable, effective, efficient, and transparent; Fair, open, and sustainable; Focused on people and their needs; Working with and respecting others.

How we do this:

- To ensure transparency and openness in decision making processes, all agendas, reports, and decisions were published on the council's website and printed copies were available for public inspection for all Committee and Forum meetings (except the Standards and Procedures

Advisory Forum). From April 2021 all Committee meetings were live streamed to the council's YouTube channel http://bit.ly/SL_Committees. From August 2021 all Forum meetings have been live streamed.

- The [Committee Management Information System](#) allows members of the public to register and be notified when Committee and forum papers are published. The system also facilitates the creation of [online petitions](#) to increase the potential reach of signatories.
- The work of the council and key information from our partners is communicated regularly using a range of communication channels. The [South Lanarkshire View](#) pages on the council website provide a dedicated source of local information and news for communities. A variety of social media channels are used to communicate updates and share information.
- A suite of dedicated Pandemic pages providing advice, help and public health information were created and maintained on the council website.
- A 'Let's Talk South Lanarkshire' campaign has been established and was used to engage local people in an initial discussion about their experiences of the pandemic and continues to be used for ongoing dialogue with communities on both the council and community planning priorities.
- The council's Community Engagement Team continue their work to increase stakeholder engagement and involvement in decision making processes through the continued development of new Community Planning Partnership Neighbourhood Plans which are aimed at improving outcomes and reducing inequalities.
- The Community Planning Partnership published its first [Community Participation and Engagement Strategy 2020 to 2025](#) which is also available online in [BSL](#) and the council has produced an online course for employees to complement this.
- A partnership Participation and Engagement Group has been established to ensure that there is a consistent and co-ordinated approach to engaging with communities.
- The council carried out circa 50 surveys and engagement activities with residents, employees, and partners, and through the council's Citizens Panel to inform policy and service delivery. Further information on our surveys is published on the [Council's website](#).
- To ensure inclusivity and help shape service delivery, the council co-ordinates regular engagement with targeted groups of people such as young people, older people, people with disabilities, unpaid carers, black and ethnic minorities, and so on. Groups considered items such as the budget consultation, rent setting and performance reporting.
- The [Participation Requests](#) and [Community Asset Transfer](#) processes support communities to engage with the council to improve local outcomes.
- The council's performance [Spotlights](#) summarise what the council has achieved and the [Public Performance Reports](#) provide a comprehensive overview of service performance. These, along with the council's [Benchmarking report](#) demonstrate the council's commitment to continuous improvement and achieving Best Value; summarise the progress that the council has made in meeting its priorities and how it is performing locally and nationally.
- The council's Digital Inclusion Strategy 2020 to 2023 sets out the actions that the council is taking to assist those people who are unable to get online to access services digitally. The council also leads on a partnership Digital Inclusion Group.
- A comprehensive range of information on how the council operates is available on the website. The [Freedom of Information Publication Scheme](#) ensures that key information about how the council works is accessible to the public.

Principle C: Defining outcomes in terms of sustainable, economic, social, and environmental benefits

Links to Council's values:

Accountable, effective, efficient, and transparent; Fair, open, and sustainable; Focused on people and their needs

How we do this:

- The council has a Capital Strategy that has a long-term outlook on future capital investment (up to 2027/2028). This document is underpinned by a suite of Asset Management Plans which are aligned with the council's objectives and focus on creating an efficient, fit-for-purpose and

sustainable core estate that delivers best value in terms of investment, running costs and environmental impact.

- The council plan 2022 to 2027 and Community Plan 2022 to 2032 have clearly defined economic, social, and environmental outcomes to be delivered during the period.
- A Community Wealth Building Strategy setting out the council's ambitions in relation to spending, workforce, land and property, finance and building the generative economy was approved in March 2021. A Community Wealth Building Commission was established to oversee the implementation of the Strategy. A Community Wealth Building Progress Group has been set up to ensure that timescales within the action plan are met.
- Annual Resource Plans which deliver the objectives of the council plan were reviewed and updated. These plans outline the outcomes and actions to be achieved within the year and reference linkages with other key strategic plans of the council and partnership plans.
- The [Sustainable Development and Climate Change Strategy 2022-27](#) was approved by the council in June 2022 and which sets out the council's strategic vision, themes and priorities in terms of the council, environment and communities for sustainable development and climate change during the period was developed using the principles of the United Nation's Sustainable Development Goals and to reduce the council's contribution to global warming.
- The council's [Climate Change and Sustainability Committee](#) oversees the delivery of the Sustainable Development and Climate Change Strategy 2022-2027, the council's transition to carbon neutrality and climate resilience.
- The council's new [Procurement Strategy 2023-28](#) which will be complemented by an annual action plan, sets out how value for money, national and local priorities will be delivered. It also demonstrates how the council will deliver the wider social, economic, and environmental aims of procurement as required by the sustainable procurement duty.
- Sustainability principles are embedded in procurement processes and in recognition of the importance of our suppliers in achieving the council's aim to become more sustainable.
- Strategic Environmental Assessments (SEAs) were completed for all relevant council led policies, plans and strategies developed during 2022/2023.
- The [South Lanarkshire Local Development Plan 2](#) was adopted by the council on 9 April 2021. The spatial strategy of the plan is to encourage sustainable economic growth and regeneration, a move towards a low carbon economy, protect the natural and historic environment and mitigate against the impacts of climate change.
- A summary of the findings resulting from [Equality Impact Assessments](#) of the council's key decisions on service users, communities and businesses have been published on the council's website.
- Strategic decisions of the council have been subject to a Fairer Scotland Impact Assessment which considers how inequalities of outcome can be reduced.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Links to Council's values:

Accountable, effective, efficient, and transparent; Ambitious, self-aware, and improving; Focused on people and their needs; Working with and respecting others

How we do this:

- There is a standard approach to identifying savings across the council. The council's efficiency programme is overseen by the Senior Management Team. Frameworks are in place for holding discussions with key stakeholders. Savings achievements are monitored monthly and reported to the Senior Management Team quarterly.
- The Financial Strategy which is aligned with the council's objectives was updated during the year to reflect the latest internal and external influences. This plan sets out the assumptions in terms of commitments, grant funding and efficiency requirement and demonstrates sound financial management and the ability to address projected funding gaps.
- The annual budget setting consultations took place with members of the public, groups and the council's partners in order to inform the budget process. The annual budget is open to scrutiny and amendment by councillors until the approval of the final budget.
- The council's Performance Management Framework has ensured that progress against intended outcomes has been regularly reported to Management Teams; Committees; and the Performance and Review Scrutiny Forum. Decisions and actions to address performance issues have been taken and monitored to ensure that they have been effective.
- The council has complied with its statutory and regulatory reporting requirements during the year.
- The Public Bodies (Joint Working Act) sets out those Adult Care Services that are delegated to the Integration Joint Board (IJB) as set out in the South Lanarkshire Integration Scheme. These services continue to be operationally delivered by the council in line with the strategic direction set out in the Strategic Commissioning Plan and annual IJB Directions.
- The council considers the specification and achievement of community benefits, which focus on the health, economic, social, and environmental wellbeing of the South Lanarkshire area, when awarding contracts.
- To improve efficiency and effectiveness, the council is the lead authority for a range of collaborative projects and services delivered through the Clyde Valley Learning and Development Group.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Links to Council's values:

Accountable, effective, efficient, and transparent; Ambitious, self-aware, and improving; Excellent employer; Focused on people and their needs; Working with and respecting others

How we do this:

- A Leadership Challenge Programme which is linked to succession planning has been developed and rolled out during 2022-23.
- Learning and Development programmes were revised and employees at all levels can now access optional accredited management qualifications.
- Training requirements were identified and online learning and development opportunities including webinars and e-briefings were developed and offered to all councillors.

- Feedback from the survey on working from home/hybrid working, will be used to inform future agile working arrangements.
- A range of policies and activities are in place to support the Health and Wellbeing of employees including physical and mental health and these have been regularly communicated. Online wellbeing events were held in response to the new ways of working.
- The council recognises that skilled and motivated employees are a key asset. All employees have an annual performance appraisal which links to the council values and a Personal Development Plan. The council offers a range of training interventions to support employee development.
- The council has a comprehensive and coordinated approach to workforce planning which also supports succession planning. Each Resource reviews their workforce plan and related action plan to better understand workforce capacity issues, further challenges, and opportunities to ensure that resources are in the right place, at the right time and people have the right skills. The council-wide Workforce plan has been revised to consider the workforce requirements as a result of the pandemic response.
- Senior Managers have overseen the annual scrutiny of the council's assets through the review of a suite of Asset Management Plans. Service Asset Management Plans have been developed in line with CIPFA guidance and these feed into the Corporate Asset Management Plan which outlines priorities and provides an overview of how the council has performed in this area.
- The council's Scheme of Delegation, Financial Regulations, Standing Orders on Contracts and Terms of Reference ensured that Committees, officers, and statutory officers were clear on the decisions that could be made within their area of authority. This is supplemented by councillor's role profiles which outline the key purpose, specific and core accountabilities for each role.
- The council continues to work with a range of public sector, business, and academic partners to improve outcomes for those living and working in South Lanarkshire. Strategic Partnerships include the Community Planning Partnership and the Glasgow City Region City Deal.
- Local Government Benchmarking Framework (LGBF) results continue to be reported to the Performance Review and Scrutiny Forum, containing all LGBF indicators. As other reporting arrangements mature, the scale of this report may be reduced and the strategic suite of indicators aligned to Council Plan outcomes will feature in a new appendix to the council plan Q4 report, giving an opportunity to assess the council's performance over time and comparative performance in the context of the council plan priorities.
- Further LGBF indicators will feature in the council's public performance reporting, both in the Annual Performance Spotlights and in the PPR pages on the website. These are topic-based and place the LGBF information in a richer context than is possible in the annual LGBF report. The results are analysed and an action plan developed which will be monitored by the Senior Management Team.
- The council takes a risk-based approach to self-assessment which is used to review and redesign services with a focus on fundamental change. Progress and the impact of improvement activity was reported to the Senior Management Team and the Performance and Review Scrutiny Forum.
- The council has a robust complaints process which is underpinned by national complaints handling standards. Complaints performance was regularly reported to Senior Management and Committee and [learning from complaints](#) which is integral to this process is also published on the council's website. Complaint handling procedures have been updated in line with national changes and communicated to all employees.

Principle F: Managing risks and performance through robust internal control and strong public financial management.

Links to Council's values:

Accountable, effective, efficient, and transparent; ambitious, self-aware, and improving

How we do this:

- The council, in partnership with Trade Unions, ensured that safe systems of work were in place through a robust risk assessment process, changes to working methods and supply of personal protective equipment.
- The council has put in place comprehensive arrangements for identifying, evaluating, and controlling significant risks which threaten the council's ability to meet its objectives to deliver services to the public. There is also a robust process in place for compliance monitoring of the council's Risk Management Strategy, Resource Risk Registers and Control Plans.
- The annual end of year compliance statement evidenced that all Resources were compliant with Risk Management Strategic requirements.
- The council's risk scoring matrix was revised as an outcome of the 2021/2022 annual review of risks.
- The council's Internal Audit Service which complies with Public Sector Internal Audit Standards completed a revised annual programme of risk-based audits with an objective of providing an opinion on the adequacy and effectiveness of the council's risk management, governance, and internal control arrangements. Where improvements were required, action plans were developed and monitored and where necessary follow-up audit work completed.
- In response to changes in working practices and the introduction of new systems, for example to process pandemic grants, Internal Audit has advised on key internal controls that should be maintained through the identification of alternative controls and has been involved in the development of new systems.
- The Information Governance Board is satisfied that Resources have followed the Information Governance operational arrangements to promote effective arrangements for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
- Information security incidents have continued to be monitored and considered for notification to the Information Commissioner's Office. Throughout the period, the council's Data Protection Officer provided advice and assistance to Resources in relation to meeting their obligations under UK General Data Protection Regulations (GDPR).
- The system of internal financial control is based upon the Financial Regulations which set out the rules to ensure robust internal control over the council's finances. Control is maintained through regular management information, management supervision and a structure of delegation and accountability.
- The cost of the pandemic on the council's budgets has been closely monitored and regular reports have been presented to the Senior Management Team and Committee.
- External Audit of the council's accounts is robust and a "clean audit certificate" was issued for 2021/2022.
- Through a well-established Performance Management Framework, the council has clearly defined processes in place for the identification, monitoring, and reporting of its objectives to ensure continued effectiveness and the achievement of Best Value. Progress is monitored and reported regularly to both managers and councillors. This includes areas of under-performance and the related improvement actions.

- Trustees of the South Lanarkshire Charitable and Educational Trusts received independent legal training setting out their duties and responsibilities in ensuring that the trusts operate in a manner designed to benefit communities.
- The Executive Director of Finance and Corporate Resources is a member of the council's Senior Management Team and as such, is integral in all major decisions taken by the council, and in material matters which are submitted to councillors for decision. This involvement fulfils the expectation of CIPFA in terms of the role of the Chief Financial Officer.
- The council previously completed a self-assessment using the principles of the CIPFA Financial Management Code identifying 3 areas to be progressed. Since then, the 2020/21 annual budget consultation approach and a standard options appraisal process continue to be embedded across the council, while our existing financial management controls and measures continue to provide comfort on the council's financial management and resilience. This includes the preparation of a medium term strategy presented to members regularly as part of the annual budget process, providing members with the information required to assist budget planning.

Principle G: Fair, Open and Sustainable; Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Links to Council's values:

Accountable, effective, efficient, and transparent; Ambitious, self-aware, and improving; Working with and respecting others.

How we do this:

- The Good Governance Group has completed the annual review of governance arrangements at resource level and in line with the CIPFA/SOLACE Delivering Good Governance Framework. Governance improvement actions have also been identified and are included in Resource/Service Action Plans. Progress against actions including those highlighted as significant governance areas for action will be reported to the Senior Management Team and Committee.
- In the 2021/2022 annual audit report, the external auditor reported that the council had in place appropriate arrangements to support good governance and accountability and they were of the view that governance arrangements remained effective in 2021/22.
- All Directors completed their annual Statement of Assurance and relevant assurances have been provided.
- The council prepares and publishes an Annual Governance Statement which is aligned with national guidance and reflects on the adequacy and effectiveness of the council's governance arrangements. This is independently considered by External Audit and published with the Annual Accounts and separately on a dedicated [governance web page](#).
- The annual review of governance arrangements for the councils at Arm's Length External Organisation (ALEO) and key external service providers has not highlighted any compliance issues.
- The annual review of the Local Code of Corporate Governance was completed, and the revised Code was approved by Committee and re-published on the council's website.
- all agendas, reports and decisions continue to be published (except those exempt under the Local Government (Scotland) Act 1973) on the council's website. All Committee and Forum meetings are livestreamed to the council's YouTube page http://bit.ly/SL_Committees.

- The Risk and Audit Scrutiny Committee considered the adequacy and effectiveness of the council's governance arrangements and internal control environment and approved the Annual Governance Statement and Accounts.
- Internal audit activity has continued to be reported to the Senior Management Team and to the Risk and Audit Scrutiny Committee.
- Internal Audit changed how their findings are presented to the Risk and Audit Scrutiny Committee to improve scrutiny.
- Outcomes from external audit and inspection activity was reported to the appropriate Committee and action plans were developed for implementation where required.

COVID-19 Pandemic Governance Arrangements

The 2019/2020 Governance Statement set out the initial impacts of the Pandemic on the council's governance arrangements. During 2020/2021, the council, its partners and local community organisations continued to strengthen the partnership approach in response to the Pandemic. In 2022/2023 the council continues to manage any remaining impacts of the Pandemic through robust resilience arrangements and controls.

As the council moved through the different phases of response and recovery, changes to governance arrangements were made to comply with national guidance and legislation. In some cases new ways of working put in place to continue to maintain the delivery of essential business of the council during the Pandemic have been embedded and continued. Priority services were maintained throughout the Pandemic and many new services/processes established. Schools, nurseries, and so on. adapted in accordance with national decisions and guidance.

Costs associated with the Pandemic were met from funding provided by the Scottish Government and the council continued to monitor the financial impact of the Pandemic into 2022/2023 and beyond. This included working with South Lanarkshire Leisure and Culture on the impact of the Pandemic on their business and their recovery.

The council and the Community Planning Partnership reviewed their priorities which were informed by ongoing dialogue with local communities, organisations, and businesses.

Recovery was a significant area of work for the council and its partners and was highlighted as such in Section 7 of the 2021-2022 Annual Governance Statement.

CIPFA Financial Management Code

The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability. The following information sets out the council's level of compliance with the CODE.

The council has reviewed the principles of the FM Code as part of its internal governance process. The council previously completed a self-assessment using the principles of the CIPFA Financial Management Code identifying 3 areas to be progressed. Since then, the 2020/21 annual budget consultation approach and a standard options appraisal process continue to be embedded across the council, while our existing financial management controls and measures continue to provide comfort on the council's financial management and resilience. This includes the preparation of a medium-term strategy presented to members regularly as part of the annual budget process, providing members with the information required to assist budget planning.

6. Review of Effectiveness

The review of governance arrangements for 2022/2023 has also considered the following assurance outcomes:

Group Assurances

In respect of the Joint Boards, Charities and Companies that fall within the council's group boundary, the review of their internal financial control systems is informed by:

- Annual Governance Statements included in the respective financial statements of the Joint Boards.
- Assurances from company directors and/or other senior company officials; and
- The work of the relevant body's respective external auditors (and where relevant internal auditors) and other interim reports.

The Executive Director of Finance and Corporate Resources, the council's Chief Financial Officer, has considered the effectiveness of the group's internal financial control system for the year ended 31 March 2023. It is the Executive Director of Finance and Corporate Resources' opinion that reasonable assurance can be placed on its effectiveness.

Internal Assurance

It is the opinion of the council's Risk Management Service that a reasonable level of assurance can be placed on the council's strategic risk control environment and a reasonable level of assurance can be placed on the council's operational risk control environment.

It is the opinion of the council's Audit and Compliance Manager that, overall, reasonable assurance can be placed on the adequacy and effectiveness of the council's framework of governance, risk management and control arrangements for the year ending 31 March 2023.

7. Significant Governance Areas

The 2021/2022 Annual Governance Statement identified 11 significant governance areas that the council were working to address. Progress updates can be found on the council's website; see the [Significant Governance Areas Update Q4 2022/2023](#). Eight of these areas remain as significant areas of action for the council moving forward into 2022/2023 and will continue to be monitored as such. These are listed below.

Number	Areas identified in 2022/2023	Actions	Lead Officer
1	<p>Cyber Resilience</p> <p>Compliance with legislative and regulatory policy</p>	<p>A programme of actions to maintain cyber security and resilience in 2023/2024 will include:</p> <p>Refresh/retiral of legacy systems, network equipment and end user devices (mobile phones, PCs)</p> <p>Programme of security patching of all systems</p> <p>Compliance with PSN and Cyber Essentials schemes</p> <p>Incident response</p> <p>Officer training and awareness (such as, phishing)</p> <p>Data security reviews as part of new system installation and security monitoring</p>	<p>Executive Director of Finance and Corporate Resources</p>
2	<p>Financial Challenges</p> <p>Exceptional increase in costs, reduction in council funding, resulting in difficulties maintaining front line services</p>	<p>The council faces a challenging situation in the medium to long-term because of reduced funding in real terms, rising costs and an increase in demand. In addition there are exceptional increases in costs being experienced resulting in significant budget gaps that will require to be managed.</p> <p>The council has developed a long-term strategy which identifies budget pressures, future risks and uncertainties, and projects budget gaps to 2028/2029.</p> <p>The Budget Strategy for 2024/2025 will be updated and presented to councillors in 2023.</p>	<p>Chief Executive</p> <p>Director of Finance and Corporate Resources</p>
3	<p>Integrated Joint Board – Health and Social Care</p> <p>The need for the council to deliver the objectives set out in the Integrated Joint Board (IJB) Strategic Commissioning Plan 2022-25</p>	<p>The current strategic direction set out and approved by the IJB is detailed within the Strategic Commissioning Plan. The council and NHS Board are required to deploy their resources in line with this strategic direction.</p> <p>The IJB issues Directions that set out the key actions to be delivered by the council during the year 2023/2024 and these Directions were agreed by the IJB at its special budget meeting in March 2023.</p> <p>The council will provide progress updates against Directions for which it is the lead organisation.</p>	<p>Director, Health and Social Care, South Lanarkshire Health, and Social Care Partnership</p>

Number	Areas identified in 2022/2023	Actions	Lead Officer
4	<p>Review of Community Planning</p> <p>Provide support to the review of Community Planning arrangements</p>	<p>Complete the review of community Planning which focussed on several key areas including structures, governance, and accountability arrangements. The council will provide resources to support the completion of the Review and work with partners to progress changes,</p>	<p>Director of Finance and Corporate Resources</p>
5	<p>Community Wealth Building</p> <p>Deliver the Community Wealth Building Strategy</p>	<p>The Community Wealth Building Strategy which was approved in March 2021 will bring fundamental changes to how the council delivers its services and works with its partners and communities. In August 2021 the Community Wealth Building Commission approved an action plan containing a range of actions to progress the aspirations of the Strategy over a 3-to-5-year timeframe. A risk register has been developed and approved. Risk monitoring arrangements are in place</p> <p>An annual report highlighting progress over the first year of the Strategy was presented to the Commission on 28 June 2022 for approval.</p> <p>A further Annual Report on the Year 2 Actions identified in the approved Action Plan will be progressed in 2023/2024.</p>	<p>Director of Finance and Corporate Resources</p>
6	<p>Sustainable Development and Climate Change</p>	<p>A new Strategy for 2022-2027 was developed and presented to Council in June 2022 for approval together with the council plan and Community Plan. An Action Plan was developed for the first year of the Strategy. The Action Plan will be reviewed annually with progress updates being reported to the Climate Change and Sustainability Committee on a 6 monthly basis.</p>	<p>Director of Community and Enterprise Resources</p>
7	<p>Economic Strategy</p>	<p>The new draft Economic Strategy 2022-2027 has been developed and approved by Council on 15th June 2022 as part of a suite of documents accompanying the draft Council Plan and Community Plan. The vision within the Strategy is “to make South Lanarkshire a flourishing, green, dynamic and equitable place for communities, visitors, businesses and investors”. The Strategy is framed around the 3 themes of sustainable, inclusive, economic development- People, Place and Business. Progress on the delivery of the Action Plan will be measured 6-monthly with the results being reported annually to the relevant committees. The</p>	<p>Director of Community and Enterprise Resources</p>

Number	Areas identified in 2022/2023	Actions	Lead Officer
		council will continue to lead on local economic recovery for South Lanarkshire businesses through promotion of local economic support networks and contribution to the pan-Lanarkshire Economic Forum.	
8	Recruitment and Retention Challenges	<p>The labour market has tightened and employees have more mobility through agile working which is not necessarily tied to a geographical location. In addition, some older workers have reassessed priorities and taken up an option for partial or full retiral earlier than they would have done previously.</p> <p>As a result, there are a number of skills in short supply nationally and this is putting pressure on local government services. Examples of this include HGV drivers, procurement and Social Care. The impact on Senior Manager recruitment and retention is also clear and turnover at this level is closely monitored</p> <p>South Lanarkshire Council has experienced these issues and is taking the following actions:-</p> <p>Workforce Plans were refreshed to reflect the changed environment by 30 June 2022. The updated plans were reported to the relevant Resource Committees in September and October 2022.</p> <p>A grow your own approach is being used in key areas (recruited graduates in Procurement)</p> <p>Increasing social media recruitment and use of job fairs</p> <p>Employability routes are being defined for skills shortage areas (such as social care)</p> <p>Enhanced employee support arrangements are in place but also being reviewed for development.</p>	Chief Executive and all Directors

8. Summary

The annual review of governance arrangements across the council and overall compliance with the council's Code demonstrate sufficient evidence that the Code's principles of Delivering Good Governance in Local Government operated effectively, and that the council complies with its Code.

During 2023/2024, steps will be taken to address the significant governance areas highlighted in this statement to further strengthen the council's governance arrangements and evidence our commitment to continuous improvement.

Joe Fagan
Leader of the Council

Signature:

Date:

Cleland Sneddon
Chief Executive

Signature:

Date:

Statement of Responsibilities

The council is required to:

Make arrangements for the proper administration of its financial affairs and to secure that the proper officer has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). South Lanarkshire Council has designated the Executive Director of Finance and Corporate Resources as the officer with these responsibilities.

Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).

Approve the Annual Accounts for signature.

I confirm that these annual accounts were approved for signature by the Risk and Audit Scrutiny Committee at its meeting on 31 October 2023.

Councillor Joe Fagan

Leader of the Council

Executive Director of Finance and Corporate Resources' responsibilities

The Executive Director of Finance and Corporate Resources is responsible for the preparation of the council'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 Executive Director of Finance and Corporate Resources 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 Executive Director of Finance and Corporate Resources has also:

kept proper accounting records which were up-to-date.

taken reasonable steps for the prevention and detection of fraud and other irregularities.

Annual Accounts

I certify that the financial statements give a true and fair view of the financial position of the council (and its group) at the reporting date and the transactions of the council (and its group) for the year ended 31 March 2023.

Paul Manning

Executive Director

(Finance and Corporate Resources)

South Lanarkshire Council

Remuneration Report

Remuneration Policy

Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Officers of Scottish local authorities. Circular CO/150 sets the amount of salary for Chief Officers and the Chief Executive of South Lanarkshire Council for 2022/2023.

Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI Number 2007/183) as amended most recently by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2022 (SSI 2022/18). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (or Provost), Senior Councillors or Councillors. The Leader of the Council and the Civic head (or 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 2022/2023 the salary for the Leader of the Council is £45,669. The Regulations permit the council to remunerate one Civic Head or Provost. The regulations set out the maximum salary that may be paid to that Civic Head. The council follows the regulations and pays a salary of £34,254 to the Provost.

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 shall not exceed £511,316 (excluding the Leader and Provost). For 2022/2023, the remuneration of Senior Councillors was £489,548, which is less than the threshold. The council is able to exercise local flexibility in the determination of the precise number of Senior Councillors up to a maximum of 19 and their salary within these maximum limits.

In 2022/2023, the council had 19 Senior Councillors and the salary paid to these councillors totalled £489,408. 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.

In addition to the Senior Councillors of the council the Regulations also set out the remuneration payable to Councillors with the responsibility of a Convenor or a Vice-Convenor of a Joint Board. The Regulations require the remuneration to be paid by the council of which the Convenor or Vice-

Convenor is a member. The council is also required to pay any pension contributions arising from the Convenor or Vice-Convenor being a member of the Local Government Pension Scheme. The council is reimbursed by the Joint Board for any additional remuneration paid to the member from being a Convenor or Vice-Convenor of a Joint Board.

Audit Arrangements

All information disclosed in the tables numbered 1 to 8 in this Remuneration Report has been audited by the council's auditors, Audit Scotland. The other sections of the Remuneration Report have been reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

Note 14 to the Accounts contains total payments made to all Councillors and has been audited as part of the audit of the Financial Statements and supplementary Notes to the Accounts.

Table 1 – General Pay Band Disclosure for Senior Employees

Annual Remuneration	2022/23 Number of Employees	2021/22 Number of Employees
50,000 - 54,999	365	364
55,000 - 59,999	254	189
60,000 - 64,999	152	136
65,000 - 69,000	99	52
70,000 - 74,999	23	23
75,000 - 79,999	20	6
80,000 - 84,999	4	1
85,000 - 89,999	3	4
90,000 - 94,999	4	6
95,000 - 99,999	6	11
100,000 - 104,999	13	5
105,000 - 109,999	1	3

Annual Remuneration	2022/23 Number of Employees	2021/22 Number of Employees
110,000 - 114,999	2	1
115,000 - 139,999 (Note 1)	-	-
140,000 - 144,999	1	2
145,000 - 149,999	2	1
150,000 - 154,999	-	-
155,000 - 159,999	1	-
160,000 - 179,999 (Note 1)	-	-
180,000 - 184,999	-	1
185,000 - 189,999	1	-

Note 1: These are merged pay bands covering more than £5,000 due to the fact that no employees fell into these bands in either financial year.

Table 2 – Exit Packages

There were no exit packages agreed by the council in 2022/2023, therefore the total cost of exit packages shown for 2022/2023 totals is nil.

The table does not include any provisions as there are no known exit packages that relate to employees who will leave the council in the coming year (2023/2024).

Disclosure of Remuneration

The tables below provide details of the remuneration paid to the council's Senior Employees and Senior Councillors and to the Chief Executive or most senior manager of subsidiary bodies (South Lanarkshire Leisure and Culture Ltd and Routes to Work South). Comparative figures for 2021/2022 have been shown if they were in post at that time. We have also disclosed the remuneration of Councillors who hold Convenor and Vice-Convenor roles with Joint Boards. The council pays the councillor on behalf of the Joint Board for their role and recovers these charges from the Joint Board. The annual return of Councillors' remuneration for 2022/2023 is available on the council's website (www.southlanarkshire.gov.uk).

Table 3 – Senior Officers

Post	Salary / fees £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
C Sneddon Chief Executive	187,395	-	-	-	187,395	184,698
P Manning Executive Director of Finance and Corporate Resources	159,142	-	-	-	159,142	149,435
D Booth Executive Director of Community and Enterprise Resources (From 28 February 2022)	143,924	-	-	-	143,924	12,604 (Full Year Equivalent 137,070)

Post	Salary / fees £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
D Lowe Executive Director of Housing and Technical Resources (To 30 September 2022)	74,263 (Full Year Equivalent 147,959)	-	-	-	74,263 (Full Year Equivalent 147,959)	140,913
A Finnan Acting Executive Director of Housing and Technical Resources (From 3 October 2022 to 20 November 2022)	19,300 (Full Year Equivalent 143,924)	-	-	-	19,300 (Full Year Equivalent 143,924)	not applicable
S Gibson Executive Director of Housing and Technical Resources (From 21 November 2022)	52,386 (Full Year Equivalent 143,924)	-	-	-	52,386 (Full Year Equivalent 143,924)	not applicable
T McDaid Executive Director of Education Resources	147,959	-	-	-	147,959	140,913
S Sengupta Executive Director of Health and Social Care (Note 1) (From 9 August 2021)	145,948	-	-	-	145,948	88,754 (Full Year Equivalent 137,226)

Post	Salary / fees £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
L Purdie Chief Social Work Officer	111,118	-	-	-	111,118	106,448
V De Souza Executive Director of Health and Social Care	-	-	-	-	-	23,176
M McGlynn Executive Director of Community and Enterprise Resources	-	-	-	-	-	107,193
A McKinnon Acting Executive Director of Community and Enterprise Resources	-	-	-	-	-	25,733
Total	1,041,435	-	-		1,041,435	979,867

The senior employees included in the table include any local authority employee:

Who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons.

Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or

Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The total remuneration includes Returning Officer (RO) fees. An RO is the person responsible for administering a local government election. These duties are separate from any duties undertaken as a local government employee. The total RO fee for a local government election is based upon the number of Wards in respect of whose election an RO is responsible, and the rate is agreed by COSLA and the arrangements set out in the COSLA Circular CO/145 of July 2008. The RO can appoint one or more persons to discharge any or all of the functions of the post but cannot delegate

personal responsibility for delivering the election. Cleland Sneddon is the RO appointed by South Lanarkshire Council during the financial year 2022/2023 carried out his duties as RO for the May 2022 Local Government Elections.

Note 1 While the Executive Director of Health and Social Care is contractually employed by the council, a proportion of their total remuneration is funded by the South Lanarkshire Health and Social Care Partnership in respect of their role as Chief Officer of the Partnership.

Table 4 - Senior Employees of the council's Subsidiary Bodies

Name and Post	Salary/fees	Taxable Expenses £	Compensation for Loss of office £	Any other Remuneration £	2022/23 Total £	2021/22 Total £
K Morrison Secretary of South Lanarkshire Leisure and Culture Ltd (From 28 February 2022 to 20 March 2022) General Manager of South Lanarkshire Leisure and Culture Ltd (From 21 March 2022)	100,844	-	-	-	100,844	6,731 (Full Year Equivalent 96,155)
S Barr Chief Executive of Routes to Work South	77,705	-	-	-	77,705	70,743
D Booth General Manager of South Lanarkshire Leisure and Culture Ltd	-	-	-	-	-	90,731
Total	178,549	-	-	-	178,549	168,205

Table 5 - Remuneration of Senior Councillors and Convenors and Vice-Convenors of Joint Boards

The table below shows the full year remuneration for all senior councillors in 2022/2023. This includes senior councillors who started or ended their role during the year.

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
A Allison Opposition Leader – Conservative (From 1 April 2022 to 5 May 2022)	2,484 (Full Year Equivalent 25,903)	-	-	-	2,484 (Full Year Equivalent 25,903)	24,623
Opposition Leader – Second Opposition (From 18 May 2022 to 31 March 2023)	22,568 (Full Year Equivalent 25,903)				21,503 (Full Year Equivalent 25,903)	
J Anderson Community and Enterprise Resources Committee Chair (From 1 April 2022 to 5 May 2022)	2,848 (Full Year Equivalent 29,705)	-	-	-	2,848 (Full Year Equivalent 29,705)	28,237

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
J Bradley Social Work Resources Committee Chair (From 1 April 2022 to 5 May 2022)	2,848 (Full Year Equivalent 29,705)	-	-	-	2,848 (Full Year Equivalent 29,705)	28,237
R Brown Community and Enterprise Resources Committee Chair (From 18 May 2022 to 31 March 2023)	25,092 (Full Year Equivalent 28,800)	-	-	-	25,092 (Full Year Equivalent 28,800)	not applicable
A Buchanan East Kilbride Area Committee Chair (From 1 April 2022 to 5 May 2022)	2,241 (Full Year Equivalent 23,370)	-	-	-	2,241 (Full Year Equivalent 23,370)	22,215
East Kilbride Area Committee Chair (From 18 May 2022 to 31 March 2023)	20,361 (Full Year Equivalent 23,370)	-	-	-	20,362 (Full Year Equivalent 23,370)	

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
A Carmichael Licensing Committee Chair (From 18 May 2022 to 31 March 2023)	20,361 (Full Year Equivalent 23,370)	-	-	-	20,361 (Full Year Equivalent 23,370)	not applicable
M Chalmers Depute Leader of the Council (From 1 April 2022 to 5 May 2022)	2,848 (Full Year Equivalent 29,705)	-	-	-	2,848 (Full Year Equivalent 29,705)	28,237
Depute Opposition Leader (From 18 May 2022 to 31 March 2023)	22,568 (Full Year Equivalent 25,903)	-	-	-	22,568 (Full Year Equivalent 25,903)	

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
G Convery Depute Opposition Leader – Labour (From 1 April 2022 to 5 May 2022)	2,484 (Full Year Equivalent 25,903)	-	-	-	2,484 (Full Year Equivalent 25,903)	24,623
Depute Leader (From 18 May 2022 to 31 March 2023)	25,880 (Full Year Equivalent 29,705)	-	-	-	25,880 Full Year Equivalent 29,705)	
M Cooper Provost (From 18 May 2022 to 31 March 2023)	29,843 (Full Year Equivalent 34,254)	1,952	-	-	31,795 (Full Year Equivalent 36,206)	not applicable
P Craig Business Manager Majority Party (From 1 April 2022 to 5 May 2022)	2,848 (Full Year Equivalent 29,705)	-	-	-	2,848 (Full Year Equivalent 29,705)	28,237

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
M Devlin Business Manager – Opposition (From 1 April 2022 to 5 May 2022)	2,241 (Full Year Equivalent 23,370)	-	-	-	2,241 (Full Year Equivalent 23,370)	22,215
Business Manager Ruling Group (From 18 May 2022 to 31 March 2023)	25,880 (Full Year Equivalent 29,705)	-	-	-	25,880 (Full Year Equivalent 29,705)	
M Donnelly Hamilton Area Committee Chair (From 1 April 2022 to 5 May 2022)	2,241 (Full Year Equivalent 23,370)	-	-	-	2,241 (Full Year Equivalent 23,370)	22,215
I Dorman Planning Committee Chair (From 1 April 2022 to 5 May 2022)	2,848 (Full Year Equivalent 29,705)	-	-	-	2,848 (Full Year Equivalent 29,705)	28,237

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
J Fagan Opposition Leader – Labour (From 1 April 2022 to 5 May 2022)	2,848 (Full Year Equivalent 29,705)	-	-	-	2,848 (Full Year Equivalent 29,705)	28,237
Leader of the Council (From 18 May 2022 to 31 March 2023)	39,788 (Full Year Equivalent 45,669)	-	-	-	39,788 (Full Year Equivalent 45,669)	
A Falconer Hamilton Area Committee Chair (From 18 May 2022 to 31 March 2023)	20,361 (Full Year Equivalent 23,370)	-	-	-	20,361 (Full Year Equivalent 23,370)	not applicable
L Hamilton Education Resources Committee Chair (From 18 May 2022 to 15 January 2023)	19,174 (Full Year Equivalent 28,800)	-	-	-	19,174 (Full Year Equivalent 28,800)	not applicable

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
M Horsham Business Manager Opposition (From 18 May 2022 to 31 March 2023)	20,361 (Full Year Equivalent 23,370)	-	-	-	20,361 (Full Year Equivalent 23,370)	not applicable
G Keatt Education Resources Committee Chair (From 16 January 2023 to 31 March 2023)	5,918 (Full Year Equivalent 28,800)	-	-	-	5,918 (Full Year Equivalent 28,800)	not applicable
R Lockhart Clydesdale Area Committee Chair (From 1 April 2022 to 5 May 2022)	2,241 (Full Year Equivalent 23,370)	-	-	-	2,241 (Full Year Equivalent 23,370)	22,215
K Loudon Education Resources Committee Chair (From 1 April 2022 to 5 May 2022)	2,848 (Full Year Equivalent 29,705)	-	-	-	2,848 (Full Year Equivalent 29,705)	28,237

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
I McAllan Provost (From 1 April 2022 to 5 May 2022)	3,285 (Full Year Equivalent 34,254)	-	-	-	3,285 (Full Year Equivalent 34,254)	32,560
C McClymont Clydesdale Area Committee Chair (From 18 May 2022 to 31 March 2023)	20,361 (Full Year Equivalent 23,370)	-	-	-	20,361 (Full Year Equivalent 23,370)	not applicable
L McDonald Finance and Corporate Resources Committee Chair (From 18 May 2022 to 31 March 2023)	25,092 (Full Year Equivalent 28,800)	-	-	-	25,092 (Full Year Equivalent 28,800)	not applicable
M McGeever Climate Change Committee Chair (From 18 May 2022 to 31 March 2023)	25,092 (Full Year Equivalent 28,800)	-	-	-	25,092 (Full Year Equivalent 28,800)	not applicable

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
D McLachlan Housing and Technical Resources Committee Chair (From 18 May 2022 to 31 March 2023)	25,092 (Full Year Equivalent 28,800)	-	-	-	25,092 (Full Year Equivalent 28,800)	not applicable
G Ferguson-Miller Finance and Corporate Resources Committee Chair (From 1 April 2022 to 5 May 2022)	2,848 (Full Year Equivalent 29,705)	-	-	-	2,848 (Full Year Equivalent 29,705)	28,237
R Nelson Planning Committee Chair (From 18 May 2022 to 31 March 2023)	25,092 (Full Year Equivalent 28,800)	-	-	-	25,092 (Full Year Equivalent 28,800)	-

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
C Nugent Cambuslang and Rutherglen Area Committee Chair (From 1 April 2022 to 5 May 2022)	2,241 (Full Year Equivalent 23,370)	-	-	-	2,241 (Full Year Equivalent 23,370)	22,215
Cambuslang and Rutherglen Area Committee Chair (From 18 May 2022 to 31 March 2023)	20,361 (Full Year Equivalent 23,370)	-	-	-	20,361 (Full Year Equivalent 23,370)	
J Ross Leader of the Council (From 1 April 2022 to 5 May 2022)	4,379 (Full Year Equivalent 45,669)	-	-	-	4,379 (Full Year Equivalent 45,669)	43,412
Opposition Leader – First Opposition (From 18 May 2022 to 31 March 2023)	25,880 (Full Year Equivalent 29,705)				25,880 (Full Year Equivalent 29,705)	

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
D Shearer Licensing Committee Chair (From 1 April 2022 to 5 May 2022)	2,241 (Full Year Equivalent 23,370)	-	-	-	2,241 (Full Year Equivalent 23,370)	22,215
G Thomson Depute Provost (From 18 May 2022 to 31 March 2023)	24,776 (Full Year Equivalent 28,438)	140.00	-	-	24,916 (Full Year Equivalent 28,578)	-
M Walker Social Work Resources Committee Chair (From 18 May 2022 to 31 March 2023)	25,092 (Full Year Equivalent 28,800)	-	-	-	25,092 (Full Year Equivalent 28,800)	-
J Wilson Housing and Technical Resources Committee Chair (From 1 April 2022 to 5 May 2022)	2,848 (Full Year Equivalent 29,705)	-	-	-	2,848 (Full Year Equivalent 29,705)	28,237
C Stevenson Depute Provost	-	-	-	-	-	6,666
Total	566,703	2,092	-	-	568,795	519,307

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2022/23 Total £	2021/22 Total £
Councillors with Joint Board Responsibilities:						
W Brogan Convenor Lanarkshire Valuation Joint Board (From 27 June 2022 to 31 March 2023)	18,635 (Full Year Equivalent 24,467)	-	-	-	18,635 (Full Year Equivalent 24,467)	not applicable
L Hamilton Depute Convenor Lanarkshire Valuation Joint Board (From 1 April 2022 to 5 May 2022)	2,229 (Full Year Equivalent 23,244)	-	-	-	2,229 (Full Year Equivalent 23,244)	21,204
Total	20,864	-	-	-	20,864	21,204

The council is reimbursed by Lanarkshire Valuation Joint Board for the additional remuneration that the council paid to the member for being a Depute Convenor (equivalent to Vice Convenor) of the Joint Board.

The following recharges were made to Joint Boards for South Lanarkshire Council Councillors holding Convenor/Depute Convenor roles:

Recharge to Lanarkshire Valuation Joint Board in 2022/2023 - £4,081 (2021/2022 - £3,476)

Pension Rights

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 increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total 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.

Local government employees had a final salary pension scheme prior to 1 April 2015. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. As of 1 April 2015, local government employees are now part of a defined benefit pension scheme worked out on a career average basis. Benefits built up are calculated using pensionable pay each scheme year, rather than final salary. All benefits built up prior to this date are protected.

From 1 April 2009, a five-tier contribution system was introduced with contributions from scheme members based on how much pay falls into each tier. This is designed to give more equality between the costs and benefits of scheme membership. Under The Local Government Pension Scheme (Scotland) Regulations 2014, the earnings ranges used to determine annual contribution rates are to be increased each year by any increase applied to pensions under the Pensions (Increase) Act 1971. In accordance with this the salary bands for 2021/2022 were updated by the Consumer Prices Index (CPI) increase for 2022/2023.

The member contribution rates and tiers for 2022/2023 are shown below along with those that applied in 2021/2022:

Pensionable Pay	Contribution rate 2022/23	Pensionable Pay	Contribution rate 2021/22
On earnings up to an including £23,000	5.50%	On earnings up to an including £22,300	5.50%
On earnings above £23,000 and up to £28,100	7.25%	On earnings above £22,300 and up to £27,300	7.25%
On earnings above £28,100 and up to £38,600	8.50%	On earnings above £27,300 and up to £37,400	8.50%
On earnings above £38,600 and up to £51,400	9.50%	On earnings above £37,400 and up to £49,900	9.50%
On earnings above £51,400	12.00%	On earnings above £49,900	12.00%

From April 2015, if a person works part-time their contribution is based on their part-time pay. Prior to this, if a person worked part-time, their contribution rate was worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

From 1 April 2015, benefits are calculated on the basis of a revalued annual pension built up of 1/49th of pensionable pay each year, plus inflation to keep up with the cost of living. Prior to this date, the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service and prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

The value of the benefits has been calculated without exercising any option to commute pension entitlement into a lump sum and without any adjustment for the effects of future inflation.

In those cases where members have transferred pension entitlements from previous employments, 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. It also reflects both employer and employee contributions.

Table 6 – Pension Benefits: Senior Employees

The Pension entitlement of Senior Employees for the year to 31 March 2023 are shown in the table below, together with the contribution made by the council to each senior employees' pension during the year. The accrued pension benefit reflects both the employer and the employee contributions.

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
C Sneddon Chief Executive	Pension Lump Sum	87 128	10 4	34,555	32,910

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
P Manning Executive Director of Finance and Corporate Resources	Pension Lump Sum	72 97	6 5	30,114	28,680
D Booth Executive Director of Community and Enterprise Resources (From 28 February 2022)	Pension Lump Sum	58 91	58 91	27,777	2,432
D Lowe Executive Director of Housing and Technical Resources (To 30 September 2022)	Pension Lump Sum.	71 96	8 7	14,333	27,196
A Finnan Acting Executive Director of Housing and Technical Resources (From 3 October 2022 to 20 November 2022)	Pension Lump Sum.	56 88	not applicable not applicable	3,725	not applicable
S Gibson Executive Director of Housing and Technical Resources (From 21 November 2022)	Pension Lump Sum.	1 -	not applicable not applicable	10,111	not applicable
T McDaid Executive Director of Education Resources	Pension Lump Sum	50 71	3 -	28,556	27,196

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
S Sengupta Executive Director of Health and Social Care (Note 1) (From 9 August 2021)	Pension Lump Sum	5 -	3 -	28,168	17,129
L Purdie Chief Social Work Officer	Pension Lump Sum	54 79	5 4	21,446	20,448
V De Souza Executive Director of Health and Social Care	Pension Lump Sum	-	-	-	4,376
M McGlynn Executive Director of Community and Enterprise Resources	Pension Lump Sum	-	-	-	20,527
A McKinnon Acting Executive Director of Community and Enterprise Resources	Pension Lump Sum	-	-	-	4,966
Total				198,785	185,860

All senior employees shown in the table above are members of the Local Government Pension Scheme (LGPS). Where employees have joined the council but not transferred previous employment pension benefits into the Strathclyde Pension Fund the pension figures shown relate only to their current appointment, otherwise the figures shown relate to the benefits that the pension has accrued as a consequence of their total local government service including payments for election du

Table 7 – Pension Benefits: Senior Employees of the council’s Subsidiary Bodies

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution 2022/23 £	Pension Contribution 2021/22 £
K Morrison Secretary of South Lanarkshire Leisure and Culture Ltd (From 28 February 2022 to 20 March 2022) General Manager of South Lanarkshire Leisure and Culture Ltd (From 21 March 2022)	Pension 3 Lump Sum -	3 -	2 -	19,463	1,299
S Barr Chief Executive of Routes to Work South	Pension - Lump Sum -	- -	- -	6,216	5,659
D Booth General Manager of South Lanarkshire Leisure and Culture Ltd	Pension - Lump Sum -	- -	- -	-	17,511
Total	-	-	-	25,679	24,469

Routes to Work South operates a defined contributions scheme for its employees. Accordingly, the only information to be provided in respect of its senior employees is the amount of any pension contributions made to that scheme by the subsidiary body.

Table 8 – Pension Benefits: Senior Councillors

The Pension entitlement of Senior Councillors for the year to 31 March 2023 are shown in the table below, together with the contribution made by the council to each Senior Councillors' pension during the year. The accrued pension benefit reflects both the employer and the employee contributions.

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
A Allison Opposition Leader – Conservative (From 1 April 2022 to 5 May 2022) Opposition Leader – Second Opposition (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	3 -	1 -	4,835	4,752
J Anderson Community and Enterprise Resources Committee Chair (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	8 2	1 -	550	5,450

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
J Bradley Social Work Resources Committee Chair (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	3 -	- -	550	5,450
R Brown Community and Enterprise Resources Committee Chair (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	4 -	not applicable not applicable	3,335	not applicable
A Buchanan East Kilbride Area Committee Chair (From 1 April 2022 to 5 May 2022) East Kilbride Area Committee Chair (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	7 2	2 1	4,362	4,287

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
<p>M Chalmers Depute Leader of the Council (From 1 April 2022 to 5 May 2022)</p> <p>Depute Opposition Leader (From 18 May 2022 to 31 March 2023)</p>	<p>Pension 3</p> <p>Lump Sum -</p>	<p>3</p> <p>-</p>	<p>-</p> <p>-</p>	<p>4,905</p>	<p>5,450</p>
<p>G Convery Depute Opposition Leader – Labour (From 1 April 2022 to 5 May 2022)</p> <p>Depute Leader (From 18 May 2022 to 31 March 2023)</p>	<p>Pension 1</p> <p>Lump Sum -</p>	<p>1</p> <p>-</p>	<p>not applicable</p> <p>not applicable</p>	<p>1,995</p>	<p>not applicable</p>
<p>M Cooper Provost (From 18 May 2022 to 31 March 2023)</p>	<p>Pension 4</p> <p>Lump Sum -</p>	<p>4</p> <p>-</p>	<p>not applicable</p> <p>not applicable</p>	<p>5,760</p>	<p>not applicable</p>

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
P Craig Business Manager Majority Party (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	7 2	1 -	550	5,450
M Devlin Business Manager – Opposition (From 1 April 2022 to 5 May 2022) Business Manager Ruling Group (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	5 -	1 -	5,427	4,287
I Dorman Planning Committee Chair (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	4 -	- -	550	5,450

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
<p>J Fagan Opposition Leader – Labour (From 1 April 2022 to 5 May 2022)</p> <p>Leader of the Council (From 18 May 2022 to 31 March 2023)</p>	<p>Pension 3</p> <p>Lump Sum -</p>	<p>3</p> <p>-</p>	<p>-</p> <p>-</p>	<p>8,229</p>	<p>5,450</p>
<p>A Falconer Hamilton Area Committee Chair (From 18 May 2022 to 31 March 2023)</p>	<p>Pension 4</p> <p>Lump Sum -</p>	<p>4</p> <p>-</p>	<p>not applicable</p> <p>not applicable</p>	<p>3,930</p>	<p>not applicable</p>
<p>G Ferguson-Miller Finance and Corporate Resources Committee Chair (From 1 April 2022 to 5 May 2022)</p>	<p>Pension 6</p> <p>Lump Sum -</p>	<p>6</p> <p>-</p>	<p>1</p> <p>-</p>	<p>550</p>	<p>5,450</p>
<p>L Hamilton Education Resources Committee Chair (From 18 May 2022 to 15 January 2023)</p>	<p>Pension 5</p> <p>Lump Sum -</p>	<p>5</p> <p>-</p>	<p>1</p> <p>-</p>	<p>3,700</p>	<p>not applicable</p>
<p>M Horsham Business Manager Opposition (From 18 May 2022 to 31 March 2023)</p>	<p>Pension 2</p> <p>Lump Sum -</p>	<p>2</p> <p>-</p>	<p>not applicable</p> <p>not applicable</p>	<p>3,930</p>	<p>not applicable</p>

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
G Keatt Education Resources Committee Chair (From 16 January 2023 to 31 March 2023)	Pension Lump Sum	1 -	not applicable not applicable	1,142	not applicable
K Loudon Education Resources Committee Chair (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	3 -	- -	550	5,450
I McAllan Provost (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	4 -	1 -	634	6,284
C McClymont Clydesdale Area Committee Chair (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	4 -	not applicable not applicable	3,930	not applicable
L McDonald Finance and Corporate Resources Committee Chair (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	1 -	not applicable not applicable	4,843	not applicable
M McGeever Climate Change Committee Chair (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	2 -	not applicable not applicable	4,843	not applicable

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
D McLachlan Housing and Technical Resources Committee Chair (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	7 -	not applicable not applicable	4,843	not applicable
R Nelson Planning Committee Chair (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	3 -	not applicable not applicable	4,843	not applicable
D Shearer Licensing Committee Chair	Pension Lump Sum	10 9	2 1	433	4,287
G Thomson Depute Provost (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	1 -	not applicable not applicable	4,782	not applicable
M Walker Social Work Resources Committee Chair (From 18 May 2022 to 31 March 2023)	Pension Lump Sum	3 -	not applicable not applicable	4,843	not applicable
J Ross Leader of the Council	Pension Lump Sum	-	-	-	4,755

Name and Post Title	Pension Lump Sum	Accrued Pension Benefits to 31 March 2023 £000	Movement in Accrued pension Benefits since 31 March 2022 £000	Pension Contribution Made by the council 2022/23 £	Pension Contribution Made by the council 2021/22 £
C Stevenson Depute Provost	Pension Lump Sum	-	-	-	1,286
Sub Total				88,884	73,538
Councillors with Joint Board Responsibilities					
W Brogan Convenor Lanarkshire Valuation Joint Board (From 27 June 2022 to 31 March 2023)	Pension Lump Sum	7 2	not applicable not applicable	3,597	not applicable
L Hamilton Depute Convenor Lanarkshire Valuation Joint Board (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	5 -	1 -	430	4,264
Sub Total				4,027	4,264
Overall Total				92,871	80,128

All Senior Councillors shown in the table above are members of the Local Government Pension Scheme (LGPS). The pension figures shown relate to the benefits that the pension has accrued as a consequence of their total local government service and not just their current appointment.

The council is reimbursed by the Joint Board for the additional pension contributions paid by the council for the Depute Convenor (equivalent of Vice-Convenor) of such a Joint Board.

The following recharges were made to Joint Boards for South Lanarkshire Council Councillors holding Depute Convenor roles:

Recharge to Lanarkshire Valuation Joint Board in 2022/2023 - £788 (2021/2022 - £671)

Trade Union Facility Time

In addition to the regulation governing Senior Employees and Councillors, the Trade Union (Facility Time Publication Requirements) Regulations 2017, which apply from 1 April 2017, require public sector employers to collect and publish a range of information on trade union facility time in respect of their employees who are Trade Union Representatives. The figures below cover the period 1 April 2022 to 31 March 2023 and include employees of South Lanarkshire Council, South Lanarkshire Leisure and Culture, SEEMIS and Lanarkshire Valuation Joint Board.

Relevant Trade Union Officials

Number of employees who were relevant union officials during the relevant period	190
FTE Employee Number	171.51

Percentage of Time Spent on Facility Time

% Time	Number of Representatives
0%	51
1% - 50%	132
51% - 99%	3
100%	4

Percentage of Pay Bill Spent on Facility Time

Total cost of facility time	£570,756
Total pay bill	£630,257,466
Percentage of the total pay bill spent on facility time	0.09%

Paid Trade Union Activities

Time spent on paid Trade Union activities as a percentage of total paid facility time hours	7.75%
---	-------

Councillor Joe Fagan
Leader of the Council

Cleland Sneddon
Chief Executive

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the council (such as government grants, rents, fees and charges, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the council in accordance with the CIPFA Accounting Code of Practice. The Expenditure and Funding Analysis 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 49. The segmental analysis in the Expenditure and Funding Analysis reflects the council's management structure, as reported to the relevant Committees during the financial year.

2021/22		Description	2022/23			
Net Expenditure Chargeable To the General Fund And HRA Balance £000	(Note 4) Adjustments between the Funding and Accounting Basis £000		Net Expenditure Chargeable To the General Fund And HRA Balance £000	(Note 4) Adjustments between the Funding and Accounting Basis £000		
		Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure in the Comprehensive Income and Expenditure Statement £000		
122,767	38,336	161,103	Community and Enterprise Resources	127,880	39,543	167,423
370,610	22,002	392,612	Education Resources	409,607	10,262	419,869
39,336	9,486	48,822	Finance and Corporate Resources	48,040	9,151	57,191
			Housing and Technical Resources			
(2,917)	376	(2,541)	- Housing Revenue Account	3,990	2,537	6,527
18,682	17,710	36,392	- Housing Other	18,958	14,663	33,621
187,288	23,817	211,105	Social Work Resources	220,958	20,094	241,052
2,313	-	2,313	Joint Board	2,151	-	2,151
3,295	863	4,158	Corporate Items	(469)	4,339	3,870
-	116	116	Corporate and Democratic Core (HRA)	-	115	115
-	-	-	Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-
741,374	112,706	854,080	Net Cost of Services	831,115	100,704	931,819
(745,658)	(31,093)	(776,751)	Other (Income) and Expenditure	(795,170)	(30,368)	(825,538)
(4,284)	81,613	77,329	(Surplus) or Deficit	35,945	70,336	106,281

General Fund	HRA	Total General Fund and HRA	Description	General Fund	HRA	Total General Fund and HRA
(116,980)	(12,784)	(129,764)	Opening General Fund and HRA Balance	(122,424)	(16,241)	(138,665)
(1,367)	(2,917)	(4,284)	Less/plus (Surplus) or Deficit on General Fund	31,955	3,990	35,945
(4,077)	(540)	(4,617)	Transfers to/from Other Reserves	(59,814)	(610)	(60,424)
(122,424)	(16,241)	(138,665)	Closing General Fund and HRA Balance	(150,283)	(12,861)	(163,144)

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with the CIPFA Accounting Code of Practice, rather than the amount to be funded from taxation. The council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis and Movement in Reserves Statements.

2021/22			Description	2022/23		
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000
200,564	39,461	161,103	Community and Enterprise Resources	207,615	40,192	167,423
443,501	50,889	392,612	Education Resources	470,521	50,652	419,869
121,979	73,157	48,822	Finance and Corporate Resources	132,358	75,167	57,191
			Housing and Technical Resources			
95,434	97,975	(2,541)	- Housing Revenue Account	108,058	101,531	6,527
82,114	45,722	36,392	- Housing Other	87,463	53,842	33,621
460,173	249,068	211,105	Social Work Resources	503,604	262,552	241,052
2,313	-	2,313	Joint Board	2,151	0	2,151
5,018	860	4,158	Corporate Items	12,564	8,694	3,870
116	-	116	Corporate and Democratic Core (HRA)	115	-	115
-	-	-	Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-
1,411,212	557,132	854,080	Net Cost of Services	1,524,449	592,630	931,819
-	2,752	(2,752)	Other Operating Expenditure (Note 9)	-	2,284	(2,284)

2021/22			Description	2022/23		
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000
66,565	(202)	66,767	Financing and Investment (Income) and Expenditure (Note 10)	62,969	4,587	58,382
-	840,766	(840,766)	Taxation and Non-Specific Grant Income (Note 11)	-	881,636	(881,636)
1,477,777	1,400,448	77,329	(Surplus) / Deficit on Provision of Services	1,587,418	1,481,137	106,281
		(113,178)	(Surplus) / Deficit on Revaluation of Fixed Assets			(64,209)
		(365,042)	Remeasurement of Pension Liability / (Asset)			(167,268)
		(478,220)	Other Comprehensive (Income) and Expenditure			(231,477)
		(400,891)	Total Comprehensive (Income) and Expenditure			(125,195)

Balance Sheet

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 are usable reserves, that is 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 Receipts Reserve 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'.

31 March 2022 £000	Balance Sheet	Note	31 March 2023 £000
3,666,092	Property, Plant and Equipment	20	3,748,327
3,826	Heritage Assets	21	3,826
247	Intangible Assets	21	190
1,830	Long Term Debtors		1,809
-	Other Long Term Assets (Pension)	30	52,761
3,671,995	Non Current Assets		3,806,913
25,006	Short Term Investments		70,458
3,789	Inventories		4,317
92,714	Short Term Debtors	23	81,264
213	Assets Held for Sale	21	3,408
91,476	Cash and Cash Equivalents (see cash flow notes)		65,890
213,198	Current Assets		225,337
(52,459)	Short Term Borrowing	33	(31,111)
(190,713)	Short Term Creditors	25	(226,024)
-	Contract Liability – IFRS15	7	-
(7,157)	Other Short Term Liabilities (PPP / Finance Leases)	28	(7,098)
(2,109)	Provisions	26	(2,454)
(6,403)	Receipts in Advance	27	(1,320)
(258,841)	Current Liabilities		(268,007)
(611)	Long Term Provisions	26	(598)
(949,602)	Long Term Borrowing	33	(1,014,532)
(179,133)	Other Long Term Liabilities (PPP / Finance Lease)	28	(172,036)
(160,445)	Other Long Term Liabilities (Pension)	30	(115,321)
(1,289,791)	Long Term Liabilities		(1,302,487)
2,336,561	Net Assets		2,461,756
152,186	Usable Reserves		176,941
2,184,375	Unusable Reserves		2,284,815
2,336,561	Total Reserves		2,461,756

The notes on pages 55 to 108 form part of the financial statements. The audited accounts were authorised for issue on 31 October 2023.

Paul Manning
Executive Director (Finance and Corporate Resources)

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Description	General Fund Balance £000	Housing Revenue Account £000	Revenue Statutory Fund Repairs and Renewals Fund £000	Revenue Statutory Fund Insurance Fund £000	Capital Statutory Fund £000	Capital Receipts Reserve £000	Total Usable Reserves £000	(Note 13) Unusable Reserves £000	Total Council Reserves £000
Balance at 1 April 2022	122,424	16,241	6,496	1,295	4,115	1,615	152,186	2,184,375	2,336,561
Movement in reserves during 2022/23									
Total Comprehensive Expenditure and Income	(106,587)	306	-	-	-	-	(106,281)	231,477	125,196
Adjustments to usable reserves permitted by accounting standards (note 8)	13,161	18,499	-	-	-	-	31,660	(31,660)	-
Adjustments between accounting basis and funding basis under regulations (note 8)	61,471	(22,795)	-	-	-	967	39,643	(39,643)	-
Net Increase / (Decrease) before Transfers to Reserves	(31,955)	(3,990)	-	-	-	967	(34,978)	160,174	125,196
Transfers to/ (from) Reserves	59,814	610	1,114	116	661	(2,582)	59,733	(59,733)	-
Increase / (Decrease) in Year	27,859	(3,380)	1,114	116	661	(1,615)	24,755	100,441	125,196
Balance at 31 March 2023 carried forward	150,283	12,861	7,610	1,411	4,776	-	176,941	2,284,815	2,461,756

Description	General Fund Balance £000	Housing Revenue Account £000	Revenue Statutory Fund Repairs and Renewals Fund £000	Revenue Statutory Fund Insurance Fund £000	Capital Statutory Fund £000	Capital Receipts Reserve £000	Total Usable Reserves £000	(Note 13) Unusable Reserves £000	Total Council Reserves £000
Balance at 1 April 2021	116,980	12,784	7,484	2,304	4,334	1,934	145,820	1,789,850	1,935,670
Movement in reserves during 2021/22									
Total Comprehensive Expenditure and Income	(81,564)	4,235	-	-	-	-	(77,329)	478,220	400,891
Adjustments to usable reserves permitted by accounting standards (note 8)	12,360	18,020	-	-	-	-	30,380	(30,380)	-
Adjustments between accounting basis and funding basis under regulations (note 8)	70,571	(19,338)	-	-	-	2,082	53,315	(53,315)	-
Net Increase / (Decrease) before Transfers to Reserves	1,367	2,917	-	-	-	2,082	6,366	394,525	400,891
Transfers to/ (from) Reserves	4,077	540	(988)	(1,009)	(219)	(2,401)	-	-	-
Increase / (Decrease) in Year	5,444	3,457	(988)	(1,009)	(219)	(319)	6,366	394,525	400,891
Balance at 31 March 2022 carried forward	122,424	16,241	6,496	1,295	4,115	1,615	152,186	2,184,375	2,336,561

Cash Flow Statement

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 (that is borrowing) to the council. Further analysis of movements is provided in the cash flow notes following the statement.

2021/22	Description	2022/23
£000		£000
(77,329)	Net surplus / (deficit) on the provision of services	(106,281)
181,830	Adjust net surplus / deficit on the provision of services for non cash movements	207,857
(63,443)	Adjust for items included in the net surplus / deficit on the provision of services that are investing and financing activities	(64,264)
<hr/> 41,058	Net cash flows from Operating Activities	<hr/> 37,312
(39,809)	Investing Activities	(98,557)
(19,507)	Financing Activities	35,659
<hr/> (18,258)	Net increase / (decrease) in cash and cash equivalents	<hr/> (25,586)
109,734	Cash and cash equivalents at the beginning of the reporting period	91,476
<hr/> 91,476	Cash and cash equivalents at the end of the reporting period	<hr/> 65,890

Cash Flow Statement Note – Non-Cash Movements

The balance of non-cash movements is made up of the following elements:

31 March 2022 £000	Description	31 March 2023 £000
101,361	Depreciation, impairment and amortisation of assets	95,796
16,882	Movement in creditors	29,046
(19,684)	Movement in debtors	7,449
(9)	Movement in inventories	(528)
82,414	Movement in pension liability	69,383
866	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	6,711
-	Other non cash items charged to the net surplus / deficit on the provision of services	
181,830	Net cash flows from the provision of services for non cash movements	207,857

Cash Flow Statement Note – Operating Activities – Items Included in Net Surplus / (Deficit) on the Provision of Services That are Investing and Financing Activities

The cash flows for these activities include the following items:

2021/22 £000	Description	2022/23 £000
(59,825)	Capital grants and contributions	(55,270)
(3,618)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,994)
(63,443)	Net cash flows from items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	(64,264)

Cash Flow Statement Note – Investing Activities

2021/22 £000	Description	2022/23 £000
(133,644)	Purchase of property, plant and equipment and intangible assets	(123,666)
(84,000)	Purchase of short term investments	(274,054)
3,618	Proceeds from the sale of property, plant and equipment and intangible assets	8,994
107,000	Proceeds from short term investments	229,049
67,217	Other receipts from investing activities	61,120
(39,809)	Net cash flows from investing activities	(98,557)

Cash Flow Statement Note – Financing Activities

2021/22 £000	Description	2022/23 £000
28,900	Cash receipts of short term and long term borrowing	86,700
(7,453)	Cash payments for the reduction of the outstanding liabilities relating to finance leases for PPP contracts	(7,157)
(40,954)	Repayments of short term and long term borrowing	(43,884)
(19,507)	Net cash flows from financing activities	35,659

Cash Flow Statement Note – Cash and Cash Equivalents

31 March 2022 £000	Description	31 March 2023 £000
97	Cash held by officers	103
4,297	Bank current accounts	(25,172)
87,082	Short term deposits	90,959
91,476	Total cash and cash equivalents	65,890

The credit figures shown against Bank Accounts in 2023 relate to balances in the financial ledger. This is due to timing differences in posting transactions in the ledger. Actual balances held at bank are not in an overdraft position.

Notes to the Financial Statements

Note 1 Accounting Standards Issued but Not Adopted

The Accounting Code of Practice requires the council to disclose information relating to the impact of an accounting change that is required by a new standard that has been issued but not yet adopted.

For this disclosure, the standards introduced by the 2023/2024 Code, which are required to be applied by 1 April 2023, and will be adopted by the council on 1 April 2023:

Definition of Accounting Estimates (amendments to IAS 8). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Disclosure of Accounting Policies (amendment to IAS 1) This requires organisations to disclose their material accounting policy information rather than their significant accounting policies.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The main change is an exemption from the initial recognition exemption.

Updating a reference to the conceptual framework (amendments to IFRS 3) issued in May 2020.

The amendments are effective for annual periods beginning on or after 1 January 2023 and there is therefore no impact on the 2022/23 financial statements.

The implementation of IFRS 16 for Lease Accounting which should have been adopted with effect from 1 April 2022 has now been deferred until 1 April 2024 with local government bodies having the option to adopt earlier if they decide to do so. This standard replaces IAS 17 and removes the operating classification for leases, eliminating the ability for organisations to keep operating leases off balance sheet, by reporting them as a note to the accounts. With the new standard all leases will be considered finance leases unless they meet the specific exception criteria. The council has opted to defer implementation until 1 April 2024

Adoption of the standards by the council on 1 April 2023 is not expected to have any impact on the financial statements.

Note 2 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability – Actuarial Assumptions	<p>Estimation of the 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 by Strathclyde Pension Fund, to provide the council with expert advice about the assumptions to be applied.</p> <p>Following decisions in relation to Age Discrimination and Guaranteed Minimum Pensions, the Actuary has included the estimated impact of these in the reported pension liability figure. However, the actual impact is influenced by a number of factors and therefore the actual impact could vary from the impact currently estimated and included in the liability.</p>	<p>The effects on the pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £37.168m.</p> <p>However, the assumptions interact in complex ways. During 2022/2023, the council's actuaries advised that the net pension liability had increased by £248.896m as a result of the return on fixed assets and estimates being corrected through experience and had decreased by £1,157.157m attributable to the updating of the demographic and financial assumptions.</p> <p>For 2022/2023, the liability is far outweighed by the asset, however due to the pension asset in the balance sheet being capped under IFRIC 14, these figures do not tie to the difference between the 21/22 pension liability and the 22/23 pension asset as stated in the balance sheet.</p>
Property, Plant and Equipment – Valuation	<p>The council's assets are valued on a rolling programme over a maximum of 5 years. The valuation assumptions are ascertained by the professional valuers used by the council.</p> <p>Given the current financial climate and the changes in the economy experienced across the past 5 years, the council's valuers have considered the potential uncertainty regarding the valuation of assets. Their work has concluded that the valuations are not subject to 'material valuation uncertainty' due to the current economic climate as at the valuation date.</p>	<p>If the actual results differ from the assumptions, the value of the asset could be affected. The value of the assets subject to revaluation over the rolling programme is £3,352.184m. During 2022/2023 the assets that were revalued are now held on the Balance Sheet at a total value of £1,841.633m. The value of assets not revalued in 2022/2023 has been reviewed and the potential impact on valuations is within margins of 10-15% which are considered to be acceptable by RICS. Therefore, the assets not included in this year's programme for revaluation are not materially misstated. The impact of a 1% change in these valuations would change the value of the assets held on the Balance Sheet by £18.416m, resulting in an increase or decrease to the Revaluation Reserve or change to Net Cost of Services. Any change would also impact on depreciation charged to the Net Cost of Services. Due to statutory mitigation, there would be no impact on the council's usable reserves.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment – Useful Life	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The council has a programme of repairs and maintenance on its assets. Any decision to reduce spend in this area could affect the useful lives of assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls, it is estimated that the annual depreciation charge would increase and the carrying value would fall by £10.821m for each year that useful lives were reduced.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Note 3 Material Items of Expenditure and Income

Where material items of expenditure and income are not disclosed on the face of the Comprehensive Income and Expenditure Statement, or contained within other notes, the Code requires disclosure of the nature and amounts of these items. Material items of expenditure and income are detailed below:

Item	Nature	Amount £000
Housing Benefit / Discretionary Housing Payment Paid	Benefit paid to support customers on low income with Housing rent costs	63,884
Housing Benefit / Discretionary Housing Benefit Received	Benefit received to support customers on low income with Housing rent costs	58,940

Note 4 Notes to the Expenditure and Funding Analysis Statement Adjustments Between Funding and Accounting Basis

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

2022/23	Adjustments for Capital Purposes (Note a) £000	Net change for the Pensions Adjustments (Note b) £000	Other Differences (Note c) £000	Total Adjustments between Funding and Accounting Basis £000
Community and Enterprise Resources	23,928	15,756	(141)	39,543
Education Resources	24,123	12,289	(26,150)	10,262
Finance and Corporate Resources	1,927	6,827	397	9,151
Housing and Technical Resources				
- Housing Revenue Account	7,646	2,509	(7,618)	2,537
- Housing Other	6,106	8,037	520	14,663
Social Work Resources	1,484	18,729	(119)	20,094
Joint Board	-	-	-	-
Corporate Items	-	42	4,297	4,339
Corporate and Democratic Core (HRA)	-	-	115	115
Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-	-
Net Cost of Services	65,214	64,189	(28,699)	100,704
Other Income and Expenditure from the Expenditure and Funding Analysis	(61,250)	5,194	25,688	(30,368)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	3,964	69,383	(3,011)	70,336

2021/22	Adjustments for Capital Purposes (Note a) £000	Net change for the Pensions Adjustments (Note b) £000	Other Differences (Note c) £000	Total Adjustments between Funding and Accounting Basis £000
Community and Enterprise Resources	21,217	17,782	(663)	38,336
Education Resources	32,205	13,497	(23,700)	22,002
Finance and Corporate Resources	2,276	7,370	(160)	9,486
Housing and Technical Resources				
- Housing Revenue Account	9,136	2,941	(11,701)	376
- Housing Other	6,775	9,205	1,730	17,710
Social Work Resources	3,307	21,612	(1,102)	23,817
Joint Board	-	-	-	-
Corporate Items	-	421	442	863
Corporate and Democratic Core (HRA)	-	-	116	116
Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-	-
Net Cost of Services	74,916	72,828	(35,038)	112,706
Other Income and Expenditure from the Expenditure and Funding Analysis	(67,340)	9,586	26,661	(31,093)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	7,576	82,414	(8,377)	81,613

Note a – Adjustments for Capital Purposes

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

- Other Operating Expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure – the statutory charges for capital financing and other 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 that are receivable in the year, to those that are 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.

Note b – Net Change for the Pensions Adjustment

- Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:
- For Services this represents the removal of the employer pension contributions made by the 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 Comprehensive Income and Expenditure Statement.

Note c – 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 Services, this represents the accrual made for the cost of holiday leave entitlements earned by employees but not taken before the year end which employees can carry into the next financial year. These require to be included in the Net Cost of Services under generally accepted accounting practices, however, are not chargeable to the General Fund.
- 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.

Note 5 Reconciliation of Adjustments Between Funding and Accounting Basis Shown in the Expenditure and Funding Analysis (EFA) to Those Shown In the Movement in Reserves Statement (MIRS)

2021/22 £000	Description	2022/23 £000
81,613	Adjustments between Funding and Accounting Basis as per EFA	70,336
3,618	Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve (Note 8)	8,994
(1,536)	Use of Capital Receipts Reserve to finance capital expenditure (Note 8)	(8,027)
83,695	Adjustments between Funding and Accounting Basis as per MIRS	71,303

Note 6 Expenditure and Income Analysed by Nature

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

Expenditure	Community and Enterprise £000	Education £000	Finance and Corporate £000	Housing Revenue Account £000	Housing and Technical £000	Social Work £000	Joint Boards £000	Corporate Items £000	Other Non-Resource Lines £000	2022/23 Total £000	2021/22 Total £000
Employee Benefits Expenses	107,577	336,956	44,923	12,193	53,963	143,494	-	(4,680)	-	694,426	651,940
Other Services Expenditure	76,109	109,442	85,509	57,638	27,394	358,625	2,151	17,244	115	734,227	657,911
Support Services Recharges	-	-	-	-	-	-	-	-	-	-	-
Depreciation, Amortisation, Impairment	23,929	24,123	1,926	38,227	6,106	1,485	-	-	-	95,796	101,361
Interest Payment	-	-	-	-	-	-	-	-	59,710	59,710	56,802
Pension Net Interest Expense	-	-	-	-	-	-	-	-	5,193	5,193	9,586
Impairment on Financial Instruments	-	-	-	-	-	-	-	-	(1,934)	(1,934)	177
Loss on the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	207,615	470,521	132,358	108,058	87,463	503,604	2,151	12,564	63,084	1,587,418	1,477,777

Income											
Fees and Charges and Other Service Income	37,205	5,140	6,709	101,531	51,335	195,520	-	8,694	-	433,248	357,621
Interest and Investment Income	-	-	-	-	-	-	-	-	4,814	4,814	132
Impairment on Financial Instruments	-	-	-	-	-	-	-	-	(227)	(227)	(334)
Gain on the Disposal of Assets	-	-	-	-	-	-	-	-	2,284	2,284	2,752
Income from Council Tax	-	-	-	-	-	-	-	-	148,958	148,958	143,472
Government Grants and Contributions	2,987	45,512	68,458	-	2,507	67,032	-	-	732,678	892,060	896,805
Total Income	40,192	50,652	75,167	101,531	53,842	262,552	-	8,694	888,507	1,481,137	1,400,448
Surplus or Deficit on the Provision of Services	167,423	419,869	57,191	6,527	33,621	241,052	2,151	3,870	(825,423)	106,281	77,329

Note 7 Revenue from Contracts with Service Recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients.

2021/22 £000	Description	2022/23 £000
42,373	Revenue from contracts with service recipients	44,877
-	Impairment of receivables or contract assets	-
42,373	Total included in Comprehensive Income and Expenditure Statement	44,877

Amounts included in Balance Sheet for contracts with service recipients.

2021/22 £000	Description	2022/23 £000
-	Receivables which are included in debtors (note 23)	-
-	Contract Assets	-
-	Contract Liabilities	-
-	Total Included in Net Assets	-

Specific changes in the contract assets and the contract liabilities balances during the period are as follows:

2021/22	2021/22	Year	2022/23	2022/23
Contract Asset £000	Contract Liability £000	Description	Contract Asset £000	Contract Liability £000
-	-	Contract assets and liabilities at the beginning of the year	-	-
-	-	Increases / decreases due to cash received (paid)	-	-
-	-	Transfers from contract assets / (liabilities) recognised at the beginning of the period to receivables (payables)	-	-
-	-	Changes as a result of changes in the measure of progress	-	-
-	-	Contract assets and liabilities at the end of the year	-	-

Note 8 Adjustments Permitted Under Accounting Standards and Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund

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

Housing Revenue Account

The Housing Revenue Account balance reflects the statutory obligation to maintain a revenue account for local authority housing in accordance with the Local Government and Housing (Scotland) Act 1987. It contains the balance of income and expenditure as defined by the 1987 Act that is available to fund future expenditure in connection with the council's landlord function.

Repairs and Renewals Fund

The Repairs and Renewals Fund comprises a combination of balances brought forward from previous years adjusted for any utilisation of funds and contributions to the Fund in year. The funds will be used to deal with repairing or renewing council assets.

Insurance Fund

The Insurance Fund is held as a provision against unpaid claims. Council Services contribute to the Fund which meets the cost of property damage, public liability, employee liability, vehicle fleet and other claims. The council holds insurance cover to meet any large claims, the premium for which is charged to the Fund. Actuarial reviews are undertaken on a regular basis. The last full review took place during 2021.

Capital Receipts Reserve

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

Usable Reserves 2022/23	General Fund Balance £000	Housing Revenue Account £000	Repairs And Renewals Fund £000	Insurance Fund £000	Capital Statutory Funds £000	Capital Receipts Reserve £000	Total £000
Adjustments to Usable Reserves Permitted by Accounting Standards	-	-	-	-	-	-	-
Adjustment for the Revaluation Element of Depreciation	13,161	18,499	-	-	-	-	31,660
Total Adjustments to Usable Reserves Permitted by Accounting Standards	13,161	18,499	-	-	-	-	31,660
Statutory Adjustments (Between Accounting and Funding Basis)							
Adjustments to Revenue Resources	-	-	-	-	-	-	-
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:	-	-	-	-	-	-	-
Pensions Costs transferred to (or from) the Pensions Reserve	66,678	2,705	-	-	-	-	69,383
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(276)	(84)	-	-	-	-	(360)
Holiday Pay (transferred to (or from) the Accumulated Absences Reserve)	(130)	3	-	-	-	-	(127)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	42,620	20,872	-	-	-	-	63,492
Total Adjustments to Revenue Resources	108,892	23,496	-	-	-	-	132,388
Adjustments between Revenue and Capital Resources	-	-	-	-	-	-	-

Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(967)	(8,027)	-	-	-	8,994	-
Statutory Provision for the repayment of debt (transfer from Capital Adjustment Account)	(2,524)	-	-	-	-	-	(2,524)
Capital expenditure financed from revenue balances (transfer to Capital Adjustment Account)	(874)	(26,050)	-	-	-	-	(26,924)
Total Adjustments between Revenue and Capital Resources	(4,365)	(34,077)	-	-	-	8,994	(29,448)
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	(8,027)	(8,027)
Application of capital grants to finance capital expenditure	(43,056)	(12,214)	-	-	-	-	(55,270)
Total Adjustments to Capital Resources	(43,056)	(12,214)	-	-	-	(8,027)	(63,297)
Total Statutory Adjustments (Between Accounting and Funding Basis)	61,471	(22,795)	-	-	-	967	39,643
Total Adjustments to Usable Reserves Permitted by Accounting Standards	13,161	18,499	-	-	-	-	31,660
Total Statutory Adjustments (Between Accounting and Funding Basis)	61,471	(22,795)	-	-	-	967	39,643
Total Comprehensive Expenditure and Income	(106,587)	306	-	-	-	-	(106,281)
Net Increase / (Decrease) before transfers to / (from) Reserves	(31,955)	(3,990)	-	-	-	967	(34,978)
Transfers to / (from) Reserves	59,814	610	1,114	116	661	(2,582)	59,733
Increase / (Decrease) in Year	27,859	(3,380)	1,114	116	661	(1,615)	24,755

Usable Reserves 2021/22	General Fund Balance £000	Housing Revenue Account £000	Repairs And Renewals Fund £000	Insurance Fund £000	Capital Statutory Funds £000	Capital Receipts Reserve £000	Total £000
Adjustments to Usable Reserves Permitted by Accounting Standards	-	-	-	-	-	-	-
Adjustment for the Revaluation Element of Depreciation	12,360	18,020	-	-	-	-	30,380
Total Adjustments to Usable Reserves Permitted by Accounting Standards	12,360	18,020	-	-	-	-	30,380
Statutory Adjustments (Between Accounting and Funding Basis)	-	-	-	-	-	-	-
Adjustments to Revenue Resources	-	-	-	-	-	-	-
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:	-	-	-	-	-	-	-
Pensions Costs transferred to (or from) the Pensions Reserve	79,100	3,314	-	-	-	-	82,414
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(279)	(81)	-	-	-	-	(360)
Holiday Pay (transferred to (or from) the Accumulated Absences Reserve)	(458)	(107)	-	-	-	-	(565)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	46,833	17,561	-	-	-	-	64,394
Total Adjustments to Revenue Resources	125,196	20,687	-	-	-	-	145,883
Adjustments between Revenue and Capital Resources	-	-	-	-	-	-	-

Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(2,082)	(1,536)	-	-	-	3,618	-
Retrospective Benefit from applying the revised guidance on Service Concessions	-	-	-	-	-	-	-
Statutory Provision for the repayment of debt (transfer from Capital Adjustment Account)	(2,401)	(6,808)	-	-	-	-	(9,209)
Capital expenditure financed from revenue balances (transfer to Capital Adjustment Account)	(2,361)	(19,637)	-	-	-	-	(21,998)
Total Adjustments between Revenue and Capital Resources	(6,844)	(27,981)	-	-	-	3,618	(31,207)
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	(1,536)	(1,536)
Application of capital grants to finance capital expenditure	(47,781)	(12,044)	-	-	-	-	(59,825)
Total Adjustments to Capital Resources	(47,781)	(12,044)	-	-	-	(1,536)	(61,361)
Total Statutory Adjustments (Between Accounting and Funding Basis)	70,571	(19,338)	-	-	-	2,082	53,315
Total Adjustments to Usable Reserves Permitted by Accounting Standards	12,360	18,020	-	-	-	-	30,380
Total Statutory Adjustments (Between Accounting and Funding Basis)	70,571	(19,338)	-	-	-	2,082	53,315
Total Comprehensive Expenditure and Income	(81,564)	4,235	-	-	-	-	(77,329)
Net Increase / (Decrease) before transfers to / (from) Reserves	1,367	2,917	-	-	-	2,082	6,366
Transfers to / (from) Reserves	4,077	540	(988)	(1,009)	(219)	(2,401)	-
Increase / (Decrease) in Year	5,444	3,457	(988)	(1,009)	(219)	(319)	6,366

Note 9 Comprehensive Income and Expenditure Statement – Other Operating Expenditure

2021/22 £000	Description	2022/23 £000
(2,752)	(Gains) / losses on the disposal of non-current assets	(2,284)
(2,752)	Total	(2,284)

Note 10 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

2021/22 £000	Description	2022/23 £000
56,802	Interest payable and similar charges	59,710
9,586	Pensions interest cost and expected return on pensions assets	5,193
(132)	Interest receivable and similar income	(4,814)
511	Impairment on Financial Instruments	(1,707)
66,767	Total	58,382

Note 11 Comprehensive Income and Expenditure Statement – Taxation and Non-Specific Grant Income

2021/22 £000	Description	2022/23 £000
(143,472)	Council Tax income	(148,958)
(319,312)	National Non-Domestic Rates	(422,591)
(318,157)	Non-ringfenced Government grants	(254,817)
(59,825)	Capital grants and contributions	(55,270)
(840,766)	Total	(881,636)

Note 12 Movements in Usable Reserves

This note sets out the movements in the Usable Reserves including amounts set aside in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2022/2023.

Description	2021/22 Opening Balance 1 April 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	2021/22 Closing Balance 31 March 2022 £000	2022/23 Opening Balance 1 April 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	2022/23 Closing Balance 31 March 2023 £000
Future Budget Strategies – allocated to specific years	20,306	(9,109)	22,474	33,671	33,671	(38,426)	97,716	92,961
Investments (Multi Year)	-	-	5,884	5,884	5,884	(2,931)	946	3,899
Developing Scotland's Young Workforce (Specific funding)	398	(90)	-	308	308	-	-	308
Early Years (Multi-year)	11,116	(66)	3,415	14,465	14,465	(2,948)	-	11,517
Children and Young People Act inc. Getting It Right for Every Child (Multi-year)	2,163	(1,479)	-	684	684	(7)	-	677
Pupil Equity Fund (Specific funding)	2,326	(2,326)	2,590	2,590	2,590	(2,590)	905	905
Discretionary Housing Payments	-	-	-	-	-	-	115	115
Warm Welcome Initiative	-	-	-	-	-	-	299	299
Alternative Fuel Payments	-	-	-	-	-	-	191	191
Energy Bill Support Scheme	-	-	-	-	-	-	1,055	1,055
Wellbeing Day	-	-	-	-	-	-	600	600
Multi Year Projects	4,072	(214)	760	4,618	4,618	(1,111)	-	3,507
Schools (Multi-year)	2,094	(739)	1,223	2,578	2,578	(1,223)	-	1,355

Description	2021/22 Opening Balance 1 April 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	2021/22 Closing Balance 31 March 2022 £000	2022/23 Opening Balance 1 April 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	2022/23 Closing Balance 31 March 2023 £000
Scheme of Assistance	344	-	398	742	742	-	-	742
Property Masterplan	236	(27)	-	209	209	(3)	-	206
Community and Enterprise Resources including Public Health and Local Plan	710	(305)	676	1,081	1,081	-	-	1,081
Social Work and Bequest	21	-	-	21	21	-	-	21
Temporary Homelessness / Community Safety (Specific funding)	2,536	(598)	-	1,938	1,938	(363)	-	1,575
Scottish Welfare Fund	129	(129)	-	-	-	-	145	145
Prevent Grant (Specific funding)	9	-	-	9	9	-	-	9
New Initiatives (Multi-year)	914	(2)	-	912	912	-	-	912
Sanitary Products Funding	339	-	-	339	339	-	-	339
Counselling in Schools	1,256	-	-	1,256	1,256	-	-	1,256
Additional Support for Learning	1,289	(100)	-	1,189	1,189	-	-	1,189
Grants to Voluntary Organisations - Area Grants c/f	60	-	63	123	123	-	84	207
National Trauma Training Programme	-	-	50	50	50	(38)	-	12
Children and Families - Residential Care	762	(762)	2,051	2,051	2,051	(2,051)	35	35
Lanarkshire Valuation Joint Board - Scottish Government funding	277	(159)	-	118	118	-	-	118
Child Disability Support	-	-	83	83	83	-	-	83

Description	2021/22 Opening Balance 1 April 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	2021/22 Closing Balance 31 March 2022 £000	2022/23 Opening Balance 1 April 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	2022/23 Closing Balance 31 March 2023 £000
Whole Family Wellbeing	-	-	187	187	187	(58)	-	129
Telecare Fire and Safety	-	-	59	59	59	-	-	59
Local Heat and Energy Efficient Strategies	-	-	-	-	-	-	75	75
COVID-19 Funding (inc. LACER)	32,390	(26,185)	23,856	30,061	30,061	(18,403)	-	11,658
Scottish Government – 2021/2022 General Revenue Grant Adjustment	155	(155)	-	-	-	-	-	-
Total Earmarked General Fund	83,902	(42,445)	63,769	105,226	105,226	(70,152)	102,166	137,240
Uncommitted General Fund	-	-	-	-	-	-	-	-
Funding for Future Strategies	20,035	(15,880)	-	4,155	4,155	(4,155)	-	-
Uncommitted General Fund	13,043	-	-	13,043	13,043	-	-	13,043
Total Uncommitted General Fund	33,078	(15,880)	-	17,198	17,198	(4,155)	-	13,043
Total General Fund	116,980	(58,325)	63,769	122,424	122,424	(74,307)	102,166	150,283
Repairs and Renewals	-	-	-	-	-	-	-	-
Crematorium Sinking Fund and Shelter	307	-	25	332	332	(141)	50	241
Fleet Sinking Fund	173	-	40	213	213	-	40	253
Waste	1,435	-	302	1,737	1,737	-	1,290	3,027
Committee Room Audio Visual Upgrade	150	(11)	-	139	139	(139)	-	-

Description	2021/22 Opening Balance 1 April 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	2021/22 Closing Balance 31 March 2022 £000	2022/23 Opening Balance 1 April 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	2022/23 Closing Balance 31 March 2023 £000
Repairs and Restorations (Various Projects)	3,339	(172)	504	3,671	3,671	(136)	150	3,685
Winter Maintenance	2,080	(1,676)	-	404	404	-	-	404
Total Repairs and Renewals	7,484	(1,859)	871	6,496	6,496	(416)	1,530	7,610
Capital Fund	-	-	-	-	-	-	-	-
Capital Fund	-	-	-	-	-	-	-	-
Education Capital Items Replacement Fund	1,728	-	572	2,300	2,300	-	406	2,706
Adoptions	278	-	1	279	279	-	-	279
IT Development Fund / Digital Transformation	1,842	(565)	92	1,369	1,369	(68)	-	1,301
Central Energy Efficiency Fund	486	(541)	222	167	167	(282)	605	490
Total Capital Fund	4,334	(1,106)	887	4,115	4,115	(350)	1,011	4,776
Total Usable Capital Receipts	1,934	(3,937)	3,618	1,615	1,615	(10,609)	8,994	-
Total Insurance Fund	2,304	(1,015)	6	1,295	1,295	-	116	1,411
Total Housing Revenue Account	12,784	-	3,457	16,241	16,241	(3,990)	610	12,861
Total Usable Reserves	145,820	(66,242)	72,608	152,186	152,186	(89,672)	114,427	176,941

Note 13 Balance Sheet – Unusable Reserves

Unusable Reserves are those that the council is not able to utilise to provide services. These reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the council.

The two reserves arising from the system of capital accounting are the Revaluation Reserve and the Capital Adjustment Account. The former represents the gains on revaluation of fixed assets not yet realised through sales and the latter relates to amounts set aside from capital resources to meet past expenditure.

The reserve arising from accounting for financial instruments is the Financial Instruments Adjustment Account. This is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending and borrowing by the council.

The Pensions Reserve as limited by the assets ceiling cap under IFRIC 14, arises from IAS19 Accounting Disclosures for Retirement Benefits and recognises the council's share of actuarial gains and losses in the Strathclyde Pension Fund and the change in the council's share of the Pension Fund liability chargeable to the CIES.

The Accumulated Absences Reserve arises from IAS19 accounting disclosures for Short Term Accumulated Benefits and recognises the council's liability for compensated absences (annual leave) earned by staff but not taken in the year. The Statutory Arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Reserve.

Unusable Reserves 2022/23	Revaluation Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Pension Reserve £000	Accumulating Compensated Absences Adjustment Account £000	Total £000
Opening Balance	1,362,958	1,009,130	(4,571)	(160,445)	(22,697)	2,184,375
Movement in Year	32,524	(30,455)	360	97,885	127	100,441
Closing Balance	1,395,482	978,675	(4,211)	(62,560)	(22,570)	2,284,815
Other Comprehensive Income and Expenditure	64,209	-	-	167,268	-	231,477
Adjustments to Usable Reserves Permitted by Accounting Standards	-	-	-	-	-	-
Difference Between Fair Value and Historic Cost Depreciation	(31,660)	-	-	-	-	(31,660)
Adjustments Between Accounting Basis and Funding Basis Under Regulation	-	-	-	-	-	-
Charges for Depreciation and Impairment of Non-Current Assets	-	(66,021)	-	-	-	(66,021)
Revaluation Gains / Losses on Property, Plant and Equipment	-	1,962	-	-	-	1,962
Amortisation of Intangible Assets	-	(75)	-	-	-	(75)
Adjustments Between Accounting Basis and Funding Basis Under Regulation	-	-	-	-	-	-
Non-Current Assets Written Off on Disposal or Sale	-	(6,637)	-	-	-	(6,637)
Accumulated Gains on Assets Sold or Scrapped	(73)	-	-	-	-	(73)
Use of Capital Receipts Reserve to Finance New Capital Expenditure	-	8,027	-	-	-	8,027

Unusable Reserves 2022/23	Revaluation Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Pension Reserve £000	Accumulating Compensated Absences Adjustment Account £000	Total £000
Capital Grants and Contributions	-	55,270	-	-	-	55,270
Statutory Charge for the Repayment of Debt	-	7,352	-	-	-	7,352
Statutory Provision for Financing of Capital Investment	-	2,524	-	-	-	2,524
Capital Expenditure Charged Against the General Fund and HRA Balance	-	26,924	-	-	-	26,924
Retrospective Benefit from applying revised Service Concession Guidance	-	(59,733)	-	-	-	(59,733)
Transfer Between Revaluation Reserve and Capital Adjustment Account	48	(48)	-	-	-	-
Premiums to be Charged Against the General Fund and HRA Balance	-	-	360	-	-	360
Reversal of Items Relating to Retirement Benefits	-	-	-	(130,940)	-	(130,940)
Employer's Pension Contribution Payable in Year	-	-	-	61,557	-	61,557
Amounts Accrued at the End of the Financial Year	-	-	-	-	127	127
Total Movement in Year	32,524	(30,455)	360	97,885	127	100,441

Unusable Reserves 2021/22	Revaluation Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Pension Reserve £000	Accumulating Compensated Absences Adjustment Account £000	Total £000
Opening Balance	1,217,136	1,043,980	(4,931)	(443,073)	(23,262)	1,789,850
Restatement of 2020/2021 Balance**	63,379	(63,379)	-	-	-	-
Revised Opening Balance	1,280,515	980,601	(4,931)	(443,073)	(23,262)	1,789,850
Movement in Year	82,443	28,529	360	282,628	565	394,525
Closing Balance	1,362,958	1,009,130	(4,571)	(160,445)	(22,697)	2,184,375
Other Comprehensive Income and Expenditure	113,178	-	-	365,042	-	478,220
Adjustments to Usable Reserves Permitted by Accounting Standards						
Difference Between Fair Value and Historic Cost Depreciation	(30,380)	-	-	-	-	(30,380)
Adjustments Between Accounting Basis and Funding Basis Under Regulation						
Charges for Depreciation and Impairment of Non Current Assets	-	(63,127)	-	-	-	(63,127)
Adjustments Between Accounting Basis and Funding Basis Under Regulation						
Revaluation Gains / Losses on Property, Plant and Equipment	-	(7,773)	-	-	-	(7,773)
Amortisation of Intangible Assets	-	(81)	-	-	-	(81)
Non Current Assets Written Off on Disposal or Sale	-	(511)	-	-	-	(511)

Unusable Reserves 2021/22	Revaluation Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Pension Reserve £000	Accumulating Compensated Absences Adjustment Account £000	Total £000
Accumulated Gains on Assets Sold or Scrapped	(355)	-	-	-	-	(355)
Use of Capital Receipts Reserve to Finance New Capital Expenditure	-	1,536	-	-	-	1,536
Capital Grants and Contributions	-	59,825	-	-	-	59,825
Statutory Charge for the Repayment of Debt	-	9,209	-	-	-	9,209
Statutory Provision for Financing of Capital Investment	-	7,453	-	-	-	7,453
Capital Expenditure Charged Against the General Fund and HRA Balance	-	21,998	-	-	-	21,998
Premiums to be Charged Against the General Fund and HRA Balance	-	-	360	-	-	360
Reversal of Items Relating to Retirement Benefits	-	-	-	(139,979)	-	(139,979)
Employer's Pension Contribution Payable in Year	-	-	-	57,565	-	57,565
Amounts Accrued at the End of the Financial Year	-	-	-	-	565	565
Total Movement in Year	82,443	28,529	360	282,628	565	394,525

** The opening balance (as at 1 April 2021) on the Revaluation Reserve and the Capital Adjustment Account have been restated to correct an error which had arisen from the software used for accounting for non-current asset revaluation losses. The system had written off revaluation losses in error which resulted in the Revaluation Reserve being understated by £63.379 million, and the Capital Adjustment Account being overstated by the same amount. There is no impact on the asset balances in the Balance Sheet.

Note 14 Members Allowances

The council paid the following amounts to Members of the council during the year:

Description	2022/23	2021/22
	£	£
Salaries	1,138,350	1,064,313
Mileage Allowance	17,563	2,756
Expenses	4,708	583
Total	1,160,621	1,067,652

Note 15 External Audit Costs

The council has incurred the following external audit costs:

Description	2022/23	2021/22
	£000	£000
Fee payable to Audit Scotland for external audit services	586	521
Total	586	521

The council incurred these costs in relation to the audit of the Annual Accounts, the certification of grant claims and a contribution towards Audit Scotland's national work programme. Fees payable in respect of other services provided by the appointed auditor were nil (2021/2022: nil).

Note 16 Related Parties

The council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence 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.

Central Government

Central 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 transactions that the council has with other parties (such as council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 6.

Officers

During 2022/2023, no senior officer of the council declared an interest in any organisation outwith those controlled or significantly influenced by the council. In addition, no senior officer declared an

interest of close family members in any organisations outwith those controlled or significantly influenced by the council.

During 2021/22, no senior officer of the council declared an interest in any organisation outwith those controlled or significantly influenced by the council. In addition, no senior officer declared an interest of close family members in any organisations outwith those controlled or significantly influenced by the council.

The total remuneration paid to senior officers is shown in the Remuneration Report on page 33.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2022/2023 is shown in Note 14. During 2022/2023, works and services to the value of £4.031 million were commissioned from companies in which 15 members had an interest (2021/2022 - £5.088 million). Contracts were entered into in full compliance with the council's standing orders. In addition, grants totalling £2.454 million were paid to voluntary organisations in which 46 members had an interest (2021/2022 - £3.253 million). The relevant members did not take part in any discussion or decision relating to the grants. Details of these transactions are recorded under each individual Councillor and can be found on the council's website ([Elected Members Interests](#)). As these payments relate to payments ledgered in the financial year, there are no outstanding balances to be disclosed.

The council has chosen a de minimis level of £0.100m as its threshold disclosure level for individual members interests in companies and voluntary organisations. In addition to the entities controlled or significantly influenced by the council (page 71), the council made individual payments above this threshold to the following companies and voluntary organisations in which members held an interest. These are detailed in the table overleaf.

Member	Organisation	Individual Payment exceeding £0.100m
Cllr John Anderson Cllr Carol Nugent	Clyde Gateway	4 payments totalling £0.700m in relation to the Shawfield Regeneration Route project.
Cllr Graeme Horne Cllr Susan Kerr	SEEMIS	1 payment totalling £0.347m in respect of the council's annual membership fee.
Cllr Alex Allison Cllr John Anderson Cllr Walter Brogan Cllr Maureen Chalmers Cllr Gerry Convery Cllr Margaret Cooper Cllr Maureen Devlin Cllr Joe Fagan Cllr Gladys Ferguson-Miller	COSLA	2 payments totalling £0.325m for the annual subscription to myjobscotland (£0.263m) and (£0.062m) to for the local Government Digital Office.

Member	Organisation	Individual Payment exceeding £0.100m
Cllr Lynsey Hamilton Cllr Graham Horne Cllr Eileen Logan Cllr Katy Loudon Cllr Hugh McDonald Cllr David McLaughlin Cllr Richard Nelson Cllr John Ross	COSLA	2 payments totalling £0.325m for the annual subscription to myjobscotland (£0.263m) and (£0.062m) to for the local Government Digital Office.
Cllr Allan Falconer	North Lanarkshire Council	1 payments totalling £0.114m in relation to inter authority children's placements (£0.054m) and cross boundary charges (£0.060m).

Receipts and Payments Between the council and Entities Controlled or Significantly Influenced by the council

Description	2022/23 Receipts £000	2022/23 Payments £000	2021/22 Receipts £000	2021/22 Payments £000
Subsidiaries:	-	-	-	-
Common Good Fund	46	78	36	91
Routes to Work South	-	1,810	-	1,486
South Lanarkshire Leisure and Culture Limited	2,968	25,013	2,931	21,048
Total Subsidiaries	3,014	26,901	2,967	22,625
Joint Ventures:	-	-	-	-
South Lanarkshire HSCP Integration Joint Board	230,654	173,108	211,798	153,085
Total Joint Ventures	230,654	173,108	211,798	153,085
Joint Boards:	-	-	-	-
Lanarkshire Valuation Joint Board	163	2,103	166	2,265
Strathclyde Concessionary Travel Scheme Joint Committee	1,664	13,878	1,983	11,339
Strathclyde Partnership for Transport	-	604	-	604
Total Joint Boards	1,827	16,585	2,149	14,208
Other Entities:	-	-	-	-

Description	2022/23	2022/23	2021/22	2021/22
	Receipts £000	Payments £000	Receipts £000	Payments £000
Clyde Valley Learning and Development Joint Committee	59	10	59	15
Regen FX Youth Trust	-	115	-	113
SEEMIS Group LLP	84	368	83	332
Total Other Entities	143	493	142	460
Total	235,638	217,087	217,056	190,378

The amounts due (to) / from related parties are detailed overleaf:

Description	2022/23	2021/22
	£	£
Strathclyde Partnership for Transport	1,664	2,390
South Lanarkshire Leisure and Culture Limited	1,520	1,923
South Lanarkshire Health and Social Care Partnership	(8,863)	(7,828)

Subsidiaries

Common Good Fund

The Common Good Fund is for the benefit of the geographical areas of the former burghs and is administered by the council.

Routes to Work South

Established in 1998, Routes to Work South's main activity is supporting unemployed and workless residents in South Lanarkshire into employment, training, or further education. Routes to Work South delivers services to, and is funded by, the council. South Lanarkshire Council is the sole member of Routes to Work South and is included in the council's group financial statements as a 100% subsidiary.

South Lanarkshire Leisure and Culture Limited

South Lanarkshire Leisure and Culture Limited was established as a Charitable Trust on 1 April 2002. The Trust became South Lanarkshire Leisure and Culture Limited in October 2010, when cultural services transferred from South Lanarkshire Council. South Lanarkshire Leisure and Culture Limited provides the council with a full range of leisure and cultural activities within the South Lanarkshire area. Whilst the Trust is entirely independent of the council under law and for taxation purposes, its activities are directed by means of contractual arrangements with the council, and, in recognition of this, South Lanarkshire Leisure and Culture Limited is treated as a 100% subsidiary, and included in the council's group financial statements. From 3 April 2023, the status of South Lanarkshire Leisure and Culture Limited will change from a Charitable Trust to a Scottish Charitable Incorporated Organisation. This will have no impact on the relationship with the council.

Joint Ventures

South Lanarkshire Health and Social Care Partnership Integration Joint Board

The South Lanarkshire HSCP Integration Joint Board was established on 6 October 2015 as a partnership between South Lanarkshire Council and NHS Lanarkshire and is responsible for planning and seeing the delivery of a full range of community health and social work / social care services. In the year 2021/2022, the following financial transactions were made between South Lanarkshire Council and South Lanarkshire HSCP Integration Joint Board relating to the integrated and social care functions:

Description	2022/23 £000	2021/22 £000
Contribution made to South Lanarkshire HSCP Integration Joint Board	173,108	153,085
Commissioning income received from South Lanarkshire HSCP Integration Joint Board	230,654	211,798
South Lanarkshire HSCP Integration Joint Board due (to)/from South Lanarkshire Council	(8,863)	(7,828)

Joint Boards

The council is represented on a number of joint boards which are independent public bodies formed by an Act of Parliament. These bodies are Lanarkshire Valuation Joint Board, Strathclyde Concessionary Travel Scheme and Strathclyde Partnership for Transport. All local government functions that relate to these bodies have been delegated from the constituent councils that comprise the area of each board. The members of each board are elected councillors and appointed by the councils in proportions specified in the legislation.

The council has no shares, or ownership of any of these boards. Nevertheless, these boards are included within the council's group accounts as associate, as the council is represented on the board and participate in policy making processes. The council's share of each board's net assets is calculated on its percentage share of the aggregate contributions made by the constituent councils.

Other entities

Details of all other public bodies in which the council has a significant interest are explained in the group accounts at Notes 4 to 7.

Note 17 Leases

Council as Lessee

Finance Leases

The council currently has obligations in relation to Glasgow Southern Orbital infrastructure and secondary schools. These are classed as PPP/PFI finance leases and are reported under Note 28 – Public Private Partnerships and Similar Contracts.

Operating Leases

The council has entered into a number of operating leases and details are provided across the asset categories of Vehicles, Property, Plant and Equipment, and Land and Buildings.

Vehicles, Plant and Equipment – the council uses vehicles, computers, photocopying equipment and items of plant financed under the terms of an operating lease. The amount paid under these arrangements in 2022/2023 was £3.316 million (2021/2022 £3.774 million).

Land and Buildings – the council leases a number of properties which have been accounted for as operating leases. The rentals payable in 2022/2023 were £2.476 million (2021/2022 were £2.726 million).

The future minimum lease payments due under non-cancellable leases in future years are:

Description	31 March 2023 £000	31 March 2022 £000
Not later than one year	4,445	4,962
Later than one year and not later than five years	9,934	10,421
Later than five years	34,646	36,393
Total	49,025	51,776

The sub lease payments receivable in future years are:

Description	31 March 2023 £000	31 March 2022 £000
Not later than one year	319	322
Later than one year and not later than five years	356	1,134
Later than five years	-	-
Total	675	1,456

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

Description	2022/23 £000	2021/22 £000
Minimum lease payments	5,792	6,500
Sublease payments receivable	(368)	(365)
Total	5,424	6,135

Council as Lessor

Operating Leases

The council leases out property under operating leases. The purpose of the Lease Portfolio is principally Socio Economic – by supporting the wider corporate objectives of the council as stated in the council plan, Connect 2017-22, through strategic influence, control, occupational use and management of lease agreements. In particular, but not exclusively, to ‘support the local Economic Development by providing the right conditions for growth, improving skills and employability’.

The future minimum lease payments receivable under non-cancellable leases in future years are:

Description	2022/23 £000	2021/22 £000
Not later than one year	4,473	4,903
Later than one year and not later than five years	10,043	18,820
Later than five years	95,136	111,483
Total	109,652	135,206

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/2023, no contingent rents were receivable by the council (2021/2022 – nil).

Note 18 Grant Income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/2023:

Description	2022/23 £000	2021/22 £000
Credited to Taxation and Non Specific Grant Income		
Council Tax	148,958	143,472
Non Ring Fenced Government Grants	254,817	318,157
Non Domestic Rate Redistribution	422,591	319,312
Total	826,366	780,941
Credited to Services	-	-
Scottish Government	64,932	65,754
European Grant Funding	1,508	2,050
Skills Development Scotland	761	894
Central Government	59,664	66,715
Lottery	150	262
Creative Scotland	410	330
NHS (incl. Resource Transfer)	58,778	63,080
Other Grants	294	426
Total	186,496	199,511

Note 19 Events After the Balance Sheet Date

The unaudited Annual Accounts were authorised for approval by the Executive Director (Finance and Corporate Resources) on 27 June 2023.

As noted in the council's Management Commentary, as of June 2023, the position in relation to the back pay on Home Carers Job Evaluation was known. A basis had been established for back-dating to October 2020, however, the calculation had not been finalised.

While the outcome of the back pay calculation was not included in the Unaudited Accounts due to timing, these Audited Accounts now reflect the financial implications of the back pay element highlighted above. The Contingent Liability has now been updated to reflect this (Note 31).

There were no other events that occurred between 1 April 2023 and the date that the unaudited Accounts were authorised for issue, that would have an impact on the financial statements.

Where events taking place before this date provided information about conditions existing at 31 March 2023, other than the Job Evaluation of Home Carers, where the value of back pay had not yet been determined, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 20 Property, Plant and Equipment

Movements on Balances

Movements in 2022/2023:

Description	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets (Note 1) £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
Cost or Valuation	-	-	-	-	-	-	-	-	-
As at 1 April 2022	1,490,806	1,844,497	51,341		3,704	10,899	35,725	3,436,972	506,916
Additions	45,841	5,636	7,538	20,158	85	(9)	36,089	115,338	612
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(22,634)	26,896	1,308	-	-	(11)	-	5,559	-
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(3,377)	(16)	-	-	(21)	(41)	(3,455)	-

Description	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets (Note 1) £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
De-recognition – Disposals	-	(915)	(6,007)	-	-	-	-	(6,922)	-
Assets reclassified from Held for Sale	-	(10)	-	-	-	(669)	-	(679)	-
Other movements in Cost or Valuation	17,304	23,286	151	252	(2,315)	1	(38,678)	1	-
At 31 March 2023	1,531,317	1,896,013	54,315		1,474	10,190	33,095	3,546,814	507,528

Description	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets (Note 1) £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
De-recognition – Disposals	-	-	(6,007)	-	-	-	-	(6,007)	-
Eliminated on reclassification to Assets Held for Sale	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	-	69	-	-	(69)	-	-	-	-
At 31 March 2023	-	85,319	19,517	-	9	17	-	119,103	31,681

Net book value	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets (Note 1) £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
At 31 March 2023	1,531,317	1,810,694	34,798	326,785	1,465	10,173	33,095	3,748,327	475,847
At 31 March 2022	1,490,806	1,769,856	34,559	320,616	3,639	10,891	35,725	3,666,092	484,648

Movements on Balances

Movements in 2021/2022:

Cost or Valuation	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets (Note 1) £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
As at 1 April 2021	1,337,441	1,819,030	48,581		2,829	9,358	75,764	3,293,003	506,651
Additions	61,512	6,298	7,301	24,830	153	42	33,286	133,422	265
Revaluation increases / (decreases) recognised in the Revaluation Reserve	39,574	16,850	642	-	34	200	-	57,300	-
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(13,571)	-	-	85	(275)	-	(13,761)	-
De-recognition – Disposals	-	(1,076)	(5,865)	-	-	(70)	-	(7,011)	-
Assets reclassified from Held for Sale	-	(57)	-	-	-	19	-	(38)	-
Other movements in Cost or Valuation	52,279	17,023	682	1,113	603	1,625	(73,325)	-	-
At 31 March 2022	1,490,806	1,844,497	51,341	-	3,704	10,899	35,725	3,462,915	506,916

Accumulated Depreciation and Impairment	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets (Note 1) £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
De-recognition – Disposals	-	(807)	(5,865)	-	-	-	-	(6,672)	-
Eliminated on reclassification to Assets Held for Sale	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-	-
At 31 March 2022	-	74,641	16,782		65	8	-	105,151	22,268

Net book value	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets (Note 1) £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
At 31 March 2022	1,490,806	1,769,856	34,559	320,616	3,639	10,891	35,725	3,666,092	484,648
At 31 March 2021	1,337,441	1,753,357	34,255	308,328	2,782	9,298	75,764	3,521,225	493,799

Note 1:

Infrastructure asset values have been disclosed in accordance with the Scottish Government's Finance Circular 9/2022 Statutory Override Accounting for Infrastructure Assets. The council has applied both statutory overrides set out in the circular which are as follows:

- For accounting periods commencing from 1 April 2021 until 31 March 2024, a local authority is not required to report the gross carrying amount and accumulated depreciation for infrastructure assets.
- For the accounting periods from 1 April 2010 to 31 March 2024, the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be accounted for as a nil amount, and no subsequent adjustment can be made to the carrying amount of the asset with respect to that part.

The approach is set out in Note 36: Accounting Policies.

Capital Commitments

At 31 March 2023, the council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment for housing and non-housing projects in 2023/2024 and future years. The major commitments for both Housing and General Services are as follows:

Housing Projects	£000	Non-Housing Projects	£000
New Build Housing	12,582	City Deal - Greenhills Road/A726	200
Housing Investment projects including Heating	11,472	Strathaven Road	5,912
Projects, Windows and Doors, Fire Doors, External Fabric Upgrades, Roofing and Environmental Works		Clyde Bridge	280
		Chatelherault Allotments	669
		Community Alarms	791
		SWiS Plus Replacement	2,700
		Education Information Computer Technology	2,815
		Clyde Terrace (Bothwell Nursery) - New Build	3,865
		Jackton PS – New Build	424
		Castlefield Primary School - Extension	3,536
		Council Headquarters - Switchgear Upgrade	179
		Oracle Upgrade	
		Cambuslang Streetscape	

Revaluations

The council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

Vehicles, plant and equipment, despite being valued in the Balance Sheet at current costs are not included in the five year revaluation programme as any changes in valuation are considered to be immaterial. Council dwellings are revalued every year.

The significant assumptions applied in estimating the fair values are:

- All valuations are prepared in accordance with the current edition of the RICS Valuation Standards.
- All valuations are provided by a Valuer directly employed by South Lanarkshire Council and are accordingly defined as internal valuations.

Valuation Assumptions

Unless the Appointed Valuer is advised or reports to the contrary, the following valuation assumptions shall apply to all asset valuations provided under this service:

- It is assumed that the Local Authority shall continue to provide the services to which the assets relate;
- It is assumed that the property valued, is not at the date of valuation, affected by any mining subsidence and will not be affected in the future;
- It is assumed that the site is stable and will not occasion any extraordinary costs with regard to mining subsidence;
- It is assumed that the title to the subject contains no onerous burdens and restrictive conditions and that it has not been ascertained what minerals, rights of support and compensation is attached to the land nor whether rights of use and re-entry have been reserved;
- It is assumed that the property and its value are unaffected by any matters which would be revealed by local search and replies to the usual enquiries or by inspection of any register and that its condition, use, or intended use was, is or will be lawful;
- It is assumed that the property has the necessary statutory consents for the current buildings and use and that there are no policies or proposals by statutory authorities that could impact positively or adversely on the value;
- No investigation shall be undertaken or information provided regarding the use of hazardous or deleterious materials or techniques in the construction of the property. It is assumed that no such materials or techniques have been used;
- No investigation shall be undertaken or information provided regarding the presence of contamination or hazardous substances in the property (including the site) and neighbouring properties. It is assumed that no such contamination or hazardous substances are present;
- No environmental assessment shall be carried out or information provided on the presence of naturally occurring radon gas.
It is assumed that no radon gas is present in the property;
- It is assumed that adequate repairs and maintenance is being undertaken; and
- Unless otherwise stated, the date of valuation shall be 1 April of the specified financial year.

Revaluation Programme

The table below shows the progress of the council's programme for the revaluation of Property, Plant and Equipment that ensures that all its PPE assets required to be measured at fair value are revalued at least every five years. The measurement basis used for determining the gross carrying

amount, and the significant assumptions applied in estimating the fair values are disclosed above and in Note 36 Accounting Policies under Section P 'Property, Plant and Equipment'.

Description	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £0000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	-	-	34,798	326,785	1,465	-	33,095	396,143
Valued at fair value	-	-	-	-	-	-	-	-
2021/22	1,531,317	328,765	-	-	-	328	-	1,860,410
2020/21	-	254,879	-	-	-	1,944	-	256,823
2019/20	-	432,594	-	-	-	5,537	-	438,131
2018/19	-	551,649	-	-	-	1,947	-	553,596
2017/18	-	242,375	-	-	-	417	-	242,792
5 years ago and greater	-	432	-	-	-	-	-	432
Total Cost or Valuation	1,531,317	1,810,694	34,798	326,785	1,465	10,173	33,095	3,748,327

Note 21 Other Assets – Intangible, Heritage and Assets Held For Sale

Description	Intangible Assets	Intangible Assets	Heritage Assets	Heritage Assets	Assets Held for Sale	Assets Held for Sale
	Year	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000
Cost or Valuation	-	-	-	-	-	-
Balance at 1 April	361	399	3,826	3,826	213	618
Additions	18	97	-	-	8,310	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	-	-	-	-	76
Revaluation increases / (decreases) in the Comprehensive Income	-	-	-	-	-	-

Description	Intangible Assets	Intangible Assets	Heritage Assets	Heritage Assets	Assets Held for Sale	Assets Held for Sale
Year	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
and Expenditure Statement						
De-recognition – Disposals	(4)	(136)	-	-	(5,794)	(519)
Assets reclassified (to) / from Assets Held for Sale		-	-	-	679	38
Balance at 31 March	375	360	3,826	3,826	3,408	213
Accumulated Depreciation						
Balance at 1 April	113	160	-	-	-	-
Depreciation charge	75	81	-	-	-	-
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	-
Depreciation written out to the Surplus / Deficit on Provision of Services	-	-	-	-	-	-
Depreciation – Disposals	(3)	(128)	-	-	-	-
Elimination on reclassification to Assets Held for Sale	-	-	-	-	-	-
Balance at 31 March	185	113	-	-	-	-
Net Book Value at 31 March	190	247	3,826	3,826	3,408	213

Note 22 Capital Expenditure and Capital Financing

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

Description	General Fund 2022/23 £000	HRA 2022/23 £000	Total 2022/23 £000	General Fund 2021/22 £000	HRA 2021/22 £000	Total 2021/22 £000
Opening Capital Financing Requirement	1,015,606	282,854	1,298,460	1,015,264	249,720	1,264,984
Capital Investment	-	-	-	-	-	-
Property, Plant and Equipment	62,954	60,695	123,648	60,241	73,181	133,422
Intangible Assets	18	-	18	97	-	97
Decrease in PPP Finance Lease Liability	(7,157)	-	(7,157)	(7,453)	-	(7,453)
Impact of Applying Service Concession Flexibility	64,366	-	64,366	-	-	-
Sources of Finance	-	-	-	-	-	-
Capital Receipts	-	(8,027)	(8,027)	-	(1,536)	(1,536)
Government Grants and Other Contributions	(43,056)	(12,235)	(55,291)	(47,781)	(12,066)	(59,847)
Sums set aside from revenue:	-	-	-	-	-	-
Direct Revenue Contributions	(874)	(26,050)	(26,924)	(2,361)	(19,637)	(21,998)
Loans Fund Principal	(2,821)	(4,531)	(7,352)	(2,401)	(6,808)	(9,209)
Closing Capital Financing Requirement	1,089,036	292,706	1,381,742	1,015,606	282,854	1,298,460
Explanation of movements in year:	-	-	-	-	-	-
Increase in Underlying Need to Borrow	19,042	14,383	33,425	10,196	39,942	50,138
Loans Fund Repayments	(2,821)	(4,531)	(7,352)	(2,401)	(6,808)	(9,209)
Assets Acquired Under PFI/PPP Contracts	(7,157)	-	(7,157)	(7,453)	-	(7,453)
Impact of Applying Service Concession Flexibility	64,366	-	64,366	-	-	-
Increase / (Decrease) in Capital Financing Requirement	73,430	9,852	83,282	342	33,134	33,476

Note 23 Short Term Debtors

	31 March 2023 £000	31 March 2022 £000
Short Term Debtors		
Trade Receivables	33,754	41,326
Prepayments	8,380	4,521
Other Receivable Amounts	39,130	46,867
Total	81,264	92,714

Note 24 Debtors for Local Taxation

The past due but not impaired amount for local taxation and non-domestic rates can be analysed by age as follows:

Debtors for Local Taxation	31 March 2023 Council Tax £000	31 March 2023 NDR £000	31 March 2022 Council Tax £000	31 March 2022 NDR £000
Less than one year	507	2,310	2,257	3,134
One to two years	1,065	-	1,038	-
Two to five years	-	-	-	-
More than five years	-	-	-	-
Total	1,572	2,310	3,295	3,134

Note 25 Short Term Creditors

	31 March 2023 £000	31 March 2022 £000
Short Term Creditors		
Trade Payables	87,251	68,048
Other Payables	138,773	122,665
Total	226,024	190,713

Note: Included within the Other Payables balance of £138.773m are balances held on behalf of third parties totalling £5.509m. They relate to Lanarkshire Valuation Joint Board, Clyde Valley Learning and Development Joint Committee, SEEMIS LLP, Regen FX Youth Trust, Supplier Development Programme, Common Good and Trust Funds whose financial transactions are hosted in the council's Financial Management System.

Note 26 Provisions

Provisions	Injury and damage compensation claims (1) £000	Other provisions (2) £000	Total £000
Balance at 31 March 2022	611	2,109	2,720
Additional provisions made in 2022/23	47	2,554	2,600
Amount used in 2022/23	(59)	(2,209)	(2,267)
Unused amounts reversed in 2022/23	-	-	-
Unwinding of discounting in 2022/23	-	-	-
Balance at 31 March 2023	598	2,454	3,053

The above provisions can be further analysed into Short Term and Long Term as follows:

Provisions	Injury and damage compensation claims (1) £000	Other provisions (2) £000	Total £000
Short Term	-	2,454	2,454
Long Term	598	-	599
Balance at 31 March 2023	598	2,454	3,053

- 1) The majority of this amount relates to a long-term provision in respect of ongoing compensation claims. The council believes that the amount provided accurately represents the best estimate of the amounts due.
- 2) The amount relates to provisions in respect of orders for bespoke adaptations, property dilapidations and COVID-19 sustainability payments to social care providers.

Note 27 Receipts in Advance

The council has received a number of grants and contributions that have yet to be recognised as income. This is because they have conditions attached to them which requires the monies or property to be returned to the giver if these conditions are not met. These monies are committed to spend in 2023/2024.

The balances at 31 March 2023 are as follows:

Revenue Grants and Contributions	31 March 2023 £000	31 March 2022 £000
Big Lottery	-	142
UK Government	72	-
Clyde Gateway	85	121
Visit Scotland	28	-
National Health Service	69	65
Scottish Coal	498	498
Scottish Government	333	1,788
Scottish Government - COVID-19 Business Support	6	3,264
Department of Works and Pensions	87	234
Wind Turbine Construction Compensation (Various)	140	108
Home Office	-	110
Other	2	73
Total	1,320	6,403

Note 28 Public Private Partnership and Similar Contracts

The council has two PPP or similar contracts: Secondary Schools PPP and Glasgow Southern Orbital.

Secondary Schools PPP: The council entered the PPP agreement in June 2006 for the provision of 17 new build schools (which includes 2 named Additional Support Needs schools) as well as the major refurbishment of Stonelaw High School and Hamilton Grammar. The Unitary Charge is index linked with the inflation rate in the January of the preceding financial year used to agree the charge for the new financial year. The agreement will last 30 years and will end in 2039/2040.

The unitary charge paid to the contractor includes the repayment of construction costs, interest and service charges and the projected payments due under the agreement, based on assumed RPI of 2.5% per annum.

Glasgow Southern Orbital: The council entered the PPP agreement in July 2006 for the Design, Build, Finance and Operate Contract which covered both the Glasgow Southern Orbital and the M77 Extension with a contract value of £130m. The agreement will last 30 years and will end in 2035/2036.

The actual payments made on PPP contracts are single sum unitary charge payments made to the contractor. For year-end accounting purposes we are required to calculate notional figures.

Payments remaining to be made under PFI contracts for both Schools and Glasgow Southern Orbital as at 31 March 2023 (assuming an inflation rate of 2.5% for Schools PPP and excluding any estimation of availability/ performance deductions) are as follows:

Description	Payment For Services £000	Reimbursement Of Capital Expenditure £000	Interest £000	Contingent Rents £000	Total £000
Payable in 2023/24	14,917	7,098	9,430	9,416	40,861
Payable within two to five years	68,058	29,629	33,815	42,404	173,906
Payable within six to ten years	97,251	44,712	33,180	67,816	242,959
Payable within eleven to fifteen years	84,101	72,619	17,663	100,370	274,753
Payable within sixteen to twenty years	28,732	25,076	1,358	34,230	89,396
Total	293,059	179,134	95,446	254,236	821,965

The impact of a 1% movement in inflation on the 2023/2024 Unitary charge payment would be £0.398m.

The liability outstanding to pay the contractor for capital expenditure incurred is as follows:

Description	2022/23 £000	2021/22 £000
Balance outstanding at start of year	186,291	193,743
Payments during year	(7,157)	(7,452)
Capital expenditure incurred in the year	0	-
Reduction in liability for prepaid assets	0	-
Balance outstanding at year end	179,134	186,291

Implementation of PPP Service Concession Flexibilities

In accordance with Accounting Policy S on page 106 and in line with Finance Circular 10/2022, the council has implemented the permitted PPP Service Concession flexibility in financial year 2022/2023 on a retrospective annuity basis with a useful life of 50 years. The flexibility being applied is consistent with current Council Loans Fund arrangements and is considered prudent, sustainable, and affordable over the life of the asset. The implementation of this arrangement has no impact on the payments made to the contractor.

The current notional repayments noted above have been compared against an annuity repayment profile based on the estimated useful asset lives for the each of the two PPP or similar arrangements, over the contract period. The most appropriate asset life is considered to be 50 years which replicates the useful asset life of other similar type assets held on the council's balance sheet (schools and roads). By applying the flexibility, a one-off combined retrospective saving of £59.733m as detailed in the table below will be achieved.

PPP debt repayment	Current repayment £000	Revised repayment £000	Benefit / (Cost) £000
Pre 2022/2023	85,284	25,551	59,733
Paid in 2022/2023	7,157	2,524	4,633
Payable within two to five years	29,680	11,530	18,150
Payable within six to ten years	40,293	18,264	22,029
Payable within eleven to fifteen years	68,919	23,733	45,186
Payable within sixteen to twenty years	40,242	30,839	9,403
Payable within twenty-one to twenty-five years	0	40,029	(40,029)
Payable within twenty-six to forty years	0	51,801	(51,801)
Payable within forty-one to forty-five years	0	67,302	(67,302)
Total	271,575	271,575	-

In addition to the one-off retrospective element, an in-year saving has been realised in the scheduled debt repayments in 2022/2023, of £4.633m. This will be followed by a reduction in the annual charges for further 17 years and then the continuation of the statutory charges after the PPP and similar contracts have been repaid. Over the full asset life of the arrangement, the total repayment for the debt liability remains the same.

Impact on the Income and Expenditure Statement, the Balance Sheet and the Movement in Reserves

The reprofiling of the debt liability repayments increases the Capital Financing Requirement by £59.733m as at 1 April 2022. The increase in the Capital Financing Reserve will continue to be reduced by the revised repayments after each PPP or similar contract has expired until the end of the revised period. Being a cumulative statutory adjustment there is no prior year restatement of statutory adjustments in the Annual Accounts. The statutory adjustment up to 31 March 2023 has the following impact on the 2022/2023 Balance Sheet (Capital Adjustment Account) and Movement in Reserves statement:

Description	Increase / (Decrease) £000	Increase / (Decrease) £000	£000
Capital Adjustment Account (Note 13)	(59,733)	(4,633)	(64,366)
Movement in Reserves Statement (Page 51)	59,733	4,633	64,366

Note 29 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the council are members of the Teachers' Pension Scheme, administered by the Scottish Government. The Scheme provides teachers with specified benefits upon their retirement, and the council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The council is not able to identify its share of underlying financial

position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of the Financial Statements, it is therefore accounted for on the same basis as a defined contribution scheme.

As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2023, the council's own contributions equate to approximately 5.82%.

In 2022/2023, the council paid £38.864 million to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.0% of pensionable pay. The figures for 2021/2022 were £36.457 million and 23.0% of pensionable pay.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 30.

For 2022/2023, the liability is far outweighed by the asset, however due to the net pension asset in the balance sheet being capped under IFRIC 14, these figures do not tie in to the difference between the 21/22 pension liability and the 22/23 pension asset as stated in the balance sheet. The net pension asset was reduced by £625.7 million to £52.8 million,

Note 30 Pension Schemes Accounted for as Defined Benefit Schemes

Participation in Pension Schemes

The post-employment scheme for employees other than teachers is the Local Government Pension Scheme (LGPS) and is administered in the West of Scotland by Glasgow City Council in respect of all local authorities and admitted bodies in the former Strathclyde area. This is a multi-employer scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. Employer's liabilities can be evaluated directly by the Actuary at any time on membership data. Individual employer assets have been apportioned to each employer since 2002. Prior to that date, each employer was considered to have the same funding as the whole Fund.

Benefits

- It is a defined benefit final salary scheme, meaning that the council and employees pay contributions into a fund, calculated at a level to balance the pensions liability with investment assets.
- A new Career Average Related Earnings (CARE) pension scheme has been introduced from 1 April 2015. The pension accrual rate guarantees a pension that is built up at a rate of 1/49th of the pensionable pay in the financial year. The amount built up in the year is transferred to the member's pension account and at the end of each financial year the total in the member's pension account is adjusted in line with the cost of living to ensure it retains its purchasing power.
- For pension contributions from 2009 to 2015, the pension is based on 1/60th of final pensionable salary and years of service, and prior to 2009, the accrual rate guarantees a pension based on 1/80th and a lump sum based on 3/80th of final pensionable pay and years of pensionable service.
- There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004. The scheme's retirement age is the normal age for the state pension. Pensions are increased annually in line with changes to the Pensions (Increase) Act 1971 and Section 59 of the Social Security

Pensions Act 1975.

Governance

- The Strathclyde Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Strathclyde Pension Fund Committee. This committee is comprised solely of Elected Members of Glasgow City Council. Employing authorities (including South Lanarkshire Council) are represented at the Strathclyde Pension Fund Representative Forum.
- Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.
- Under the Regulations, employers fall into three categories, scheme employers (also known as schedule bodies) such as South Lanarkshire Council, community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other parties. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

Principal Risks

- The principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amount due by statute as described in the accounting policy note.

Discretionary Post-employment Benefits

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

Age Discrimination (McCloud) and Guaranteed Minimum Pension

McCloud Ruling – Age Discrimination

When the Local Government Pension Scheme (LGPS) Scotland benefit structure was reformed in 2015, transitional protections were applied to certain older members close to retirement age. The benefits accrued from 1 April 2015 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure.

In December 2018, the Court of Appeal upheld a ruling (McCloud case) that similar transitional protections were unlawful on the grounds of age discrimination. This means that the LGPS Scotland benefits accrued from 2015 may need to be enhanced so that all eligible members, regardless of age, will benefit from the underpin. The impact of this will depend on the compensation awarded, members' future salary increases, length of service, retirement age and whether (when) members withdraw from active service.

In 2019, Strathclyde Pension Fund's actuary included an estimate of the impact of this in their IAS19 reports and the Pension Liability reported in the council's Balance Sheet. In July 2020, the Government published a consultation covering Scotland which proposed amendments to the Local Government Pension Scheme in order to provide a remedy for the McCloud and Sargeant legal rulings and actuaries reviewed their assumptions in the IAS19 reports. The actuary has made no further explicit adjustments to the obligation / current service costs for 2022/2023, nor for the projected service cost for 2023/2024.

Guaranteed Minimum Pension Indexation Treatment (Lloyd's Ruling)

Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. Although the value of GMP was inherently unequal between males and females due to a number of factors, the overall equality of benefits was achieved 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, bringing uncertainty over the ongoing indexation of GMP's which could lead to inequalities between men and women's benefits.

An interim solution passed the responsibility for ensuring GMP's kept pace with inflation to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This leads to increased costs for schemes including the LGPS and scheme employers. The Strathclyde Pension Fund's actuary has carried out calculations to estimate the impact, assuming that the interim solution will be applied to all members retiring from 6 April 2016 onwards. The value of the full impact of GMP has been included in the pension liability reported in the council's Balance Sheet. These figures will be updated as part of the Pension Fund valuations and as more information becomes available.

Historical Transfers (Further Lloyd's Ruling)

A further ruling was passed in relation to historical transfers, and it is the opinion of Strathclyde Pension Fund's actuary that this is unlikely to have a significant impact on the pension obligations of a typical employer. In addition, the historic individual member data to assess the impact is not readily available, therefore no allowance has been made in the calculations.

Goodwin

Scottish Public Pension Agency circular (Local Government Pension Scheme 2020/04), refers to a ruling that same-sex survivors were originally entitled to survivor benefits, taking into account the member's service from 6 April 1978. Following the Goodwin Tribunal, regulatory amendments will now need to be made with effect from the same date to extend that entitlement to male spouse survivors of female members.

Previously, the male spouse survivor's entitlement was based on service accrued from 6 April 1988. The change is backdated to 5 December 2005, therefore affects the pension of male spouse survivors where their entitlement arose on or after 5 December 2005.

While there is still uncertainty surrounding the potential remedy to the Goodwin judgement, Strathclyde Pension Fund's actuary has carried out analysis in order to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits and have ascertained that they feel the impact is very small for a typical fund (c0.1 to 0.2% of obligations), therefore no allowance has currently been made in the calculations.

Other Cases (Walker and O'Brien)

The actuary has also highlighted 2 other court cases which may impact on Local Government Pension Scheme benefits in the future. The first was the Walker case where it was ruled that surviving spouses in same sex marriages should be entitled to the same benefits as those in different sex marriages and also the O'Brien case where it was ruled that recognition of part time benefits should apply to service for the period prior to 7 April 2000.

The Actuary's view remains unchanged from previous years and is that they are unlikely to be significant judgements in terms of impact on pension obligations. Until further guidance is released from the relevant governing bodies in the LGPS, no allowance has been made for the potential remedies for these judgements.

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by the council's employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made against the council Tax is based upon the pension contributions payable by the council in the year, and an adjustment is made in the Movement in Reserves Statement to achieve this.

The following transactions have been made in the accounting statements in 2022/2023 and the prior year 2021/2022.

	31 March 2023 £000	31 March 2022 £000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of Services:		
Service cost comprising:		
current service cost	125,747	130,393
past service costs	-	-
unfunded benefits	-	-
Financing and Investment Income and Expenditure		
net interest expense	5,193	9,586
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	130,940	139,979
Other Benefits Charged to the CIES		
Re-measurement of the net defined liability comprising:		
Expected return on pension fund assets	115,915	(142,924)
Actuarial (gains) or losses arising on changes in demographic assumptions	(21,885)	(17,819)
Actuarial (gains) or losses arising on changes in financial assumptions	(1,135,272)	(207,634)
Actuarial (gains) or losses arising on changes in other experiences	132,981	3,335
Actuarial (gains) or losses arising on de-recognition of Pension Asset	740,993	-
Total Post Employment Benefit Charged to the CIES	(36,328)	(225,063)
Net charge to the Surplus / Deficit on the Provision of Services brought forward	130,940	139,979
Movement in Reserves Statement (MIRS)		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(69,383)	(82,414)
Actual amount charged against the General Fund balance for pensions in the year:		
Employers' contributions payable to Strathclyde Pension Fund	61,557	57,565

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the council's obligation in respect of its defined benefit plans is per the table below. The net asset arising from the council's involvement in

the defined benefit scheme totals £793.754m at 31 March 2023. However, this has been limited to £52.671m in line with the accounting requirements of IFRIC 14 to limit the recognition of a pension asset to the extent to which the council can recover the benefits through either refunds or reduced contributions. As the council is not able to withdraw from the scheme or recover funds directly, the asset is therefore limited to the forecast reductions in contributions as compared to the forecast future service costs. This has limited the recognition of the pension asset to £52.671m.

Separately the council has continued to recognise the unfunded element of its pension liabilities as there are no scheme assets to cover the future costs of these liabilities as they are due going forward.

Description	31 March 2023 £000	31 March 2022 £000
Present Value of the Defined Benefit Obligation*	(1,882,768)	(2,870,632)
Fair Value of Pension Fund Assets	2,676,522	2,710,187
De-Recognition of Pension Fund Assets (Surplus) to Asset Ceiling	(740,993)	-
Present Value of the Unfunded Liability Accounted for Separately	(115,321)	-
Net Asset / (Liability) arising from Defined Benefit Obligation	(62,560)	(160,445)
*Unfunded liabilities included in the figure for present value of liabilities		
unfunded liabilities for Pension Fund	(43,039)	(53,622)
teachers' unfunded pensions	(60,483)	(73,413)
unfunded liabilities prior to 1996 local government reorganisation	(11,799)	(13,966)

A reconciliation of South Lanarkshire Council's share of the present value of Strathclyde Pension Fund's defined benefit obligation (liability) is as follows:

Description	31 March	31 March
	2023	2022
	£000	£000
Opening balance at 1 April	(2,870,632)	(2,952,854)
Current service cost	(125,747)	(130,393)
Interest cost	(78,488)	(59,853)
Contributions by Pension Fund participants	(16,520)	(15,392)
Re-measurement gains and (losses)	-	-
Actuarial gains and losses arising on changes in demographic assumptions	21,885	17,819
Actuarial gains and losses arising on changes in financial assumptions	1,135,272	207,634
Actuarial losses arising on changes in other experiences	(132,981)	(3,335)
Past service costs (including curtailment)	-	-
Settlements	-	-
Benefits paid	69,122	65,742
Closing balance at 31 March	(1,998,089)	(2,870,632)

A reconciliation of South Lanarkshire Council's share of the fair value of Strathclyde Pension Fund's assets is as follows:

Description	31 March	31 March
	2023	2022
	£000	£000
Opening fair value of pension fund assets	2,710,187	2,509,781
Interest Income	73,295	50,267
Re-measurement gains and (losses)		
Expected rate of return on pension fund assets	(115,915)	142,924
Actuarial gains and (losses)	-	-
Actuarial losses arising on changes in other experiences	-	-
The effect of changes in foreign exchange rates	-	-
Contributions from employers	61,557	57,565
Contributions from employees into the scheme	16,520	15,392
Benefits paid	(69,122)	(65,742)
Closing balance at 31 March	2,676,522	2,710,187

Analysis of Pension Fund's Assets

Year	31 March 2023			31 March 2022		
Description	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000
Cash and cash equivalents	37,018	13,687	50,705	68,047	914	68,961
Equity Instruments	522,659	4,796	523,455	595,879	1,289	597,168
Debt Instruments	-	1	1	-	1	1
Real Estate	-	220,678	220,678	-	228,560	228,560
Derivatives	-	(2)	(2)	-	-	-
Private Equity	-	657,857	657,858	-	530,556	530,556
Investment Funds	11,529	1,208,298	1,219,827	15,035	1,269,906	1,284,941
Total Assets	571,206	2,105,316	2,676,522	678,961	2,031,226	2,710,187

Basis for Estimating Assets and Liabilities

The council's share of the net obligations of the Strathclyde Pension Fund is an estimated figure based on actuarial assumptions about the future and is a snapshot at the end of the financial year. The net obligation has been assessed using the "projected unit method", that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on.

The Fund's obligation has been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2020. The significant assumptions used by the actuary are shown in the table below. Note 2 includes a sensitivity analysis for the pension obligation based on reasonably possible changes of these assumptions occurring at the reporting date.

Description	31 March	31 March
	2023	2022
	£000	£000
Long term expected rate of return on assets in the Fund		
Equity investment	2.30%	7.10%
Bonds	2.30%	7.10%
Property	2.30%	7.10%
Cash	2.30%	7.10%
Mortality Assumptions (years):		
Men	19.3	19.6
Women	22.2	22.4
Longevity at 65 for future pensioners (years):		
Men	20.5	21.0
Women	24.2	24.5
Rate of inflation	2.95%	3.20%
Rate of increase in salaries	3.65%	3.90%
Rate of increase in pensions	2.95%	3.20%
Rate for discounting Fund liabilities	4.75%	2.70%
Take-up option to convert annual pension into retirement lump sum		
Pre April 2009 service	50.0%	50.0%
Post April 2009 service	75.0%	75.0%

Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching strategy [ALM] as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. The Fund invests in equities, bonds, properties and in cash.

Impact of High Inflationary Environment

The Fund's actuary had advised that the CARE, deferred pensioner and pensioner obligations are increased each April in line with previous September rate of CPI, and the April 2023 Pension Increase Order of 10.1% has been applied to the obligations within the 31 March 2023 closing Balance Sheet figures.

Accounting standards narrowly prescribe how the inflation assumption should be derived from market information at the year-end date. Therefore, the current period of high inflation is somewhat allowed for insofar as it is captured in long-term market expectations (at 31 March 2023). However,

the assumptions have been adjusted to recognise that the 2024 Pension Order is currently expected to be higher than the single CPI assumption for accounting purposes.

Impact on the Authority's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 19.3% for 2022/2023. Following the completion of the triennial valuation as at 31 March 2020, employers' contribution rates have been set at 19.3% for the three years (2021/2022 to 2023/2024). The next triennial valuation of the Fund took place as at 31 March 2023, however any impact on contribution rates beyond 2023/2024 has not yet been advised to councils.

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

The total contributions expected to be made by the council to Strathclyde Pension Fund in the year to 31 March 2024 is £53.456 million.

The assumed weighted average duration of the defined benefit obligation for scheme members is 19.0 years.

Note 31 Contingent Assets and Liabilities

As at 31 March 2023 the council has the following material contingent liabilities:

Historical Childhood Abuse

The council recognises the potential for compensation claims deriving from the Scottish Government's Limitation (Childhood Abuse) Scotland Act 2017. At this stage the extent of the council's potential liability is unknown. The Government introduced a Redress Scheme in December 2021. This may have an impact on the extent of the council's liability. This cannot be quantified.

European Structural Funds

The council delivers projects which form part of the European Structural and Investment Funds Scotland Programme. Payments to councils and other Lead Partners from the European Social Fund (ESF) were subject to a full suspension by the European Commission (EC). The EC has however now indicated it will lift its suspension of the ESF Scotland Programme. As has been the case throughout the period of suspension, there is no reason to believe that there will be any impact on the amount of funds that the council will receive.

Pensions

A circular from the Scottish Public Pensions Agency (Local Government Pension Scheme 2020/04) refers to a ruling that same-sex survivors were originally entitled to survivor benefits, taking into account the member's service from 6 April 1978. Previously, the male spouse survivor's entitlement was based on service accrued from 6 April 1988. The change is backdated to 5 December 2005, therefore affects the pension of male spouse survivors where their entitlement arose on or after 5 December 2005. Following the Goodwin Tribunal, regulatory amendments will now need to be made with effect from the same date to extend that entitlement to male survivors of female members.

While this could have a financial impact on future years' costs, and the impact cannot yet be quantified, current information from the Strathclyde Pension Fund actuary suggests that this is likely to be minimal. Given the uncertainty, and the immaterial nature of any potential impact, no provision has been made in the Accounts.

In addition, the actuary also highlighted an awareness of 2 other court cases which may impact on pension benefits in the future. The first was the Walker case where it was ruled that surviving spouses in same sex marriages should be entitled to the same benefits as those in different sex marriages and also the O'Brien case where it was ruled that recognition of part time benefits should apply to service for the period prior to 7 April 2000. The actuary's understanding is that these are unlikely to be significant judgements in terms of impact on future pension obligations of Employers. Again, given the uncertainty, and the immaterial nature of any potential impact, no provision has been made in the Accounts.

Job Evaluation Scheme

As part of the council's Job Evaluation Scheme, a range of posts have been identified as requiring review. Where there is no outcome agreed, any liability in respect of these reviews cannot be determined.

Contractor Claims

There is an ongoing arbitration and adjudication process surrounding a significant road construction project. At this stage there is no agreement on any element of the arbitration and therefore no potential liability can be determined.

Note 32 Financial Instruments

Categories of Financial Instruments

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

Description	31 March 2023			31 March 2022		
	Long Term £000	Current £000	Total £000	Long Term £000	Current £000	Total £000
Fair value through profit and loss	-	-	-	-	-	-
Amortised Cost	-	161,559	161,559	-	132,429	132,429
Total Financial Assets	-	161,559	161,559	-	132,429	132,429

Description	31 March 2023			31 March 2022		
	Long Term £000	Current £000	Total £000	Long Term £000	Current £000	Total £000
Fair value through profit and loss	-	-	-	-	-	-
Amortised cost	1,186,567	38,209	1,224,776	1,128,735	59,616	1,188,351
Total Financial Liabilities	1,186,567	38,209	1,224,776	1,128,735	59,616	1,188,351

Income, Expense, Gains and Losses

Year	2022/23			2021/22		
Description	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Total £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Total £000
Net Gains/Losses on:						
Financial Assets Measured at Fair Value Through Profit and Loss	-	-	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-	-	-
Investments in Equity Instruments Designated at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-
Financial Liabilities Measured at Amortised Cost	-	-	-	-	-	-
Total Net Gains/Losses	-	-	-	-	-	-

Fair Value of Financial Assets

There are no financial assets held at fair value.

Transfers Between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1 and 2 during the year.

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required)

All financial assets and liabilities held by the authority 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 take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loans Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For non PWLB loans, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- Where an instrument has a maturity of less than 12 months the fair value is taken to be the principal outstanding.

The fair values calculated are as follows:

	Year	2022/23	2022/23	2021/22	2021/22
Financial Liabilities		Carrying	Fair	Carrying	Fair
		Amount	Value	Amount	Value
		£000	£000	£000	£000
Financial Liabilities held at amortised cost: PWLB Debt		1,037,067	1,100,503	993,486	1,335,291
Financial Liabilities held at amortised cost: Non PWLB Debt		8,575	9,388	8,575	10,618
PFI and Finance Lease Liabilities		179,134	208,256	186,290	256,394
Total Financial Liabilities		1,224,776	1,318,147	1,188,351	1,602,303

	Year	2022/23	2022/23	2021/22	2021/22
Financial Assets		Carrying	Fair	Carrying	Fair
		Amount	Value	Amount	Value
		£000	£000	£000	£000
Financial Assets held at amortised cost		161,559	161,599	132,429	132,429
Total Financial Assets		161,559	161,599	132,429	132,429

The fair value of the liabilities is greater than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future

loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £1,100.503m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB redemption interest rates. The difference between the carrying amount and the fair value measures the additional interest that the council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £1,037.068m would be valued at £1,012.212m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £63.384m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £1,100.452m.

Fair Value Hierarchy for Financial Assets and Financial Liabilities that are not Measured at Fair Value as at 31 March 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1) £000	Other Significant Observable Inputs (Level 2) £000	Significant Unobservable Inputs (Level 3) £000	Total £000
Recurring fair value measurements using:				
Financial Liabilities				
Financial Liabilities held at amortised cost: PWLB Debt	-	1,100,503	-	1,100,503
Financial Liabilities held at amortised cost: Non PWLB Debt	-	9,388	-	9,388
PFI and Finance Lease Liabilities	-	208,256	-	208,256
Financial Assets				
Financial Assets held at amortised cost	161,559	-	-	161,559
Total Assets / Liabilities	161,559	1,318,147	-	1,479,706

Fair Value Hierarchy for Financial Assets and Financial Liabilities that are not Measured at Fair Value as at 31 March 2022:

Recurring fair value measurements using:	Quoted Prices in Active Markets for Identical Assets (Level 1) £000	Other Significant Observable Inputs (Level 2) £000	Significant Unobservable Inputs (Level 3) £000	Total £000
Financial Liabilities				
Financial Liabilities held at amortised cost: PWLB Debt	-	1,335,291	-	1,335,291
Financial Liabilities held at amortised cost: Non PWLB Debt	-	10,618	-	10,618
PFI and Finance Lease Liabilities	-	256,394	-	256,394
-	-	1,602,303	-	1,602,303
Financial Assets				
Financial Assets held at amortised cost	132,429	-	-	132,429
Total Assets / Liabilities	132,429	1,602,303	-	1,734,732

Note 33 Disclosure of Nature and Extent of Risks Arising From Financial Instruments

Key Risks

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

Refinancing Risk – the possibility that the council might be required 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 or stock market movements.

Overall Procedures for Managing Risk

The procedures for risk management are set out through a legal framework set out in the Local Government (Scotland) Act 2003 and the associated regulations. These require the council to comply with the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice. Overall these procedures require the council to manage risk in the following ways:

by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties;

by formally adopting the requirements of the Code of Practice;

by approving annually in advance prudential indicators for the following three years limiting:

The council's overall borrowing

Its maximum and minimum exposures to fixed and variable rates

Its maximum and minimum exposures of the maturity structure of its debt

Its maximum annual exposures to investments maturing beyond a year

These are required to be reported and approved at, or before, the council's annual Council Tax budget setting. These items are reported within the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the council's financial instrument exposure. Actual performance is also reported quarterly to Members.

These policies are implemented by a central treasury team. The council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs).

Nature and Extent of Risks – Credit Risk

Credit Risk

Credit Risk arises from deposits with banks and financial institutions, as well as credit exposures to the council's customers

The council manages this risk by ensuring that investments are placed with the Debt Management Office, other local authorities or Banks and Building Societies having sufficiently high credit worthiness as set out in the Treasury Management Strategy.

The table below summarises the nominal value of the council's investment portfolio at the end of 31 March 2022 into the relative credit ratings.

Balance Invested as at 31 March 2023

Counterparty/ Country	Long Term Rating (Fitch)	Up to 1 month £000	Greater than 1 month and up to 3 months £000	Greater than 3 months and up to 6 months £000	Greater than 6 months and up to 9 months £000	Greater than 9 months and up to 12 months £000	Greater than 12 months £000	Total £000
Debt Management Office	AA-	45,792	-	-	-	-	-	45,792
Total UK Government		45,792	-	-	-	-	-	45,792
Local Authorities	AA-	40,087	50,253	20,221	5,064	-	-	115,625
Total UK Local Authorities		40,087	50,253	20,221	5,064	-	-	115,625
Bank of Scotland	A+	-	-	-	-	-	-	-
The Royal Bank of Scotland	A+	142	-	-	-	-	-	142
Total UK Banks		142	-	-	-	-	-	142
Total		86,021	50,253	20,221	5,064	-	-	161,559

The Ratings are as at 31 March 2023 and are intended to provide an indication of credit risk. These are not necessarily the ratings of institutions at the time deposits were placed.

The Ratings above are from Fitch ratings. The Long-Term Rating is the benchmark measure of probability of default.

Amounts Arising from Expected Credit Losses

The council's investments have been assessed and it has been concluded that the expected credit loss is not material and therefore no allowances have been made.

The following analysis summarises the council's potential maximum exposure to credit risk on the level of default on debtors.

	2022/23	Bad Debt Provision	2021/22	Bad Debt Provision
	£000	£000	£000	£000
Debtors	72,509	(5,576)	76,400	(6,066)

The Debtors figure above does not include debtors for Council Tax, Non-Domestic Rates and Council House Rents as these are not considered to be financial assets.

Of the gross Debtors figure included in the note, £13.599m (2021/22: £16.155m) is considered to be past its date for payment. This past due amount can be analysed by age as follows:

	2022/23	2021/22
	£000	£000
Less than three months	7,257	9,297
Three to six months	538	950
Six months to one year	1,233	1,019
More than one year	4,571	4,889
Total	13,599	16,155

Nature and Extent of Risks – Liquidity Risk

Liquidity Risk

As the council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. There may be a risk that the council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The approved prudential indicator sets limits on the maturity structure of debt, and the council's approved treasury and investment strategies address the main risks, and the central 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 existing debt.
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the council's day to day cash flow requirements.

The maturity analysis of financial liabilities is as follows:

	2022/23	2021/22
	£000	£000
Less than one year	31,111	52,459
Between one and two years	33,770	21,770
Between two and five years	260,380	166,238
More than five years	720,382	761,594
Total	1,045,643	1,002,061

All trade and other payables are due to be paid in less than one year.

Nature and Extent of Risks – Market Risk

Interest Rate Risk

The council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the council.

For instance, a rise in interest rates would have the following effects:

- **borrowings at variable rates** – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- **borrowings at fixed rates** – the fair value of the liabilities borrowings will fall
- **investments at variable rates** – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- **investments at fixed rates** – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance pound for pound. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement unless the investments have been designated at fair value through the Comprehensive Income and Expenditure Statement.

The council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central Treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately.

A sensitivity analysis has been carried out to assess the financial effect of a 1% variance in interest rates as suggested in the Code Guidance Notes 2022/2023.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Description	£000
Increase in interest payable on variable rate borrowings	85
Increase in interest receivable on variable rate investments	(2,389)
Impact on Comprehensive Income and Expenditure Statement	(2,304)
Share of overall impact credited to the HRA	(540)
Decrease in fair value of fixed rate investment assets	-
Impact on Comprehensive Income and Expenditure Statement	-
Decrease in fair value of fixed rate borrowing liabilities (no impact on Comprehensive Income and Expenditure Statement)	(109,786)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair Value of Assets and Liabilities carried at Amortised Cost.

Price Risk

The council does not invest in equity shares and is therefore not exposed to losses arising from movements in the price of shares.

Foreign Exchange Risk

The council has no financial assets or liabilities denominated in foreign currencies. It therefore, has no exposure to loss arising from movements in exchange rates.

Note 34 Common Good

Common Good funds are for the benefit of the geographical areas of the former burghs and the council's Finance and Corporate Resources Committee considers the uses to which funds can be put.

Summary of Common Good Funds

2021/22					2022/23	
Total		Lanark	Biggar	Hamilton	Rutherglen	Total
£000		£000	£000	£000	£000	£000
	Income and Expenditure Accounts					
155	Income for Year	97	-	105	2	204
(260)	Expenditure for Year	(54)	-	(113)	(1)	(168)
(105)	Surplus / (Deficit) To Balance Sheet	43	-	(8)	1	36
	Balance Sheet					
	Fixed Assets					
2,969	Property, Plant and Equipment	1,463	-	1,558	-	3,021
	Investments					
-	General	-	-	-	-	-
754	Advances to South Lanarkshire Council Loans Fund	251	25	477	128	881
53	Debtors	-	-	-	-	-
3,776	Total Assets	1,714	25	2,035	128	3,902

Current Liabilities						
(15)	Creditors	(4)	-	(14)	-	(18)
3,761	Total Assets less Current Liabilities	1,710	25	2,021	128	3,884
Represented by:						
2,836	Common Good Account	1,168	25	1,421	127	2,741
(105)	Surplus / (Deficit)	43	-	(8)	1	36
11	Amortisation of Revaluation Reserve	3	-	7	-	10
-	Gain / Loss on Disposal of Fixed Assets	-	-	-	-	-
2,742		1,214	25	1,420	128	2,787
Revaluation Reserve						
1,006	Opening Balance	492	-	530	-	1,022
24	Gain / Loss on Revaluation	7	-	78	-	85
(11)	Amortisation of Revaluation Reserve	(3)	-	(7)	-	(10)
1,019	Closing Balance	496	-	601	-	1,097
3,761		1,710	25	2,021	128	3,884

Note 35 Trust Funds

The council acts as sole trustee for a total of 2 Trust Funds. The most significant fund is the Loudon Bequest which is used to finance holiday projects for elderly people. The balance of the fund as at 31 March 2023 was £0.821m.

In addition to these funds, the council administers The South Lanarkshire Charitable Trust and The South Lanarkshire Educational Trust on behalf of the Trustees. These Trusts were established by the council in December 2019 for the purposes of reorganising the trust funds for which the council acts as sole trustee. The process of transferring funds from the original to the new Trust Funds is ongoing and will be subject to the approval of OSCR.

None of these funds represent assets of the council and as a result are not included in the council's Balance Sheet. The individual funds are the subject of a separate audit and audit opinion.

Summary of Trust Funds

2021/22					The South Lanarkshire Charitable Trust	The South Lanarkshire Educational Trust	2022/23	
Total		Charitable	Educational	EK ITEC	Trust	Trust	Total	Note
£000		£000	£000	£000	£000	£000	£000	
	Income and Expenditure Account							
33	Income for Year	33	-	-	2	2	37	
(21)	Expenditure for Year	(7)	-	(27)	(21)	(19)	(74)	
12	Surplus / (Deficit) to Balance Sheet	26	-	(27)	(19)	(17)	(37)	
	Balance Sheet							
833	Investments - General	821	-	-	10	-	831	
368	Investments - South Lanarkshire Council	114	-	-	108	110	332	
1,201	Net Assets	935	-	-	118	110	1,163	

Represented by:								
1,044	Capital Account as at 1/4/2022	901	106	-	10	-	1,017	
(27)	Movement During Year	(79)	(106)	-	-	-	(185)	1
<u>1,017</u>	Capital Account as at 31/3/2023	<u>822</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>832</u>	
147	Revenue Account as at 1/4/2022	105	21	27	31	-	184	
37	Movement During Year	8	(21)	(27)	77	110	147	2
<u>184</u>	Revenue Account as at 31/3/2023	<u>113</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>110</u>	<u>331</u>	
<u>1,201</u>	Total Reserves	<u>935</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>110</u>	<u>1,163</u>	

Note 1 The movement on the Capital Accounts represents the net purchase and sale of investments on the Loudon Bequest during the year and the transfer of balances to The South Lanarkshire Charitable Trust and The South Lanarkshire Educational Trusts

Note 2 The movement on the Revenue Accounts represent the surplus(deficit) for the year along with the transfer of balances to the South Lanarkshire Charitable Trust and the South Lanarkshire Educational Trust.

Note 36 Accounting Policies

A General Principles

The Annual Accounts summarise the council's transactions for the 2022/2023 financial year and its position at the year-end of 31 March 2023. The council is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/2023, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

The accounting policies have been applied consistently.

B Accruals of Income and Expenditure

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

- Revenue from contracts is recognised reflecting the transfer of goods or services to the recipient at the amount which the council expects to be entitled to in exchange for those goods or services.
- Other revenue is recognised when the council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- Supplies are recorded as expenditure when they are consumed – where there is a difference between the date supplies are received and their consumption, they are carried as stock on the council's Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when the services are received, rather than when payments are made.

- The Corporate i-Procurement system operates across the council's service areas.
- For all purchases made via the i-Procurement system, sundry creditors are now accrued on the basis of all goods and services received by 31 March 2023, regardless of value and materiality. During the financial year, period end accruals have also been made on a similar period by period basis.
- For any residual purchases, not made via the i-Procurement System sundry creditors are accrued on the basis of payments made during the first 3 weeks following 31 March together with specific accruals in respect of further material items.
- Interest payable on borrowings and receivable on investments is accounted for respectively as expenditure and income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.
- Where revenue relating to a contract has been recognised but cash has not yet been received, this is recorded in the Balance Sheet as a contract asset.
- Where cash relating to a contract has been received in advance of the transfer of goods or services, this is recorded in the Balance Sheet as a contract liability.
- Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Where the council is acting as an agent for another party (for example in the collection of National Non Domestic Rates and Council Tax), income and expenditure are recognised only to the extent that commission is

receivable by the council for the agency services rendered or the council incurs expenses directly on its own behalf in rendering the services.

C Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

D Charges to Revenue for Non- Current Assets

Services are debited or credited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service
- the reversal of a revaluation or impairment loss previously charged to the Surplus or Deficit on the Provision of Services.

The council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to contribute towards the reduction in its overall borrowing requirement through loans fund principal charges. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by a statutory adjustment in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

E Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave and any non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the council. An accrual 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 and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a debit / credit to the Accumulating Compensated Absences Account in the Movement in Reserves Statement.

In February 2018, the Scottish Government issued Financial Circular 2/2018 (replacing FC 3/2010), that amends the absences covered by the statutory mitigation. From 1 April 2018, the flexi and time in lieu absences are no longer covered by the statute and therefore cannot be reversed out.

In terms of the teachers Statutory Accumulated Compensated Absences, the methodology for 2022/2023 reflects the changes to teachers' terms and conditions as per SCNT 11/26 (12 July 2011).

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where 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. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements

and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

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

- The Local Government Pension Scheme (Strathclyde Pension Fund), administered by Glasgow City Council.
- Teachers Pension Scheme administered by the Scottish Pension Agency (Scottish Government).

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

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

The Local Government Pension Scheme

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

- The liabilities of the Strathclyde Pension Fund are included in the Balance Sheet on an actuarial basis using the projected unit method – that is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and so on, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on an average of high-quality corporate bonds.

- Assets of the Strathclyde Pension Fund are ordinarily included in the Balance Sheet at their fair value (current bid prices as required under IAS19), principally the bid price for quoted securities, estimated fair value for unquoted securities and market price for property. However, while the requirements of IAS19 have been applied in the current year, the significant nature of the Asset has been reviewed, and in line with IFRIC14, the asset has been de-recognised to equate to the level of the asset ceiling, provided by the Fund's actuary. This reflects the net present value of future service costs less the net present value of future obligations over the future working lifetime as at 31 March 2023.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

F Events After the Reporting Period

There are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts is authorised for issue.

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

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

G Material Items of Income and Expenditure

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the financial statements, depending on how significant the items are to an understanding of the council's financial performance.

H 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 initially measured at fair value and carried at their amortised cost.

For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Costs associated with debt restructuring (premiums and discounts) are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repayment of the original debt in accordance with accounting regulations.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations permit the costs of restructuring to be released to revenue over the period of the replacement loan. 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.

I Statutory Repayment of Loans Fund Advances

The repayment of loans fund advances ensures that the council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

The policy for the repayment of loans fund advances is to use the most appropriate method of repayment for individual capital scheme or projects from the following methods:

- Asset Life Method – loans fund advances will be repaid with reference to the life of an asset on an annuity basis.
- Funding/Income Profile Method – loans fund advances will be repaid by reference to an associated income stream.

For loans fund advances repaid using the annuity basis, the annual repayment will be calculated using an appropriate interest rate based on an average cost of funding capital advances to services.

The council's strategy for managing debt includes making additional voluntary repayments. These repayments will be used as a tool to reduce interest costs in the short to medium term by lowering the council's need to borrow. These additional voluntary repayments will be retained and used to offset higher loans fund repayments in the long term. All of this helps to ensure that charges to the revenue account remain prudent and affordable in the long term.

J Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value, then at amortised cost. For most of the loans that the council has made, this means that the

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Available-for-Sale Assets

Available for sale assets are assets that have a quoted market price and / or do not have fixed or determinable payments and are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (such as dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices –the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices –independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

K Government Grants and Contributions

Government grants, third party contributions and donations are recognised as due to the council when there is reasonable assurance that:

- the council will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non- Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

L Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (for example, software licences) is capitalised when it is expected that it will bring benefits to the council for more than 12 months.

Intangible assets are measured initially at cost. Amounts are not revalued as the fair value of the assets held cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The useful life of these assets is deemed to be five years.

M Interests in Companies and Other Entities

The council has material interests in companies and other entities that have the nature of associates and jointly controlled entities and require it to prepare group accounts. More information about these entities is detailed in the Group Accounts and Notes to the Group Accounts (pages 112-124).

N Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The value of work in progress has been made at cost plus an appropriate proportion of overheads, with allowances for foreseeable losses.

O 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 lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet.

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet.

P Overheads and Support Services

The 2016/2017 Code removed the requirement for councils to report on a total cost basis per the CIPFA Service Reporting Code of Practice. Councils are only required to reallocate overheads and support costs if this is how they treat/report these services in their management reports throughout the year.

The council reports these as services during the year and does not allocate them in the management reports, therefore the only overhead and support allocation will be to the Housing Revenue Account, where appropriate.

Q Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset such as repairs and maintenance is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- other land and buildings – current value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV)
- vehicles, plant and equipment – where non- property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value
- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets – current value based on market value in highest and best use.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Council Dwellings and non-operational lease portfolio are valued annually. The remainder of the land and property assets are valued through a five year rolling programme. The programme is prioritised by asset type to ensure consistency. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

- Where decreases in value are identified, the revaluation loss is 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 of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The values for land and property assets in the accounts are based upon certificates produced by the council valuer who is MRICS qualified (Member of Royal Institute of Chartered Surveyors) and issued in the name of the council's Executive Director of Housing and Technical Resources.

Impairment or Revaluation Loss

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired.

Where indications of impairment exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for 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 of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Assets Held for Sale

Property, land and buildings are classified as 'Held for Sale' when the following criteria are met:

- The property is available for immediate sale in its present condition;
- The sale must be highly probable and an active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale should be expected to qualify for recognition as a completed sale within one year (although events or circumstances, may extend the period to complete the sale beyond one year)

When these criteria are met, assets within the category 'Property, Plant and Equipment' will be reclassified to 'Assets Held for Sale'

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value costs to sell, the loss is taken to the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit in Provision of Services.

Disposal and Derecognition of Infrastructure Assets

When a component of an infrastructure asset is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e, netted off against the carrying value of the asset at the time of the disposal).

The written-off amounts of disposals is not a charge against the council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Where any part of infrastructure assets are replaced, an adaptation provided in a separate update to the Code assumes that from the introduction of the IFRS based Code when parts of an asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable finite useful life (that is freehold land and certain Community Assets) and assets that are not yet available for use (such as assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (dwellings 40 years, other buildings 10 – 50 years).
- vehicles, plant and equipment – straight line allocation over the useful life of the asset (3 – 20 years).
- infrastructure – straight line allocation over 40 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the

item, the components are depreciated separately, if the component has a different useful life or depreciation method that differs significantly from the remainder of the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

R Heritage Assets

South Lanarkshire Council's heritage assets comprise collections held within the Museum Service, Archives and Information Service and the Library Service.

These collections reflect different aspects of our culture, identity and history.

Heritage Assets, where the cost or value of the asset are known, are recognised on the balance sheet at valuation and no depreciation is charged on these assets. A de-minimis level of £10,000 has been applied. Assets which have a value of less than £10,000 will not be recorded on the Balance Sheet.

Heritage assets will only be revalued where there is specific evidence that a revaluation is required and where the costs of the revaluation do not outweigh the benefit to users of the Annual Accounts.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example where doubts arise as to its authenticity.

Any impairment is recognised and measured in accordance with the council's general policies on impairment – see page 105.

As a result of the cultural and education value of these assets, disposals of heritage assets tend to be rare. The proceeds of such disposals are accounted for in accordance with the council's general provisions relating to the disposal of property plant and equipment and disclosed separately in the Notes to the Accounts.

S Public Private Partnership (PPP) and Similar Contracts

PPP and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passed to the PPP contractor. As the council is deemed to control the services that are provided under its PPP schemes and as ownership of the property, plant and equipment will pass to the council at the end of the contracts for no additional charge, the council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For Secondary Schools' Modernisation Programme – Public Private Partnership (PPP), the liability was written down by an initial capital contribution of £48.050m.

The amounts payable to the PPP operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- finance cost – an interest charge is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- payment towards liability – applied to write down the Balance Sheet liability towards the PPP operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- lifecycle replacement costs – there have been no lifecycle costs to date.

The Scottish Government's 2022 Resource Spending Review contained details of a Service Concession flexibility that related to the council's PPP schools. The flexibility permits councils to undertake internal accounting changes that extend the period over which the principal repayment of the unitary charge can be made which results in a one-off credit to the General Fund and ongoing annual savings for a period of time. In the remaining years following the end of the SCAs, the rescheduled debt repayments continue until the debt liability has been extinguished. The council has applied the permitted change in the calculation of the statutory charge in 2022-23 and the adopted approach has been applied across all three such arrangements held by the council in line with the key accounting principle of consistency.

The annual unitary charge will continue to be paid to the contractor over the contract period. The guidance applies to principal and not to interest, service charge costs or grant. These will continue to be accounted for over the contract period.

The council has applied the permitted change in 2022/2023 and has been applied to the Secondary Schools PPP and the Glasgow Southern Orbital financial arrangement.

Annuity method for revised repayment of debt liability

The recalculation of the debt liability charges applies the annuity method to calculate the revised repayments. This method best represents the consumption of the assets over their useful lives.

This methodology is applied within the councils current Loans Fund repayment policy. The use of an annuity method for the writing down of the PPP debt liability therefore ensures a consistent approach for the writing down of all debt which is financing capital expenditure, in that;

- The annuity method provides a fairer charge than equal instalments as it takes account of the time value of money, whereby paying £100 in 10 years' time is less of a burden than paying £100 now.
- The schedule of charges produced by the annuity method thus results in a consistent charge over an asset's life, considering the real value of the amounts when they fall due.

- The annuity method is a prudent basis for providing for assets that provided a steady flow of benefits over their useful life.'

Useful Economic Life

The most appropriate asset life for the calculation is considered to be 50 years which replicates the useful asset life of other similar type assets held on the council's balance sheet such as schools. The council's Loans Fund methodology use a Useful Economic Life of 50 years when calculating the repayment of debt liability for borrowing to support capital expenditure for similar types of assets. The proposed application a useful economic life of 50 years for the council's 2 PPP or similar arrangement is therefore considered consistent with current council methodology.

Capital Financing Requirement

The reprofiling of the debt liability repayments over the life of the asset rather than the life of the contract increases the Capital Financing Requirement as at 1 April 2022. The increase in the Capital Financing Requirement will continue to be reduced by the revised repayments after each PP or similar contract has expired until the end of the revised period.

Accounting Treatment

The statutory adjustment can be made as at 1 April in the year the revised repayments are applied. This option has been implemented in 2022/2023 and has been applied retrospectively. Being a cumulative statutory adjustment there is no prior year restatement of statutory adjustments in the Annual Accounts. The statutory adjustment up to 31 March 2022 results in a retrospective debit to the Capital Adjustment account in 2022/2023 with a corresponding credit in the Movement in Reserves Statement within the General Fund. Further in year annual reductions will be applied along similar lines as the retrospective adjustment until the end of the contract period for each of the three SCAs. Thereafter the revised charges will result in higher cost being charged to the General fund that the current repayment profile until the end of the Useful Economic Life.

T Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent Assets and Liabilities

A contingent asset or liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent assets and 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 assets and liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Accounts.

U Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to

be financed from a reserve is incurred, it is charged to the appropriate service in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Usable Reserves

The council has several reserve funds within this category. The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes. The Repairs and Renewals Fund provides for the upkeep of specific assets held by the council. The Capital Fund is used to meet the costs of capital investment and for the repayment of the principal element of borrowing.

Unusable Reserves

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the council. These reserves are explained in Note 13 on pages 67-69.

V Revenue Expenditure Funded from Capital under Statute

Any expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer is made in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account, then reverses out the amount charged so that there is no impact on the level of council tax.

W VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income

Note 37 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 36, the council has had to make certain judgments about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Annual Accounts are:

- The council has entered into a Public Private Partnership (PPP) for the provision of secondary schools, their maintenance and related facilities. The annual unitary charge payable by the council in respect of this contract is allocated across the various expenditure headings. In the main, these transactions reflect the detailed financial model which is in line with the assumptions made within the service provider's operating model. However, in relation to the repayment of debt, the council has taken the opportunity to implement the guidance on Service Concessions and has applied this in 2022/2023. This has no impact on the payments made to the contractor nor the lifetime of the contract. Further details are provided in Note 28.
- In assessing potential liabilities arising from legal claims against the council, legal opinion has been sought. The council has considered and assessed its exposure to potential liabilities and made provision where it is probable that an outflow of resources will occur and where the amount of liability can be reliably quantified. Where it is not possible to measure the liability or is not probable in the council's opinion that there will be a liability to meet, the contingent liability is disclosed in Note 31.
- The accounts have been prepared on a going concern basis as it is expected that despite the uncertainty around future finance settlements, that the council's process of delivering efficiency savings will provide sufficient resources to finance future liabilities.
- Assets held at current value are revalued on a 5 year rolling basis. The council asserts that at any point in time, the carrying amount does not differ materially from that which would be determined using current value.
- Where the council receives funding, it considers the degree of control it has over how this funding is to be utilised. If the council has no discretion over the utilisation of the funds, it deems that it is acting as an agent and this funding is not reflected in the council's income and expenditure, with any amounts owed to/from the council held within its Balance Sheet. In 2021/2022, funding was provided by the Scottish Government through the council to businesses and individuals affected by the COVID pandemic. There has been no similar arrangement in relation to Agency Payments during 2022/2023.

Supplementary Statement No 1

Housing Revenue Account Income and Expenditure Statement

This statement reflects the statutory requirement to account for local authority housing provision, as defined in the Housing (Scotland) Act 1987.

It shows the elements of expenditure incurred in the management and investment of the council's housing stock and the funding of this by rents, and other income.

The council has a duty to cover any deficit, and any accumulated surplus is carried forward to future years for use in the management and investment of its council housing stock.

Housing Revenue Account Income and Expenditure Statement

2021/22		2022/23
£000		£000
	Expenditure	
31,358	Repairs and Maintenance	36,901
21,073	Supervision and Management	23,057
35,582	Depreciation and Impairment on Non-Current Assets	38,221
2,588	Movement in the Allowance for Bad Debts	1,424
7,421	Other Expenditure	7,030
98,022	Total Expenditure	106,633
	Income	
(94,967)	Dwelling Rents	(98,552)
(3,008)	Non-Dwelling Rents	(2,979)
-	Housing Support Grants	-
-	Other Income	-
(97,975)	Total Income	(101,531)
47	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	5,102
116	HRA Services share of Corporate and Democratic Core	115
-	HRA Share of Other Amounts included in the Whole Council Net Cost of Services but not Allocated to Specific Services	-
163	Net Cost for HRA Services	5,217

	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:	
(1,536)	(Gain) or Loss on the Disposal of Non-Current Assets	(2,353)
8,827	Interest Payable and Similar Charges	9,578
(18)	Interest and Investment Income	(730)
373	Pension Interest Cost and Expected Return on Pension Assets	196
(12,044)	Capital Grants and Contributions Receivable	(12,214)
(4,235)	(Surplus) / Deficit for the Year on HRA Services	(306)

Note: The expenditure in the table above is higher than that included in the Comprehensive Income and Expenditure Statement (page 49) by £1.425 million (2021/2022: £2.588 million). This reflects the CIPFA Code of Practice requirement to transfer the movement in bad debt from the Net Cost of Services in the CIES to the Financing and Investment Income line, whilst in the Housing Revenue Account it remains part of the Net Cost of Services figure.

Statement of Movement on the Housing Revenue Account Balance

2021/22		Notes	2022/23
£000		£000	£000
(12,784)	Balance on the HRA at the end of the Previous Year		(16,241)
(4,235)	Surplus / (Deficit) for the Year on HRA Income and Expenditure Statement	(306)	
(18,020)	Adjustments Permitted by Accounting Standards	(18,499)	
19,338	Adjustments between Accounting Basis and Funding Basis Under Statute	22,795	
(2,917)	Net (Increase) / Decrease Before Transfers to or from Reserves	(3,990)	
(540)	Transfers (to) or from Reserves	610	
(3,457)	(Increase) / Decrease in the Year on the HRA		3,380
(16,241)	Balance on the HRA at the end of the Current Year		(12,861)

Housing Revenue Account Disclosures

Adjustments Permitted by Accounting Standards

2021/22		2022/23
£000		£000
(18,020)	Charge for Depreciation and Impairment of Non-Current Assets	(18,499)
(18,020)	Total	(18,499)

Adjustments Between Accounting Basis and Funding Basis Under Statute

2021/22		2022/23
£000		£000
-	Adjustment involving Revaluation Reserve	-
(17,561)	Charge for Depreciation and Impairment of Non-Current Assets	(19,729)
-	Adjustment involving Capital Adjustment Account	(5,674)
12,044	Capital Grants and Contributions	12,214
6,808	Statutory Provision for the Financing of Capital Investment	4,531
19,637	Capital Expenditure funded by the HRA	26,050
1,536	Adjustment involving Capital Receipts Reserve	8,027
81	Adjustments involving Financial Instruments Adjustment Account	84
(3,314)	Adjustments involving the Pension Reserve	(2,705)
107	Adjustments involving the Statutory Accumulated Compensated Absences Account	(3)
19,338	Total	22,795

Housing Stock

The council's housing stock at 31 March 2023 was 25,483 (25,328 at 31 March 2022) in the following categories:

2021/22		2022/23	Average
Number		Number	Weekly Rent
11,883	Houses	11,977	£85.51
1,345	High Rise	1,345	£69.26
5,381	Tenements	5,431	£63.09
4,638	4 in a block	4,660	£76.47
2,081	Maisonettes	2,070	£63.28
25,328	Total	25,483	

Rent Arrears

Rent Arrears at 31 March 2023 were £8.514 million (£8.585 million at 31 March 2022).

Impairment of Debtors

In 2022/2023 an impairment of £12.627 million has been provided in the Balance Sheet for irrecoverable rents, an increase of £0.309 million from the provision of £12.317 million in 2021/2022.

Exceptional or Prior Year Adjustments

There were no exceptional items or prior year adjustments not disclosed in the statement.

Void Rent Loss

The figures above include rent loss on void properties of £2.526 million (£2.575 million for 2021/2022).

Supplementary Statement No 2

National Non-Domestic Rates Income and Expenditure Statement

National Non-Domestic Rates (NNDR) income is collected by councils, but all income is then remitted to the Scottish Government, where it is pooled nationally, and re-distributed back to councils along with the General Revenue Grant. The table below details the actual levels of NNDR collected by the council, and the overall increase/decrease between the rates collected and the amount that the council is entitled to receive under the National Pooling arrangement.

2021/22		2022/23	Note
£000		£000	
357,113	Gross rates levied and contributions in lieu	359,631	1
	Less:		
(50,517)	Reliefs and other deductions	(38,291)	
-	Payments of interest	-	
(3,286)	Provision of bad and doubtful debts	(4,245)	
<u>303,310</u>	Net Non-Domestic Rate Income	<u>317,095</u>	
-	Adjustment for years prior to the introduction of the pool	-	
<u>303,310</u>	Contribution to the National Non-Domestic Rate pool	<u>317,095</u>	
16,002	Net contribution (to) / from National Non-Domestic Rate pool	105,496	
<u>319,312</u>	Gross Non-Domestic Rate Income to the Comprehensive Income and Expenditure Statement	<u>422,591</u>	
-	Non-Domestic Rate income retained by council (BRIS)	-	2
<u>319,312</u>	Non-Domestic Rate Income per the Comprehensive Income and Expenditure Statement	<u>422,591</u>	

Note 1 In 2022/2023, the gross rates levied amount of £359.631 million (2021/2022: £357.113 million) includes an amount of £207.909 million (2021/2022: £221.232 million) in relation to NDR Utilities which South Lanarkshire Council collected on behalf of the Scottish Government. This has resulted in a net contribution from the NDRI pool to the council of £105,496 million.

Note 2 The Business Rate Incentivisation Scheme (BRIS) permits the council to retain half of the NDR income, which exceeds the income target set by the Scottish Government. In 2022/2023, the council did not receive any additional funding from BRIS.

Net Rateable Value Calculation

The amount paid for National Non-Domestic Rates is determined by the rateable value placed on the property by the Assessor multiplied by the Rate per £, which is determined each year by the Scottish Government. The National Non-Domestic Rates poundage set by the Scottish Government for 2022/2023 were as follows:

- 49.8p Rate Poundage (49.8p in 2021/2022) for properties with rateable value not greater than £51,000
- 51.1p Intermediate Property Rate (1.3p supplement on poundage) for properties with rateable value between £51,001 and £95,000
- 52.4p Higher Property Rate (2.6p supplement on poundage) for properties with a rateable value greater than £95,000

The additional supplements on the rate poundage contribute towards the cost of the Small Business Bonus Scheme. The Small Business Bonus Scheme provides a discount of between 25% and 100% to businesses in Scotland with a combined rateable value of £35,000 or less.

2022/23

£

Analysis of Rateable Values:

Rateable Value at 01/04/22	693,403,145
Running Roll (Full Year Rateable Value)	115,457,139
Rateable Value at 31/03/23	<u>808,860,284</u>
Less: Wholly Exempt	(3,572,510)
Net Rateable Value at 31/03/23	<u>805,287,774</u>

South Lanarkshire Council's Rateable Values at 1 April 2022:

£

Commercial	137,124,610
Industrial and Freight Transport	57,770,905
Public Undertakings	427,387,075
Other	71,120,555
Total	<u>693,403,145</u>

Supplementary Statement No 3

Council Tax Income and Expenditure Statement

Councils raise taxes from their residents through the council Tax – which is a property tax linked to property values. Each dwelling in a council area is placed into one of 8 valuation bands (A to H). The council determines the annual tax for a band D property and all other properties are charged a proportion of this, with lower valued properties (Bands A to C) paying less, and higher valued properties (E to H) paying more.

2021/22		2022/23
£000		£000
188,147	Gross Council Tax levied and contributions in lieu	195,600
2,086	Adjustments for prior years Council Tax	1,945
<u>190,233</u>		<u>197,545</u>
	Adjusted for:	
(21,070)	Council Tax Reduction	(21,917)
(21,513)	Other discounts and reductions	(22,328)
(4,178)	Provision for Non-collection	(4,342)
<u>143,472</u>	Transfer to General Fund	<u>148,958</u>

From 1 April 2013, the council Tax Reduction Scheme replaced Council Tax Benefit, with the resultant decrease in Council Tax Income shown in the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement. Council Tax Benefit grant and payments were previously disclosed as part of General Fund Housing in the Net Cost of Services.

The calculation of the council Tax Base 2022/23

	Number of Dwellings	Number of Exemptions	Disabled Relief	Discount 25%	Discount 50%	C Tax Reduction	Total Dwellings	Ratio to Band D	Band D Equivalent
Band A (discount)	-	-	(113)	11	-	-	102	5/9	57
Band A	36,776	1,960	(43)	5,051	284	10,437	19,087	6/9	12,725
Band B	31,272	1,204	(15)	3,969	214	6,336	19,564	7/9	15,216
Band C	27,321	656	1	2,656	139	3,565	20,304	8/9	18,048
Band D	22,273	350	(69)	1,743	96	1,544	18,609	9/9	18,609
Band E	20,900	297	106	1,169	73	679	18,576	473/360	24,407
Band F	13,690	102	43	504	35	276	12,730	585/360	20,686
Band G	7,023	59	81	212	24	78	6,569	705/360	12,864
Band H	588	9	9	15	5	2	548	882/360	1,343
								Class 18 Dwellings	-
							116,089	Total	123,955
							Provision for non-collection (2.875%)		(3,564)
							Council Tax Base		120,391

Dwellings fall within a valuation band between A to H which is determined by the Assessor. The council Tax charge is calculated using the council Tax Base such as Band D equivalents. This value is then increased or decreased depending on the band. Based on the council Tax base available to South Lanarkshire Council, the Band D charge for 2022/2023 was £1,223.

South Lanarkshire Council £ per year for 2022/2023

Band A	£822.00	Band E	£1,620.03
Band B	£959.00	Band F	£2,003.63
Band C	£1,096.00	Band G	£2,414.63
Band D	£1,233.00	Band H	£3,020.85

Group Accounts

Group Expenditure and Funding Analysis

2021/22				2022/23		
Net Expenditure Chargeable To the General Fund And HRA Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable To the General Fund And HRA Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
127,707	38,336	166,043	Community and Enterprise Resources	132,545	39,543	172,088
370,610	22,002	392,612	Education Resources	409,607	10,262	419,869
39,332	9,486	48,818	Finance and Corporate Resources	48,024	9,151	57,175
			Housing and Technical Resources			
(2,917)	376	(2,541)	- Housing Revenue Account	3,990	2,537	6,527
18,682	17,710	36,392	- Housing Other	18,958	14,663	33,621
187,288	23,817	211,105	Social Work Resources	220,958	20,094	241,052
2,313	-	2,313	Joint Board	2,151	-	2,151
3,295	863	4,158	Corporate Items	(469)	4,339	3,870
-	116	116	Corporate and Democratic Core (HRA)	-	115	115
-	-	-	Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-
105	-	105	Common Good	(36)	-	(36)
746,415	112,706	859,121	Net Cost of Services	835,728	100,704	936,432

(745,658)	(31,093)	(776,751)	Other (Income) and Expenditure	(795,170)	(30,368)	(825,538)
757	81,613	82,370	(Surplus) or Deficit	40,558	70,336	110,894
(24,612)	(529)	(25,141)	Share of Associates	(23,968)	-	(23,968)
(23,855)	81,084	57,229		16,590	70,336	86,926

General Fund including Subsidiaries and HRA	General Fund Group Associates	Total Group General Fund including HRA		General Fund including Subsidiaries and HRA	General Fund Group Associates	Total Group General Fund including HRA
(122,460)	(42,737)	(165,197)	Opening General Fund and HRA Balance	(126,320)	(67,349)	(193,669)
757	(24,612)	(23,855)	Less/plus Surplus or Deficit on General Fund	40,558	(23,968)	16,590
(4,617)	-	(4,617)	Transfers to/from Other Reserves	(60,424)	-	(60,424)
(126,320)	(67,349)	(193,669)	Closing General Fund and HRA Balance	(146,186)	(91,317)	(237,503)

Group Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with the CIPFA Accounting Code of Practice, rather than the amount to be funded from taxation. The council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis and Movement in Reserves Statements.

2021/22				2022/23		
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000
216,134	50,091	166,043	Community and Enterprise Resources	225,949	53,871	172,078
443,501	50,889	392,612	Education Resources	470,521	50,652	419,869
122,638	73,820	48,818	Finance and Corporate Resources	133,063	75,888	57,175
			Housing and Technical Resources			
95,434	97,975	(2,541)	- Housing Revenue Account	108,058	101,531	6,527
82,114	45,722	36,392	- Housing Other	87,463	53,842	33,621
460,173	249,068	211,105	Social Work Resources	503,614	262,552	241,052
2,313	-	2,313	Joint Board	2,151	-	2,151
5,018	860	4,158	Corporate Items	12,564	8,694	3,870
116	-	116	Corporate and Democratic Core (HRA)	115	-	115
-	-	-	Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-
260	155	105	Common Good	168	204	(36)
1,427,701	568,580	859,121	Net Cost of Services	1,543,666	607,234	936,432
-	2,752	(2,752)	Other Operating Expenditure (Note 9)	-	2,284	(2,284)

66,565	(202)	66,767	Financing and Investment (Income) and Expenditure (Note 10)	62,969	4,587	58,382
-	840,766	(840,766)	Taxation and Non-Specific Grant Income (Note 11)	-	881,636	(881,636)
1,494,266	1,411,896	82,370	(Surplus) on Provision of Services	1,606,625	1,495,741	110,894
		(25,141)	Share of the (Surplus) or Deficit on the provision of services by associates			(23,968)
		57,229	Group (Surplus) / Deficit			86,926
		(113,202)	(Surplus) / Deficit on Revaluation of Fixed Assets			(64,294)
		(389,181)	Re-measurement of the Pension Liability / (Asset)			(164,813)
		(7,026)	Share of Other Comprehensive (Income) and Expenditure of Associates and Joint Ventures			2,630
		(509,409)	Other Comprehensive (Income) and Expenditure			(226,477)
		(452,180)	Total Comprehensive (Income) and Expenditure			(139,551)

Group Balance Sheet

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 are usable reserves, that is 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 Receipts Reserve 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'.

Group		Single	Group	Group
31 March		Entity	31 March	31 March
2022		31 March	2023	2023
£000		2023	£000	£000
		£000		
3,669,160	Property, Plant and Equipment	3,748,327	3,127	3,751,454
3,826	Heritage Assets	3,826	-	3,826
247	Intangible Assets	190	-	190
113,939	Investments in associates and joint ventures		87,934	87,934
1,272	Long Term Debtors	1,809	(628)	1,181
-	Other Long Term Assets (Pension)	52,761	2,108	54,869
3,788,444	Non Current Assets	3,806,913	92,541	3,899,454
25,006	Short Term Investments	70,458	-	70,458
3,942	Inventories	4,317	146	4,463
91,736	Short Term Debtors	81,264	4,257	85,521
91,476	Cash and Cash Equivalents (see cash flow notes)	65,890	8,782	74,672
8,131	Assets Held for Sale	3,408	-	3,408
220,291	Current Assets	225,337	13,185	235,072
(52,459)	Short Term Borrowing	(31,111)	-	(31,111)
(194,587)	Short Term Creditors	(226,024)	(9,048)	(235,072)
-	Contract Liability – IFRS15	-	-	-
(7,157)	Other Short-Term Liabilities (PPP / Finance Leases)	(7,098)	-	(7,098)

(2,109)	Provisions	(2,454)	-	(2,454)
(6,403)	Receipts in Advance	(1,320)	-	(1,320)
(262,715)	Current Liabilities	(268,007)	(9,048)	(277,055)
(729)	Long Term Creditors	(598)	(251)	(849)
-	Long Term Provisions	-	-	-
(949,602)	Long Term Borrowing	(1,014,532)	-	(1,014,532)
-	Liabilities in Associates and Joint Ventures	-	-	-
(179,133)	Other Long-Term Liabilities (PPP / Finance Lease)	(172,036)	-	(172,036)
(151,270)	Other Long-Term Liabilities (Pension)	(115,321)	-	(115,321)
(1,280,734)	Long Term Liabilities	(1,302,487)	(251)	(1,302,738)
2,465,286	Net Assets	2,461,756	96,427	2,558,183
152,186	Usable Reserves	176,941	-	176,941
2,184,375	Unusable Reserves	2,284,815	-	2,284,815
128,725	Group Reserves	-	96,427	96,427
2,465,286	Total Reserves	2,461,756	96,427	2,558,183

The notes on pages 120 to 124 form part of the group financial statements. The audited accounts were authorised for issue on 31 October 2023.

Paul Manning

Executive Director (Finance and Corporate Resources)

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance £000	Housing Revenue Account £000	Revenue Statutory Funds		Capital Statutory Fund £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Council's Share of Usable Reserves of Subsidiaries and Associates £000	Council's Share of Unusable Reserves of Subsidiaries and Associates £000	Total Group Reserves £000
			Repairs and Renewals Fund £000	Insurance Fund £000								
Balance at 1 April 2022	122,424	16,241	6,496	1,295	4,115	1,615	152,186	2,184,375	2,336,561	57,548	71,177	2,465,286
Movement in reserves during 2022/23												
Total Comprehensive Expenditure and Income	(106,587)	306	-	-	-	-	(106,281)	231,476	125,195	(18,691)	(13,966)	92,538
Adjustments permitted	13,161	18,499	-	-	-	-	31,660	(31,660)	-	-	-	-

under
accounting
standards

Adjustments between accounting basis and funding basis under regulations	61,471	(22,795)	-	-	-	967	39,643	(39,643)	-	(1,766)	1,766	-
Adjustments for Changes in Council's share of associates	-	-	-	-	-	-	-	-	-	-	-	-
Net Increase / (Decrease) before Transfers to Reserves	(31,955)	(3,990)	-	-	-	-	(34,978)	160,173	125,195	(20,457)	(12,200)	92,538
Transfers to/ (from) Reserves	59,814	610	1,114	116	661	(2,582)	59,733	(59,733)	-	16,419	(16,060)	359
Increase / (Decrease) in Year	27,859	(3,380)	1,114	116	661	(1,615)	24,755	100,440	125,195	(4,038)	28,260	92,897
Balance at 31 March 2023 carried forward	150,283	12,861	7,610	1,411	4,776	-	176,941	2,284,815	2,461,756	53,510	42,917	2,558,183

	General Fund Balance £000	Housing Revenue Account £000	Revenue Statutory Funds Repairs and Renewals Fund £000	Revenue Statutory Funds Insurance Fund £000	Capital Statutory Fund £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Council's Share of Usable Reserves of Subsidiaries and Associates £000	Council's Share of Unusable Reserves of Subsidiaries and Associates £000	Total Group Reserves £000
Balance at 1 April 2021	116,980	12,784	7,484	2,304	4,334	1,934	145,820	1,789,850	1,935,670	37,260	40,176	2,013,106
Movement in reserves during 2021/22												
Total Comprehensive Expenditure and Income	(81,564)	4,235	-	-	-	-	(77,329)	478,220	400,891	20,100	31,189	452,180
Adjustments permitted under	12,360	18,020	-	-	-	-	30,380	(30,380)	-	-	-	-

accounting standards

Adjustments between accounting basis and funding basis under regulations	70,571	(19,338)	-	-	-	2,082	53,315	(53,315)	-	188	(188)	-
Adjustments for Changes in Council's share of associates	-	-	-	-	-	-	-	-	-	-	-	-
Net Increase / (Decrease) before Transfers to Reserves	1,367	2,917	-	-	-	2,082	6,366	394,525	400,891	20,288	31,001	452,180
Transfers to/ (from) Reserves	4,077	540	(988)	(1,009)	(219)	(2,401)	-	-	-	-	-	-
Increase / (Decrease) in Year	5,444	3,457	(988)	(1,009)	(219)	(319)	6,366	394,525	400,891	20,288	31,001	452,180
Balance at 31 March 2022 carried forward	122,424	16,241	6,496	1,295	4,115	1,615	152,186	2,184,375	2,336,561	57,548	71,177	2,465,286

Group Cash Flow Statement

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 (that is borrowing) to the council. Further analysis of movements is provided in the cash flow notes following the statement.

2021/22		2022/23
£000		£000
(82,370)	Net surplus / (deficit) on the provision of services	(110,884)
188,626	Adjust net surplus / deficit on the provision of services for non cash movements	213,104
(63,443)	Adjust for items included in the net surplus / deficit on the provision of services that are investing and financing activities	(64,264)
<hr/> 42,813	Net cash flows from Operating Activities	<hr/> 37,956
(39,857)	Investing Activities	(98,619)
(19,507)	Financing Activities	35,659
<hr/> (16,551)	Net increase / (decrease) in cash and cash equivalents	<hr/> (25,004)
115,945	Cash and cash equivalents at the beginning of the reporting period	100,147
<hr/> 99,394	Cash and cash equivalents at the end of the reporting period	<hr/> 75,143

Cash Flow Statement Note – Non-Cash Movements

The balance of non-cash movements is made up of the following elements:

31 March 2022 £000		31 March 2023 £000
101,462	Depreciation, impairment and amortisation of assets	95,875
17,980	Movement in creditors	30,317
(19,393)	Movement in debtors	6,727
(39)	Movement in inventories	(521)
87,750	Movement in pension liability	73,995
866	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	6,711
-	Other non-cash items charged to the net surplus / deficit on the provision of services	-
188,626	Net cash flows from the provision of services for non-cash movements	213,104

Cash Flow Statement Note – Operating Activities – Items Included in Net Surplus / (Deficit) on the Provision of Services That are Investing and Financing Activities

The cash flows for these activities include the following items:

2021/22 £000		2022/23 £000
(59,825)	Capital contributions and grants	(55,270)
(3,618)	Capital receipts applied	(8,994)
(63,443)	Net cash flows from items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	(64,264)

Cash Flow Statement Note – Investing Activities

2021/22 £000		2022/23 £000
(133,692)	Purchase of property, plant and equipment and intangible assets	(123,728)
(84,000)	Purchase of short term investments	(274,054)
3,618	Proceeds from the sale of property, plant and equipment and intangible assets	8,994
107,000	Proceeds from short term investments	229,049
67,217	Other receipts from investing activities	61,120
(39,857)	Net cash flows from investing activities	(98,619)

Cash Flow Statement Note – Financing Activities

2021/22 £000		2022/23 £000
28,900	Cash receipts of short term and long term borrowing	86,700
(7,453)	Cash payments for the reduction of the outstanding liabilities relating to finance leases for PPP contracts	(7,157)
(40,954)	Repayments of short term and long term borrowing	(43,884)
(19,507)	Net cash flows from financing activities	35,659

Cash Flow Statement Note – Cash and Cash Equivalents

31 March 2022 £000		31 March 2023 £000
97	Cash held by officers	103
12,215	Bank current accounts	(15,919)
87,082	Short term deposits	90,959
99,394	Total cash and cash equivalents	75,143

The credit figures shown against Bank Accounts in 2023 relate to balances in the financial ledger. This is due to timing differences in posting transactions in the ledger. Actual balances held at bank are not in an overdraft position.

The group cash flow statement represents the single entity cash flow for South Lanarkshire Council adjusted for its subsidiaries, Routes to Work South, Common Good and South Lanarkshire Leisure and Culture Trust.

The adjusted figures are as follows:

	South Lanarkshire Council £000	Routes to Work South £000	Common Good £000	South Lanarkshire Leisure & Culture Trust £000	Total £000
Net surplus / (deficit) on provision of services	(106,281)	15	37	(4,655)	(110,884)
Adjust net surplus / (deficit) on the provision of services for non-cash movements	207,857	(52)	90	5,209	213,104
Adjust for items included in the net surplus / (deficit) that are investing and financing activities	(64,264)	-	-	-	(64,264)
Net Cash Flows from Operating Activities	37,312	(37)	127	544	37,956
Investing Activities	(98,557)	-	-	(52)	(98,609)
Financing Activities	35,659	-	-	-	35,659
Net increase / decrease in cash and cash equivalents	(25,586)	(37)	127	492	(25,004)
Cash and cash equivalents at beginning of period	91,476	1,626	753	6,292	100,147
Cash and cash equivalents at end of reporting period	65,890	1,589	880	6,784	75,143

Notes to Group Financial Statements

Note 1 Notes to the Expenditure and Funding Analysis Statement – Adjustments between Funding and Accounting Basis

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

2022/23				
	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments between Funding and Accounting Basis £000
Community and Enterprise Resources	23,928	15,756	(141)	39,543
Education Resources	24,123	12,289	(26,150)	10,262
Finance and Corporate Resources	1,927	6,827	397	9,151
Housing and Technical Resources				
- Housing Revenue Account	7,646	2,509	(7,618)	2,537
- Housing Other	6,106	8,037	520	14,663
Social Work Resources	1,484	18,729	(119)	20,094
Joint Board	-	-	-	-
Corporate Items	-	42	4,297	4,339
Corporate and Democratic Core (HRA)	-	-	115	115
Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-	-
Net Cost of Services	65,214	64,189	(28,699)	100,704
Other Income and Expenditure from the Expenditure and Funding Analysis	(61,250)	5,194	25,688	(30,368)
Surplus or Deficit	3,964	69,383	(3,011)	70,366
Share of (Surplus) or Deficit on the Provision of Services by Associates	-	-	-	-
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	3,964	69,383	(3,011)	70,336

2021/22				
	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments between Funding and Accounting Basis £000
Community and Enterprise Resources	21,217	17,782	(663)	38,336
Education Resources	32,205	13,497	(23,700)	22,002
Finance and Corporate Resources	2,276	7,370	(160)	9,486
Housing and Technical Resources				
- Housing Revenue Account	9,136	2,941	(11,701)	376
- Housing Other	6,775	9,205	1,730	17,710
Social Work Resources	3,307	21,612	(1,102)	23,817
Joint Board	-	-	-	-
Corporate Items	-	421	442	863
Corporate and Democratic Core (HRA)	-	-	116	116
Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-	-
Net Cost of Services	74,916	72,828	(35,038)	112,706
Other Income and Expenditure from the Expenditure and Funding Analysis	(67,340)	9,586	26,661	(31,093)
Surplus or Deficit	7,576	82,414	(8,377)	81,613
Share of (Surplus) or Deficit on the Provision of Services by Associates	(1,351)	453	369	(529)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	6,225	82,867	(8,008)	81,084

Note 2 Expenditure and Income Analysed by Nature (Group)

The council's expenditure and income are analysed below:

	2022/23 £000	2021/22 £000
Expenditure		
Employee Benefits Expenses	687,940	655,983
Other Services Expenditure	759,901	670,256
Support Services Recharges	-	-
Depreciation, Amortisation, Impairment	95,831	101,462
Interest Payment	59,710	56,802
Pension Net Interest Expense	5,193	9,586
Impairment on Financial Instruments	(1,934)	177
Loss on the Disposal of Assets	-	-
Total Expenditure	1,606,641	1,494,266
Income		
Fees and Charges and Other Service Income	447,857	369,069
Interest and Investment Income	4,814	132
Impairment on Financial Instruments	(227)	(334)
Gain on the Disposal of Assets	2,284	2,752
Income from Council Tax	148,958	143,472
Government Grants and Contributions	892,060	896,805
Total Income	1,495,746	1,411,896
Surplus or Deficit on the Provision of Services	110,894	82,370

Note 3 Investments / Liabilities in Associates and Joint Boards

The group's share of the net asset / liabilities by associate and joint board is shown below:

Investments in associates and joint boards	31 March 2023 £000	31 March 2022 £000
Strathclyde Partnership for Transport	67,179	69,158
Strathclyde Concessionary Travel Scheme Joint Committee	749	681
South Lanarkshire Integration Joint Board	18,970	42,640
Lanarkshire Valuation Joint Board	1,036	1,460
Total	87,934	113,939

	31 March 2023	31 March 2022
Liabilities in associates and joint boards	£000	£000
Lanarkshire Valuation Joint Board	-	-
Total	-	-

Note 4 Disclosure of Interests in Other Entities

The council has adopted the recommendations of the Code in the United Kingdom 2022/2023, as supported by the International Financial Reporting Standard (IFRS), which requires local authorities to consider their interests in all types of entity to incorporate into Group Accounts.

A full set of Group Accounts, in addition to the council's accounts, has been prepared which incorporates material balances from identified associates and joint ventures.

The Financial Statements in the Group Accounts are prepared in accordance with the Accounting Policies set out in the Accounting Policies on pages 101-107.

Note 5 Financial Impact of Consolidation

By including the group entities (details of which are provided below), the effect on the Group Balance Sheet is an increase in both Reserves and Net Assets of £96.427 million. This represents the council's share of the net assets in these entities.

Note 6 Group Entities

The Group Accounts consolidate the results of the council with eight other entities – Common Good Fund, four joint boards, South Lanarkshire Leisure and Culture Limited, Routes to Work South and Clyde Valley Learning and Development Joint Committee.

The joint boards are:

- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Lanarkshire Valuation Joint Board
- South Lanarkshire Integration Joint Board.

South Lanarkshire Council holds no shares in the bodies governed by these Boards.

The joint boards have a wide range of functions to discharge, and members of each Board are elected councillors and are appointed by the councils in proportions specified in the legislation.

Under accounting standards guidance, South Lanarkshire Council can be seen to have significant influence over these statutory bodies, through nominated Council Member involvement in the bodies' governing Boards.

The Boards are included within the Group Accounts even when our interest in these bodies is less than the 20% that is normally presumed to represent significant influence.

Further details on each of the Boards and the Trust are provided below:

Common Good Fund

The Common Good Fund is for the benefit of the geographical areas of the former burghs and is administered by the council. The council's share of the year-end net asset of £3.884m is included in the Group Balance Sheet.

The Common Good Account is included within the council's core financial statements Note 34.

Strathclyde Partnership for Transport

Strathclyde Partnership for Transport is the statutory body responsible for formulating the public transport policy for the 12 local authorities in the former Strathclyde area of the West of Scotland. The accounting period for the Board is the twelve months to 31 March 2023.

In 2022/2023, South Lanarkshire Council contributed 14.32% of the entity's estimated running costs. This body has been included as an associate in the council's Group Accounts, with the council's share of the year-end net asset of £67.179m included in the Group Balance Sheet.

Copies of the Board's accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow, G2 5JF. The accounts of the Partnership have been subject to audit.

Strathclyde Concessionary Travel Scheme Joint Committee

Strathclyde Concessionary Travel Scheme Joint Committee comprises the 12 councils within the West of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The Strathclyde Passenger Transport Executive administers the Scheme on behalf of the Joint Committee. The accounting period for the Joint Committee is the twelve months to 31 March 2023.

In 2022/2023, South Lanarkshire Council contributed 14.89% of the Committee's estimated running costs. This body has been included as an associate in the council's Group Accounts with the council's share of the year-end net assets of £0.749m included in the Group Balance Sheet.

Copies of the Board's accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme Joint Committee, 131 St Vincent Street, Glasgow, G2 5JF. The accounts of the Committee have been subject to audit.

Lanarkshire Valuation Joint Board

Lanarkshire Valuation Joint Board was formed in 1996 at local government re-organisation. The Board maintains the Electoral, Council Tax and Non-Domestic Rates registers for North and South Lanarkshire. The Board's running costs are met by the two member councils. Surpluses or deficits on the Board's operations are shared between the councils. The accounting period for the Board is the twelve months to 31 March 2023.

In 2022/2023, South Lanarkshire Council contributed 50.00% of the Board's estimated running costs. This body has been included as an associate in the Group Accounts, with the council's share of the year-end net assets of £1.036m included in the Group Balance Sheet.

The following additional disclosures are required under accounting regulations for Lanarkshire Valuation Joint Board because the council's share of the net assets of the Board exceeds 25%.

	2022/23	2021/22
	£000	£000
Expenditure	4,531	4,698
Total Comprehensive Income and Expenditure	747	(3,835)
Fixed Assets	135	156
Long Term Assets	290	1,273
Current Assets	1,914	1,614
Liabilities due within one year	267	(225)
Liabilities due after one year	-	-
Capital and reserves	2,071	2,818
Contingent liabilities	-	-
Capital commitments	-	-

Copies of the Board's accounts may be obtained from the Treasurer to the Lanarkshire Valuation Joint Board, Floor 4, Council Offices, Almada Street, Hamilton, ML3 0AB. The accounts of the Board are subject to audit.

South Lanarkshire Integration Joint Board

South Lanarkshire Integration Joint Board was established by South Lanarkshire Council with NHS Lanarkshire to formally integrate health and social care provision within South Lanarkshire.

South Lanarkshire Council delegated resources of £172.938m or 26.62% of the Board's income in 2022/2023. This body has been included as a joint venture in the Group Accounts, with the council's 50% share of the year end net asset (£18.970m) included in the Group Balance Sheet.

The following table details the main elements of South Lanarkshire Council's share of assets, liabilities and revenues of the Board.

	2022/23	2021/22
	£000	£000
Expenditure	696,984	618,673
Total Comprehensive Income and Expenditure	47,338	(48,259)
Fixed Assets	-	-
Current Assets	37,940	85,278
Liabilities due within one year	-	-
Liabilities due after one year	-	-
Capital and Reserves	37,940	85,278
Contingent Liabilities	-	-

Capital Commitments

-

-

Copies of the Integration Joint Board accounts may be obtained from the Chief Financial Officer of the South Lanarkshire Integration Joint Board, Floor 8, Council Offices, Almada Street, Hamilton, ML3 0AB. The accounts of the Integration Joint Board have been subject to audit.

South Lanarkshire Leisure and Culture Limited

South Lanarkshire Leisure Limited was established as a Charitable Trust on 1 April 2002. The Trust became South Lanarkshire Leisure and Culture Limited in October 2010, when Cultural Services transferred from South Lanarkshire Council.

It provides the council with a full range of leisure and cultural services within the South Lanarkshire area.

The Trust is entirely independent of the council under law and for taxation purposes. The council has neither any shares in, nor ownership of the Trust. The Company is limited by guarantee, with each member's liability limited to £1 in the event of the Company being wound up. South Lanarkshire Council currently has 5 out of the 14 Board positions meaning 35.71% representation on the Board of Directors. South Lanarkshire leisure and culture reported an extended reporting period to 2 April as they transferred to a SCIO. The value of transactions for the additional 2 days was a net £4,179.

The Trust meets the definition of a structured entity. This describes an entity that has been designed so that the relevant activities are directed by means of contractual arrangements. In recognition of this, South Lanarkshire Leisure and Culture Limited is included in the Group Financial Statements as a 100% subsidiary.

The accounts of the Trust are published separately and may be obtained from the Secretary, South Lanarkshire Leisure and Culture Limited, Floor 5, Council Offices, Almada Street, Hamilton, ML3 0ABt. The accounts of the Trust have been subject to audit.

The following additional disclosures are required under accounting regulations for South Lanarkshire Leisure and Culture Limited because the council's share of the net assets of the Board exceeds 25%.

	2022/23	2021/22
	£000	£000
Expenditure	46,315	39,525
Total Comprehensive Income and Expenditure	(7,120)	19,180
Fixed Assets	83	72
Long Term Assets	2,108	9,175
Current Assets	9,389	7,993
Liabilities due within one year	(6,926)	(5,867)
Liabilities due after one year	(628)	(558)
Long Term Liabilities	-	-
Contingent Liabilities	-	-
Capital Commitments	-	-

On 3 April 2023, the status of South Lanarkshire Leisure and Culture Limited changed from a Charitable Trust to a Scottish Charitable Incorporated Organisation. This will have no impact on the relationship with the council moving forward.

Routes to Work South

Routes to Work South was established in 1998. Its main activity is supporting unemployed and workless residents of South Lanarkshire into employment, training, or further education. Routes to Work South delivers services to the council and is funded by the council.

South Lanarkshire Council is the sole member of Routes to Work South. In recognition of this, Routes to Work South is included in the Group Financial Statements as a 100% subsidiary.

The accounts of Routes to Work South are published separately and may be obtained from the Secretary, Routes to Work South, 1-5 Main Street, Cambuslang, Glasgow G72 7EX. The accounts have been subject to audit.

The following additional disclosures are required under accounting regulations for Routes to Work South because the councils' share of the net assets exceeds 25%.

	2022/23	2021/22
	£000	£000
Expenditure	2,530	2,148
Total Comprehensive Income and Expenditure	(15)	(4)
Fixed Assets	23	26
Current Assets	2,276	2,040
Liabilities due within one year	1,495	(1,381)
Liabilities due after one year	(251)	(117)
Capital and Reserves	583	568
Contingent Liabilities	-	-
Capital Commitments	-	-

Clyde Valley Learning and Development Joint Committee was established, with the backing of the Scottish Government's Efficiency and Reform Fund, to provide procurement of training activities to each of its member councils. South Lanarkshire Council is the lead authority for this project and its constituent membership totalled 12.82% in 2022/2023. This body has been included as an associate in the council's Group Accounts, however, as the Joint Committee net assets at 31 March 2023 are nil, there has been no financial impact on South Lanarkshire's Single Entity Accounts.

The accounts of Clyde Valley Learning and Development Joint Committee are published separately and may be obtained from the Treasurer, Finance and Corporate Resources, Floor 4, Almada Street, Hamilton, ML3 0AB. The Accounts of the Joint Committee are subject to audit.

Note 7 Non-Material Interest in Other Entities

The council also has an interest in:

- Scotland Excel (previously Authorities Buying Consortium) is a Joint Committee established to serve the buying requirements of the councils within the former Strathclyde area. South Lanarkshire Council contributed 5.3% of Scotland Excel's estimated running costs in 2021/2022, but the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- West of Scotland European Forum is a Joint Forum established to develop positive links between the communities of the region and the institutions of the European Union. This Joint Forum is in the process of being wound up with 2022/23 being the proposed final year of account. There were no contributions made in year to reduce the residual balance which will be required to be redistributed to members upon dissolution. The financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- West of Scotland Archaeology Service is a Joint Service established to provide planning related archaeological advice to its 11 member councils. South Lanarkshire Council contributed 12.4% of the estimated running costs of the Joint Service in 2022/2023, however, the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- Continuing Education Gateway is a consortium of 10 local authorities in the West of Scotland. It was formed in April 2000 to further the provision of careers and educational guidance services. South Lanarkshire Council contributed 14.50% of the consortium's estimated running costs in 2022/2023, however, the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- Glasgow and the Clyde Valley Strategic Development Planning Authority was established to advise the member authorities on the structure plan. South Lanarkshire Council contributed 12.5% of the committee's estimated running costs in 2022/2023, however, the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- SEEMIS Group LLP is a not-for-profit body whose principal activity is the provision of education related information technology solutions to its member councils. South Lanarkshire Council contributed 6.21% of the organisation's estimated running costs in 2022/2023, however, the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- Glasgow City Region – City Deal Cabinet was established on 20 January 2015. The purpose of the committee is to determine the Strategic Development Priorities for the Clyde Valley Region and to monitor and ensure delivery of the City Deal Programme as agreed

between member authorities and the UK and Scottish Governments. The City Deal aims to deliver a £1.1 billion investment programme, including delivery of labour market and innovation programmes. South Lanarkshire Council contributed 17.4% of the organisation's running costs in 2022/2023, however, the financial results have not been consolidated into the council's Group Accounts as the amounts are not material.

- The Rural Development Trust is based in South Lanarkshire and works with local communities to deliver innovative solutions including resolving transport problems in rural areas and developing markets towns. The council supports the Rural Development Trust. The financial results have not been consolidated into the council's Group Accounts as the amounts are not material.
- Regen: FX Youth Trust was established as a Charitable Trust on 1 April 2007. It serves the council by developing and co-ordinating out of school diversion activities within the South Lanarkshire area. The Trust is entirely independent of the council under law and for taxation purposes. The council has neither any shares in, nor ownership of the Trust. The financial results have not been consolidated into the council's Group Accounts, as the amounts are not material.
- Clyde Gateway was established to re-develop large sections of the East End of Glasgow extending into Shawfield and Rutherglen in South Lanarkshire. The key stakeholders are Glasgow City Council, Scottish Enterprise and South Lanarkshire Council, with the two council partners providing land holdings on a phased basis over the anticipated 20-year lifetime of the project as well as capital funding. The financial results have not been consolidated into the council's Group Accounts as the amounts are not material.

Independent auditor's report to the members of South Lanarkshire Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of South Lanarkshire Council and its group for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and Council only Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statements, Balance Sheets, Movement in Reserves Statements, Cash-Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the National Non-Domestic Rates Income and Expenditure Statement, the council Tax Income and Expenditure Statement and notes to the financial statements, including Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2023 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the

council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Executive Director of Finance and Corporate Resources and Risk and Audit Scrutiny Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Executive Director of Finance and Corporate Resources is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Executive Director of Finance and Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance and Corporate Resources is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Risk and Audit Scrutiny Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Executive Director of Finance and Corporate Resources as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;

- inquiring of the Executive Director of Finance and Corporate Resources concerning the policies and procedures of the councils and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Executive Director of Finance and Corporate Resources is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual

Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception.

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.
- I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mr John Boyd
Audit Scotland
8 Nelson Mandela Place
Glasgow
G2 1BT

Glossary of Terms

Much of the terminology used in this report is intended to be self-explanatory, however, the following additional definition and interpretation of terms may be helpful:

1. Current Service Cost (Pensions)

The increase in the current value of a defined benefit scheme's liabilities, expected to arise from employee service in the current financial year.

2. Past Service Costs (Pensions)

For a defined benefit scheme, the increase in the present value of the scheme's liabilities relating to employee service in prior years arising in the current financial year as a result of the introduction of, or improvement to, retirement benefits.

3. Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the financial year of the scheme's liabilities because the benefits are one year closer to settlement.

4. Actuarial Gains and Losses (Pensions)

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

5. Pension Scheme Liabilities

The liabilities of a defined benefits pension scheme for outgoings due after the valuation date. The scheme's liabilities measured using the 'projected unit method', reflect the benefits that the employer is committed to provide for service up to the valuation date.

6. Pension Reserve

The Pension Reserve recognises the council's share of the actuarial gains and losses in the Strathclyde Pension Fund and the change in the council's share of the net liability chargeable to the Comprehensive Income and Expenditure Statement.

7. Asset

An item having value to the council in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (such as cash and stock). A non-current asset provides benefit to the council and the services it provides for a period of more than one year.

8. Liability

A liability is where the council owes payment to an individual or another organisation. A current liability is an amount which will become payable within the next financial year. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over the period of time.

9. Contingent Liability

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the council's control, or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

10. Capital Expenditure and Financing

This is expenditure incurred in creating, acquiring or improving assets. Expenditure is normally financed by borrowing (with repayment over a period of years), income from the sale of existing assets, revenue funds or external grants and contributions.

11. Capital Financed from Current Revenue

This is expenditure incurred in creating, acquiring or improving assets where that expenditure is funded directly from the revenue account in the year in which it is incurred.

12. Non-Current Assets

Fixed Assets are created as a result of the capital expenditure incurred by the council. As such, they comprise buildings, property, vehicles, plant and machinery, and computer equipment and so on.

13. Property, Plant and Equipment

These are assets with physical substance (tangible assets) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one year. These are further analysed in the Notes to the Accounts as follows:

- a) Council Dwellings – these are council houses
- b) Other Land and Buildings
- c) Vehicles, Plant and Equipment
- d) Infrastructure Assets – these are assets where there is no prospect of sale or alternative use such as roads, bridges, tunnels, water supply and drainage systems
- e) Community Assets – assets that the council intends to hold in perpetuity that have no determinable useful life and may have restrictions on their disposal such as open land and public parks.
- f) Surplus Assets – assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale.
- g) Assets Under Construction

14. Heritage Assets

Heritage assets are assets that have cultural, environmental, or historical association that make their preservation for future generations important. Heritage assets are maintained principally for their contribution to knowledge and culture, and it is this which distinguishes them from other assets such as museum artefacts.

15. Assets Held for Sale

These are assets where the carrying value of the asset will be realised through its sale rather than continued use.

16. Intangible Asset

These are assets which do not have a physical substance (such as IT software and licences)

17. Depreciation

The measure of the cost of wearing out, consumption or reduction in the useful economic life of the council's non-current assets during the financial year, whether from use, the passage of time or obsolescence through technical or other changes.

18. Impairment

A reduction in the value of non-current asset to below its carrying value in the Balance Sheet.

19. Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less where applicable, any grants receivable towards the purchase or use of the asset.

20. Net Carrying Value

The amount at which non-current assets are included in the Balance Sheet, such as historical cost or current value less the cumulative amounts provided for depreciation.

21. Accrual

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

22. Provision

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

If you need this information in another language or format, please contact us to discuss how we can best meet your needs. Phone 0303 123 1015 or email equalities@southlanarkshire.gov.uk