

South Lanarkshire

# Annual Accounts

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# Contents

## Contents

Introduction by Chief Executive and Council Leader	3
Management Commentary	5
Annual Governance Statement	22
Statement of Responsibilities	34
Remuneration Report	35
Comprehensive Income and Expenditure Statement	55
Balance Sheet	56
Movement in Reserves Statement	57
Cash Flow Statement	59

## Notes to the Financial Statements

Note 1 - Accounting Standards Issued but Not Yet Adopted	61
Note 2 - Assumptions Made About the Future and Other Major Sources of Uncertainty	62
Note 3 - Material items and Expenditure and Income	63
Note 4 - Expenditure and Funding Analysis	64
Note 5 - Reconciliation of Adjustments Between Funding and Accounting Basis Shown in the Expenditure Funding Analysis (EFA) to Those Shown in the Movement in Reserves Statement (MIRS)	66
Note 6 - Expenditure and Income Analysed by Nature	67
Note 7 - Revenue From Contracts with Service Recipients	68
Note 8 - Adjustments Permitted Under Accounting Standards and Between Accounting Basis and Funding Basis Under Regulations	68
Note 9 - Other Operating Expenditure	72
Note 10 - Financing and Investment Income and Expenditure	72
Note 11 - Taxation and Non Specific Grant Income and Expenditure	72
Note 12 - Movement in Usable Reserves	73
Note 13 - Balance Sheet – Unusable Reserves	75
Note 14 - Members Allowances	78
Note 15 - External Audit Costs	78
Note 16 - Related Parties	78
Note 17 - Leases	80
Note 18 - Grant Income	82
Note 19 - Events After the Balance Sheet Date	82
Note 20 - Property, Plant and Equipment	83
Note 21 - Other Assets - Intangible, Heritage and Assets Held For Sale	88
Note 22 - Capital Expenditure and Capital Financing	89
Note 23 - Short Term Debtors	90
Note 24 - Debtors For Local Taxation	90
Note 25 - Short Term Creditors	90
Note 26 - Provisions	90
Note 27 - Receipts in Advance	91
Note 28 - Public Private Partnerships and Similar Contracts	91
Note 29 - Pension Schemes Accounted for As Defined Contribution Schemes	93
Note 30 - Defined Benefit Pension Scheme	93
Note 31 - Contingent Assets and Liabilities	99
Note 32 - Financial Instruments	100
Note 33 - Disclosure of Nature and Extent of Risks Arising From Financial Instruments	103
Note 34 - Common Good	107
Note 35 - Trust Funds	108
Note 36 - Accounting Policies	109
Note 37 - Critical Judgments in Applying Accounting Policies	116

## Supplementary Statements

Statement 1 - Housing Revenue Account Income and Expenditure Statement	117
Statement 2 - National Non-Domestic Rates Income and Expenditure Statement	119
Statement 3 - Council Tax Income and Expenditure Statement	120

Group Accounts	121
Notes to Group Accounts	127
Audit Arrangements	134
Glossary of Terms	135

## Joint Introduction by Chief Executive and Council Leader

Welcome to South Lanarkshire Council's annual accounts for the financial year 2023/2024. Thanks for taking the time to read them.

These accounts are published annually to show how the council manages and spends the public money with which we are entrusted. This demonstrates our commitment not only to the relentless pursuit of best value, but also to public transparency.

Both commitments are increasingly important given the extremely difficult financial environment within which all local authorities continue to operate.

In fact, at the start of the financial year 2023/2024 we faced a budget gap of £32.5 million. By 22 February 2023, when our full Council met our legal obligation to agree a balanced budget, that gap had been reduced due to financial movements and actions taken by the council. However, a number of savings had to be agreed to bridge that final gap of £8.8 million.

This followed many years of similar budget shortfalls which had already been dealt with through efficiencies and other means, totalling some £155m over a decade. Looking ahead, without a significant improvement in the way councils are funded, our current projections are that by the end of 2027/2028 we will have had to deal with a further, cumulative funding gap of more than £97m.

However unwelcome, our council has never shirked from these challenges, or those that have been presented by the Covid pandemic and its legacy issues, or the ongoing impact on our cost base of inflation levels that remained historically very high throughout much of the financial year that is covered by these accounts.

We provided high-quality services to our residents throughout this challenging period; we continue to do so now, and we commit fully to providing the best possible outcomes for service users, as agreed in our Council Plan, Connect 2022-2027.

When our 2023-24 budget and associated spending plans were agreed our revenue budget for the year was £895.7m. As in previous years, Education received the biggest part of our budget, and our investment in our excellent estate of nurseries, primary and secondary schools continues to pay dividends in terms of academic success and positive destinations for our young people.

Social Work continues to be our next biggest area of spend, with the remainder of our budget providing for services being delivered through Community and Enterprise, Housing and Technical, and Finance and Corporate Resources. Our teams work collaboratively, and with partners and our communities to deliver the services our residents rely upon, day in, day out.

In addition to approving the revenue budget, the full Council in February 2023 also approved a £91m general capital programme and a £64m housing capital programme. In recognition of the need for modernisation of some local facilities, our revenue budget also included a £1.182m initial contribution towards a £13m leisure and culture transformation fund.

Despite the financial challenges being faced, elected members also agreed to a number of one-off investments in the area, including the creation of a Frontline First Fund to tackle fly-tipping and graffiti and undertake other work over a three-year period.

We continue to target resources at those most in need, and funding was also made available to extend the provision of grants for school clothing to three- and four-year-olds in early years establishments.

Although council tax had to rise in 2023-24 to help fund these investments and our services generally, South Lanarkshire remained the local authority with the lowest council taxes in mainland Scotland. This is still the case today, following the national freeze that took place when 2024-25 council budgets were set.

It is worth noting that when our own 2024-25 budget was agreed, on 21 February 2024, South Lanarkshire Council was able to continue its record of delivering investment in the local area, notably through two significant funds designed to keep open facilities that would otherwise have to close following budget decisions that had to be taken by South Lanarkshire Leisure and Culture (SLLC).

The Community Fightback Fund is aimed primarily at local halls that local community groups may wish to take over, while the Future Libraries Fund seeks to provide services in new ways and sometimes in new locations. The council's 2024-25 budget also identified additional investments into the Central Energy Efficiency Fund and through a Net Zero Innovation Fund.

It is because of the council's prudent approach to financial management and planning that we have been able to make these types of investments while continuing to deliver quality services, despite financial challenges.

The other significant factor in our success is the role played by our magnificent workforce. Most of our staff are residents too, and together we take pride in the central role we all play in delivering on our core vision to “improve the lives and prospects of everyone in South Lanarkshire”. Our thanks also go to our colleagues in SLLC and the other partners with whom we work.

Finally, we could do none of this without the support of our communities. Together, we have been through some difficult times in recent years. Difficult times and hard choices remain ahead of us, too. So, we are deeply grateful when our residents recognise the challenges we are facing together, and when they support our efforts to make South Lanarkshire the best possible place to live, visit and do business.

# Management Commentary

## Background

The Management Commentary will provide the reader with key messages in relation to the council's year-end financial position for 2023/2024, as well as details on its performance for the year. As well as providing a summary of 2023/2024, the commentary also looks forward and provides detail on the council's future strategy and the challenges, risks and uncertainties it faces over the coming years, while working hard to maintain service delivery and meet the needs of the people of South Lanarkshire. 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.

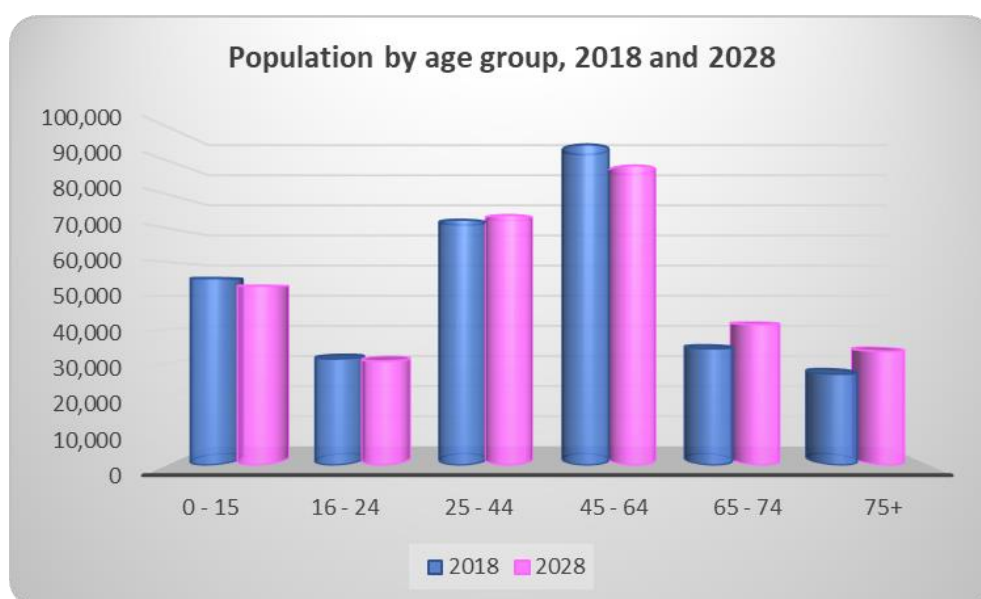
### The Council Structure

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 16,065 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	3,332
Education Resources	Early Years, Schools, Quality and Improvement	7,525
Finance and Corporate Resources	Finance, Information Technology, Personnel, Administration, Legal and Licensing, Communications and Strategy	879
Housing and Technical Resources	Housing and Property Services	1,440
Social Work Resources	Adults and Older People, Children and Families, Criminal Justice	2,889

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 2028. 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 completion of two significant roads projects (Cathkin Relief Road and the 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 was approved by the Council on 15 June 2022. The Council Plan and Community Plan were built using engagement to place residents’ views and aspirations front and centre, with more than 3,300 responses received, representing the largest consultation exercise ever carried out by the council.

Connect is the key strategic document that shapes the work of the council. It sets out the key actions to be delivered over the five years from 2022 to 2027, and identifies 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.

In line with the Best Value Audit Report recommendations and to further align the work of the council and the partnership, the Plan sets out a common vision which is to improve the lives and prospects of everyone in South Lanarkshire. It also sets out a common set of outcomes, developed through the extensive and multi-layered engagement and consultation process noted above.

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**

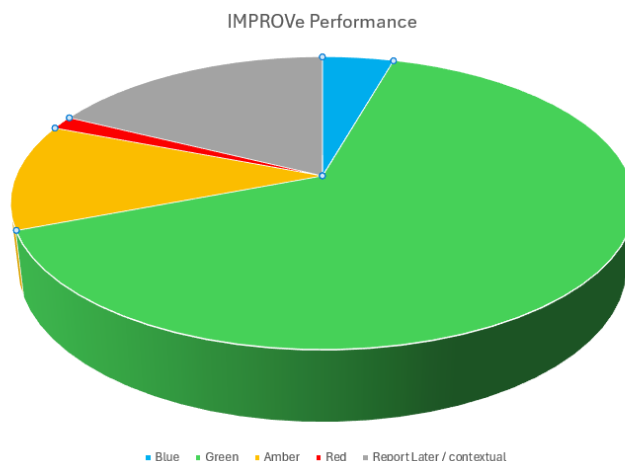
The council rates its performance using a number of measures. These are aligned to the priorities and outcomes set out in the Council Plan. A total of 272 measures were identified within Resource Plans for 2023/2024. Of those 68 (25%) are linked to the achievement of the Connect Outcomes detailed in 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 2 Progress Report 2023/2024 was reported to the Performance and Review Scrutiny Forum on 5 December 2023.

The performance figures for quarter 2 of 2023-24 are shown below / overleaf.

Status of performance measures	Definition	Number of performance measures
Blue	Project complete	3
Green	The timescale or target has been met as per expectations	44
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	1
Report later / contextual	The information is not yet available or included for information only.	12

## Status of council performance measures



There is one 'red' status measure: Percentage of reports submitted to the Children's Reporter within agreed timescales. Due to staff vacancies of just over 30% within local teams, some reports have been submitted beyond the deadline. Service managers are working closely with operational teams to prioritise workloads and ensure that children and their families are not adversely affected by any delays. A more flexible approach to recruitment is being taken with social worker students on placement with South Lanarkshire guaranteed a job interview and practice educator support with the interview process. This has resulted in an increase in the recruitment of newly qualified workers in the first year. 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, which means there remains an inevitable impact on performance in some areas.

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 (2022/2023, as at 30 April 2024) show that across the 102 indicators in that year's suite, the council's performance improved against 52 (51%) indicators, remained the same against 4 (4%) indicators, and declined for 31 (30%) indicators. There are 15 (15%) indicators for which there are no results or trend information available for 2022/2023.

### Council performance against 102 indicators (latest available information – 2022/2023)

KEY:		Number (%) of indicators		
		2020-21	2021-22	2022-23
<b>South Lanarkshire performance</b>				
↑	improving performance in SLC	36 (38%)	39 (39%)	52 (51%)
↓	declining performance in SLC	36 (38%)	53 (54%)	31 (30%)
↔	No change in performance in SLC	2 (2%)	3 (3%)	4 (4%)
---	Results/trends not available	21 (22%)	4 (4%)	15 (15%)
<b>Comparison with Scottish average</b>				
✓	SLC results better than Scottish average	37 (39%)	50 (51%)	47 (46%)
X	SLC results worse than Scottish average	37 (39%)	43 (43%)	38 (37%)
↔	SLC results same as Scottish average	0 (0%)	2 (2%)	2 (2%)
--	Results not available	21 (22%)	4 (4%)	15 (15%)

2020-21 Results at May 2022 refresh, 2021-22 Results at May 2023 refresh, 2022-23 Results at 30 April 2024

In terms of South Lanarkshire's figures relative to the Scottish results, our performance was better than the Scottish average for 47 indicators (46%) and worse for 38 indicators (37%).



## **Key Achievements**

### **Communities and Environment**

- Full Fibre Connection has exceeded in urban areas is at 34.5% of properties.
- During 2023, 1.5% of household waste was sent to landfill, which is significantly better than the target of 10%.
- The Office for Zero Emissions Vehicles (OZEC) Project installed 13 dual on-street electric chargers in various residential streets.
- A new allotment site at Chatelherault Country Park is now fully operational and all plots are now let.
- A number of cycling and walking projects were progressed including Active Travel Studies completed for towns such as Blackwood, Kirkmuirhill, Abington, Crawford, Carnwath, Forth and Biggar.
- 111 Community Wishes were received from a range of community groups across South Lanarkshire and 41 Wishes were answered.

### **Education & Learning**

- 2023 saw the highest percentage of S4 candidates achieving SCQF Level 4 Literacy in 5 years and the highest number in Numeracy since 2020.
- 13 establishments were inspected and received positive outcomes with a grade of good or above.
- 96.8% of young people who have left school and moved into a positive destination.
- 389 young people achieved Duke of Edinburgh Award accreditation

### **Health and Wellbeing**

- 20 of the 104 (19.2%) new council homes completed in 2023-24 were accessible for wheelchairs.
- All schools and educational settings are now providing free and easy to collect period products as and when required.
- Over 7,500 children and their families are benefitting from the council's investment in early learning and childcare.



#### Housing and Land

- 269 additional new houses were provided in 2023-24 including 104 new build properties.
- 99% of reactive repairs were completed right first time.
- Temporary accommodation was provided to all homelessness households where it was required.

#### Our Economy

- 646 jobs were created or sustained, and increased sales derived exclusively from additional sales through Business Support Grants amounted to £14.496m.

#### Delivering the Plan and Achieving Best Value

- Primary, Additional Support Needs and Early Years Refresh - 141 establishments were upgraded with over 4,000 devices delivered.

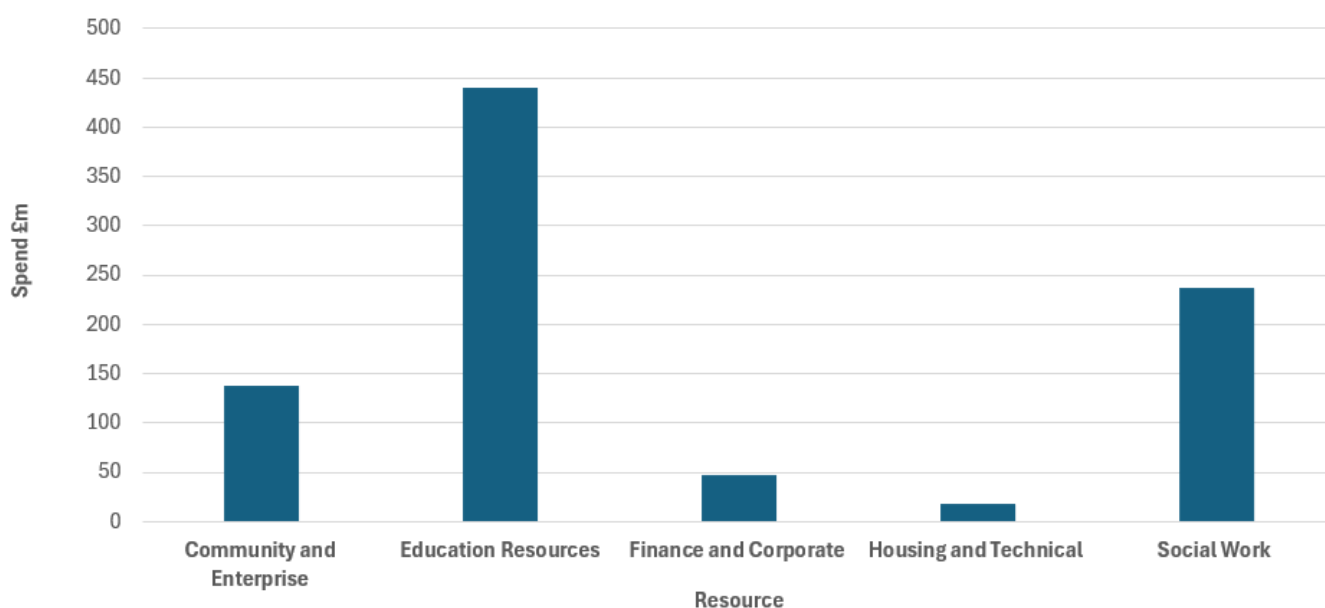
## Financial Performance

### General Fund Position at end 2023/2024

The council's General Fund budget for 2023/2024 was approved by the Council on 22 February 2023. This is the operational budget of the Council. At the end of 2023/2024, the Council's budget was showing an underspend position of £26.351 million. After making a number of agreed Transfers to Reserves totalling £26.351 million, the final position was a breakeven position. The full position for the council's Resources is detailed in the Revenue Budget Outturn 2023/2024 reported to the Executive Committee on 26 June 2024. This position takes account of the achievement of £4.985 million of the £5.115 million of approved savings for the year, with the remainder being pursued into 2024/2025.

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	138.189
Education Resources	440.417
Finance and Corporate Resources	46.472
Housing and Technical Resources	17.946
Social Work Resources	237.210

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 £0.667 million offset by monies carried forward into 2024/2025 for committed spend, as a result of further underspends in employee cost, less than anticipated costs of waste and subcontractors and materials in Roads.
- **Education Resources:** an overspend of £0.286 million was due to the additional costs of mainstream transport, teacher cover costs and the cost of external placement for children with additional support needs. This is after taking account of monies for Pupil Equity Fund and multi-year investments being carried into 2024/2025.
- **Finance and Corporate Resources:** an overspend of £0.165 million reflected higher costs in relation to Empty Property Relief.

- **Housing and Technical Resources:** a minor overspend of £0.003 million after carrying forward Scottish Government monies for Resettlement, received later in the year.
- **Social Work Resources:** a break-even position 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 £0.949 million after carrying forward funding to assist in the Medium-Term Budget Strategy, reflecting and reflects cash balances available to invest being higher than anticipated in the last months of the year.
- **Council Tax/Council Tax Reduction Scheme** (over-recovery £3.229 million) mainly the impact of additional houses added in-year, higher than anticipated levels of income from previous years arrears collection and additional income from empty properties. These were offset by a minor overspend in Council Tax Reduction Scheme reflecting demand.

The **Comprehensive Income and Expenditure Statement** of the Accounts (page 55) 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 64 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 64).

	SLC Annual Budget	SLC Actual Outturn	SLC Outturn Variance	<b>Building the EFA</b> Actual Outturn	<b>Building the EFA</b> Move / Remove items not included in Cost of Services	<b>Building the EFA</b> Net Expenditure Chargeable to the General Fund and HRA Services
	(Col 1)	(Col 2)	(Col 3)	(Col 2 Data)		
	£m	£m	£m	£m	£m	£m
Community and Enterprise	138.189	137.522	0.667	137.522	0.002	137.524
Education	440.131	439.938	0.193	439.938	0.002	439.940
Finance and Corporate	47.842	48.007	(0.165)	48.007	(0.003)	48.004
HRA	-	-	-	-	(0.360)	(0.360)
Housing and Technical	17.943	16.436	1.507	16.436	(0.004)	16.432
Social Work	237.210	237.210	-	237.210	(0.006)	237.204
Joint Boards	2.053	2.052	0.001	2.052	-	2.052
Corporate Items	(7.661)	(14.199)	6.538	(14.199)	0.006	(14.193)
<b>Net Cost of Services</b>	<b>875.707</b>	<b>866.966</b>	<b>8.741</b>	<b>866.966</b>	<b>(0.363)</b>	<b>866.603</b>
Other Income and Expenditure	(875.707)	(893.317)	17.610	(893.317)	71.888	(821.429)
<b>(Surplus) / Deficit on Provision of Services</b>	-	<b>(26.351)</b>	<b>26.351</b>	<b>(26.351)</b>	<b>71.525</b>	<b>45.174</b>

The council's final reported outturn position for the year is a breakeven position (surplus of £26.351 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 deficit of £45.174 million which corresponds to the figures in the first column on the Expenditure and Funding Analysis on page 64. 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 64) to arrive at a deficit on the provision of services of £22.354 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.

The **Movement in Reserves Statement** on page 57 reconciles the financial position shown in the Comprehensive Income and Expenditure Statement (page 55) to the movement on the council's Reserves (pages 57 to 58).

During the year, the council drew money down from reserves, to meet current commitments or for agreed use in the 2023/2024 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 multi year investment plans, Pupil Equity funding and to meet future commitments. Money was also set aside for future budget strategies.

The balance on the council's total General Fund Reserve is £109.687 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 £133.603 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 2023/2024 are detailed in Note 12.

	£000	£000
<b>Total Usable Reserves</b>		<b>133,603</b>
Less:		
General Fund (committed inc. budget strategies)	96,644	
Repairs and Renewals (inc. Winter Maintenance)	5,346	
Capital Funds (inc. Capital Receipts Reserve)	5,153	
Insurance Fund	1,178	
Housing Revenue Account	13,221	
<b>Total Committed Usable Reserves</b>		<b>121,542</b>
<b>Uncommitted General Fund</b>		<b>13,043</b>

Note 12 shows that the council's General Fund reserve comprises an earmarked element (£96.644 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 (£116.218 million in 2023/2024) and the total income received (£116.578m in 2023/24), 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 117-118.

At the end of financial year 2023/2024, there was an underspend of £0.360 million on the Housing Revenue Account. This was transferred to the Housing Revenue Account Reserve. This transfer means an increase of £0.360 million in the Housing Revenue Reserve, taking its total to £13.221 million at the end of 2023/2024.

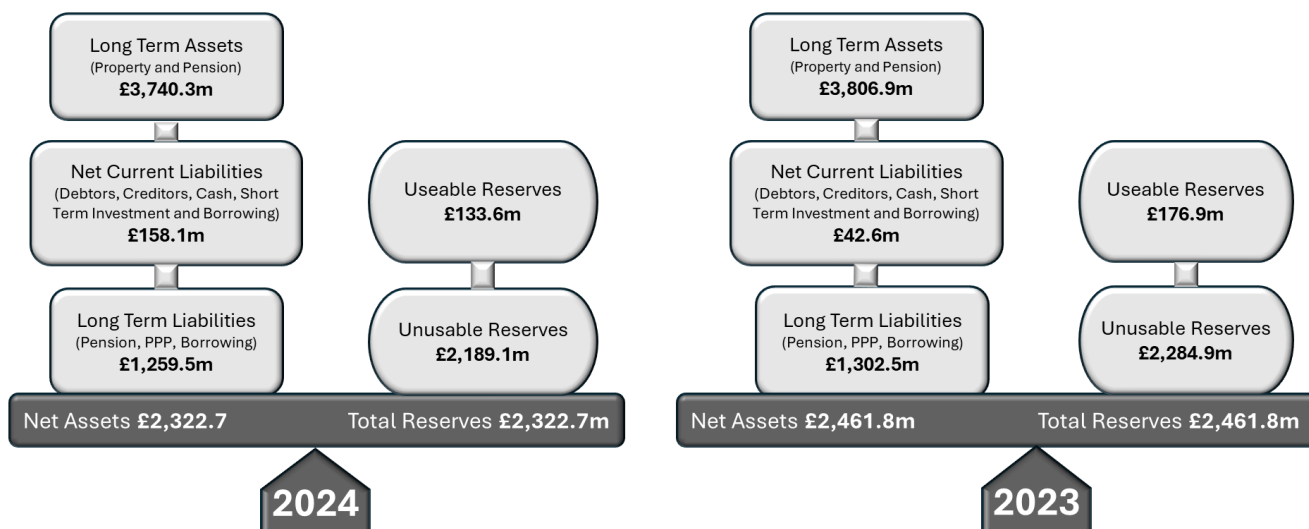
These monies will be carried forward to future years to fund the increased volume and cost of repairs, the development costs related to the new housing management I.T. system and the continuation of the housing investment programme, as well as maintaining a reasonable level of reserves.

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 56) shows the position as at 31 March 2024 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 2024 as well as the previous year for information, is shown below.



The main change year on year is the increase in Net Current Liabilities. This 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).

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.

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, a nil value. The 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 2024. Further information is provided in Note 30 (pages 93-99).

The council's assets and liabilities are funded by an equivalent level of Reserves. These Reserves comprise Unusable Reserves of £2,189.1 million (maintained for accounting purposes only) and Usable Reserves of £133.6 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 57 with more detail provided in Note 12 (page 73) and the Accounting Policies (pages 109 to 115).

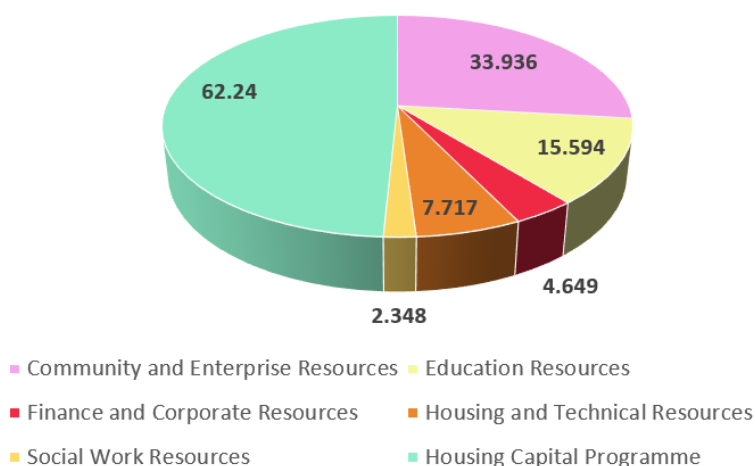
It is expected that future revenue income, alongside the council's budgeting and planning processes, will ensure management of future liabilities. It is therefore considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### 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.

## Spend per Resource £m



Council Resource	Spend £m
Community and Enterprise Resources	33.936
Education Resources	15.594
Finance and Corporate Resources	4.649
Housing and Technical Resources	7.717
Social Work Resources	2.348
Housing Capital Programme	62.240

**The General Services Capital Programme** spend was £64.244 million in 2023/2024, equating to approximately 83% 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 Programme, Rural Development Centre, Clyde Bridge, Philipshill Cemetery Extension, Wooddean Early Learning Centre, Free School Meals, IT Infrastructure Refresh, Prioritised Urgent Investment and a number of Glasgow City Region City Deal projects including Greenhills Road, Cathkin Bypass (grant payments), Woodfoot Road / Wellhall Road, Hamilton, Calderside Academy and Holy Cross High School. Project budgets have been carried forward into 2024/25 to complete these projects where appropriate.

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

- Jackton Primary School,
- Roads Carriageway Investment Programme,
- Clyde Bridge
- Our Lady of Lourdes Primary School Upgrade,
- First Steps Community Nursery Extension,
- Wooddean Early Learning Centre,
- Oracle Fusion Project and Schools ICT and
- Community Alarms – Analogue to Digital.

*The new Jackton Primary School is shown in the image below.*





The **General Services Programme** has been funded from a combination of grants from various funding bodies including Scottish Government and partner organisations (£35.316 million), borrowing (£18.919 million), developers' contributions (£8.354 million) and revenue contributions (£1.655 million).

The **Housing Capital Programme** spent £62.240 million in 2023/2024, 92% of its revised budget target. This underspend is due to the timing of purchase of land at East Kilbride, CGA and Brackenhill Farm sites with these settling early in the new financial year. In addition, there were access issues with a significant number of central heating systems upgrades and windows and doors projects.

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.

*Newly completed housing in Whitlawburn is shown in the image below.*





The Capital Budget Monitoring Final Outturn – 2023/2024 for both Programmes was reported to the Executive Committee on 26 June 2024.

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 2023/2024 (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	2023/2024 Forecast £m	2023/2024 Outcome £m
<b>Debt/Long-term Borrowing</b>		
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:		
<ul style="list-style-type: none"> <li>• General Services</li> </ul>	4.96%	4.47%
<ul style="list-style-type: none"> <li>• Housing Revenue Account</li> </ul>	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 2023/2024 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, the residual demands in the wake of the Coronavirus Pandemic and pessimistic forecasts of government grant mean that the council continues to operate in a climate of financial pressure. Increasing cost burdens due to pay awards and above average contract inflation over recent years have continued to reduce the spending power of council budgets.

Financial Planning is a key tool in managing these pressures. While the Council has Long Term Revenue and Capital Budget Strategies, a Revenue Budget Strategy is prepared in advance of the new financial 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.

A new Capital programme is also approved each year, based on the aspirations of the Capital Strategy, but also taking account of any new areas of investment to be considered since the Strategy was drafted.

## Financial Outlook including Risks and Uncertainties

### Outlook

The council approved its 2024/2025 revenue budget of £958 million on 21 February 2024. Moving forward, the outlook for Scottish Public Finances is not positive. The Scottish Fiscal Commission (SFC) estimates that the overall Scottish Budget will have an average budget gap of over 10 percent each year over the next 50 years. They believe that these financial pressures will build as the population ages and as the cost of delivering services increases.

A recent report prepared by Audit Scotland and released by the Accounts Commission ([Local government budgets 2024/25 | Audit Scotland](#)) reaffirms that Scottish councils are facing a significant gap between the money needed to deliver local services and the money they have available. Together, all 32 councils have a gap of £585 million for 2024/2025. This is estimated to increase to £780 million by 2026/2027.

The scale of the financial challenge is greater than ever. Given the magnitude of the Budget Gap, there requires to be a fundamental re-think of what public services in Scotland can do moving forward. That includes what the Council can deliver by way of services to the public. This will require us to reconsider the things we do as a Council, how we do them and where we deliver them from.

On 26 June 2024, a Revenue Budget Strategy covering the period 2025/2026 to 2027/2028 was presented to the Executive Committee, giving a medium term view on the financial position of the Council over the next 3 years and resulting in a Budget Gap of over £77 million.

Given the magnitude of the Budget Gap across the coming 3 years, there is an acknowledgement across the council that fundamental change is required. Difficult decisions will need to be made to balance the Council's budget. We will need to significantly change what we deliver over the next 3 years with the focus being on statutory services. There will likely be areas where we will need to consider whether we can continue to deliver services and if so, what those services will actually look like.

In order to deliver a balanced budget, it is acknowledged that we need to have a programme of change. This will build on the work undertaken over many years, where service reviews have taken place and which have fed into the savings options that Members have considered. A Transformational Change programme will drive continuous improvement as well as efficiencies, and will feed into the Budget Strategy. Alongside a number of Cross-Cutting Reviews, Resources are considering their own Service areas.

## Risks and Uncertainties

There are a number of other risks and uncertainties faced by the council. In looking at these areas, 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 22.

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 2023. 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 provided below.

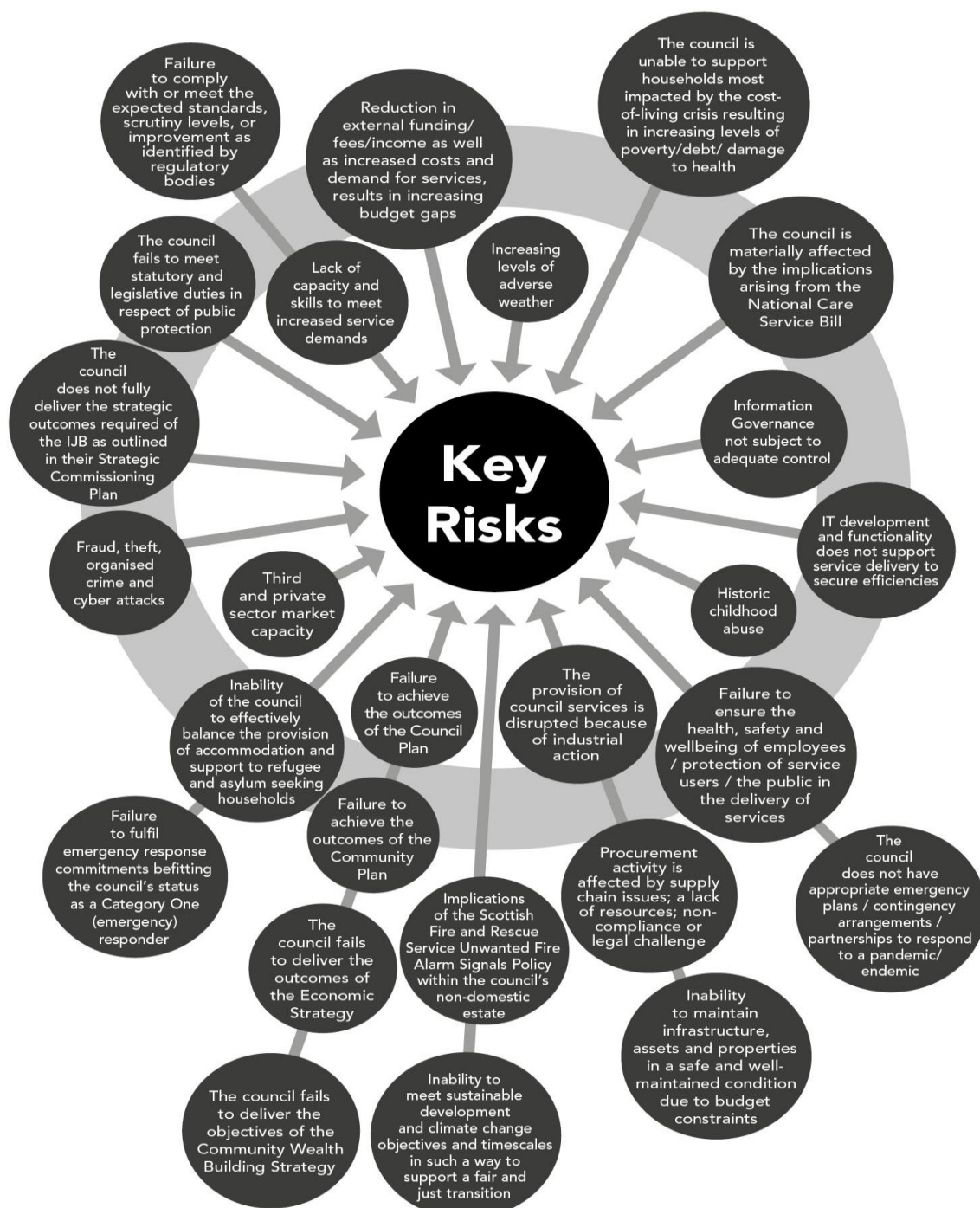
1. Reduction in external funding and fees/income received by the Council, as well as the increased demand for services and the increased cost of services including impact of price increases and inflation results in increasing budget gaps.

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.
3. Failure to comply with or meet the expected standards, scrutiny levels, or improvement as identified by regulatory bodies
4. Implications of the Scottish Fire and Rescue Service Unwanted Fire Alarm Signals Policy within the council's non-domestic estate
5. The council fails meet statutory and legislative duties in respect of public protection.
6. The council does not fully deliver the strategic outcomes required of the Integrated Joint Board (IJB) as outlined in their Strategic Commissioning Plan.
7. The provision of council services is disrupted because of industrial action.
8. Inability of the Council to effectively balance the provision of accommodation and support to households who arrive in South Lanarkshire as part of refugee resettlement and the asylum seeker dispersal programmes, including those for unaccompanied children, whilst also meeting demands from other high need groups including homeless household.
9. The Council fails to deliver the objectives of the Community Wealth Building Strategy.
10. Inability to meet sustainable development and climate change objectives and timescales in such a way to support a fair and just transition.

These key risks as well as the remainder of the council's high-level risks are shown in the list and graphic below:

- Reduction in external funding and fees/income received by the Council, as well as the increased demand for services and increased cost of services including impact of price increases and inflation, 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
- Failure to comply with or meet the expected standards, scrutiny levels, or improvement as identified by regulatory bodies
- Implications of the Scottish Fire and Rescue Service Unwanted Fire Alarm Signals Policy within the council's non-domestic estate
- The council fails meet statutory and legislative duties in respect of public protection
- The council does not fully deliver the strategic outcomes required of the IJB as outlined in their Strategic Commissioning Plan
- The provision of council services is disrupted because of industrial action
- Inability of the Council to effectively balance the provision of accommodation and support to households who arrive in South Lanarkshire as part of refugee resettlement and the asylum seeker dispersal programmes, including those for unaccompanied children, whilst also meeting demands from other high need groups including homeless household
- The council fails to deliver the objectives of the Community Wealth Building Strategy
- Inability to meet sustainable development and climate change objectives and timescales in such a way to support a fair and just transition
- Failure to fulfil emergency response commitments befitting the council's status as a Category One (emergency) responder
- Third and private sector market capacity. The market has a level of fragility which means that there may be reduced choice to meet demand for services. Providers are potentially unable to sustain their business models, which could result in a deterioration in service standards and provider closures, with the council requiring to source alternative service provision.
- 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
- Fraud, theft, organised crime and cyber attacks
- Information governance not subject to adequate control
- Historic childhood abuse
- The council is materially affected by the implications arising from the National Care Service Bill
- IT development and functionality does not support service delivery to secure efficiencies
- Lack of capacity and skills to meet increased service demands
- Inability to maintain infrastructure, assets and properties in a safe and well-maintained condition due to budget constraints and failure to achieve objectives of asset and property reviews.
- Increasing levels of adverse weather
- The Council fails to deliver the outcomes of the Economic Strategy

- 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.



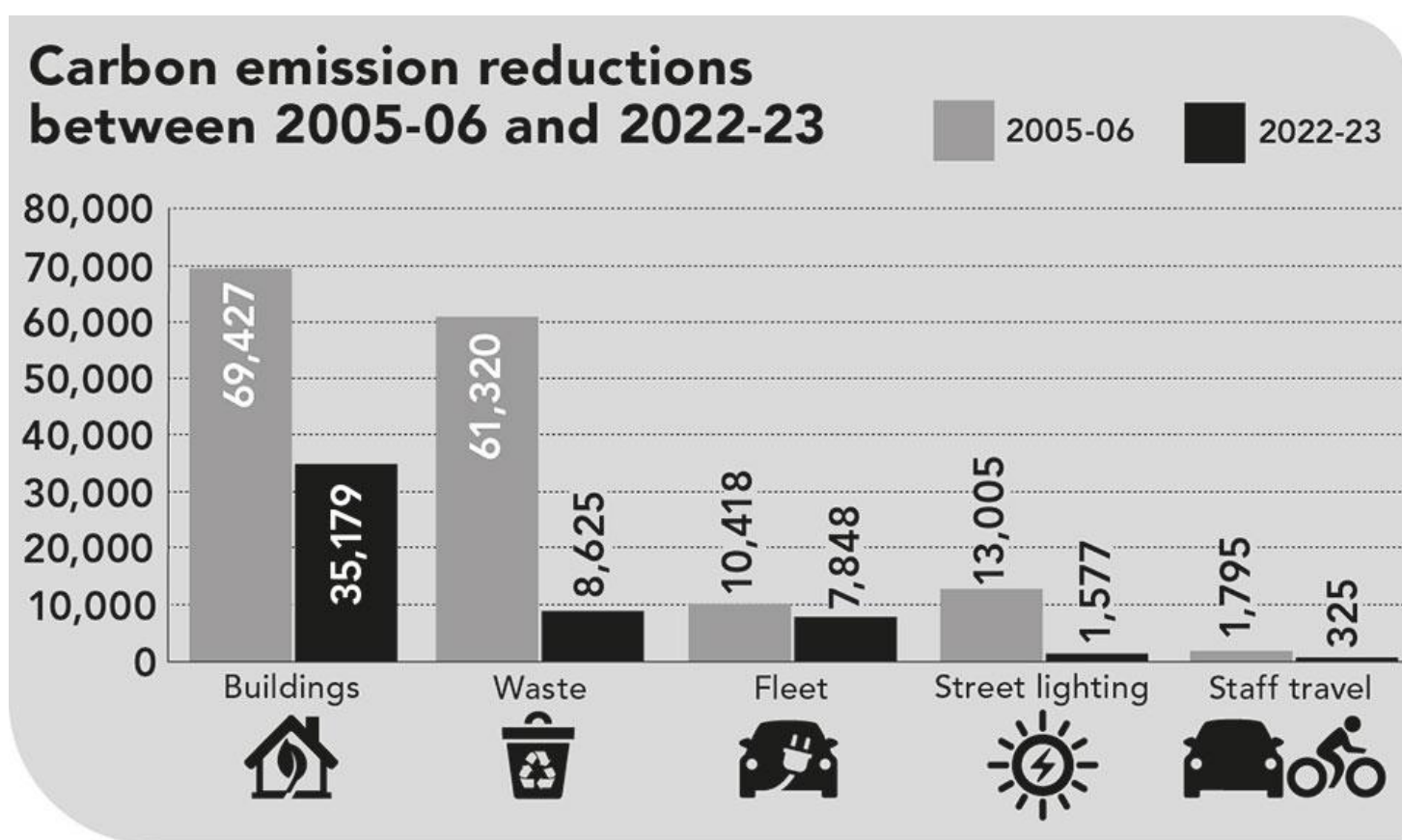
## Sustainable Development and Climate Change

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) 2022 - 2027 sets out our overall approach to sustainable development and the 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. As a public sector body, we have a legislative requirement to contribute to this target 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 2022-23 shows that reductions of 65.7% 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 107-108 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 £28.901 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 121-133. There has been no

change to the Group membership since 2022/2023.

**More Information**

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

**Jackie Taylor**  
**Executive Director, Finance and Corporate Resources**

**Paul Manning**  
**Chief Executive**

**Councillor Joe Fagan**  
**Leader of the Council**

**South Lanarkshire Council**  
**Annual Governance Statement 2023/2024**

### **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 2023/2024 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**



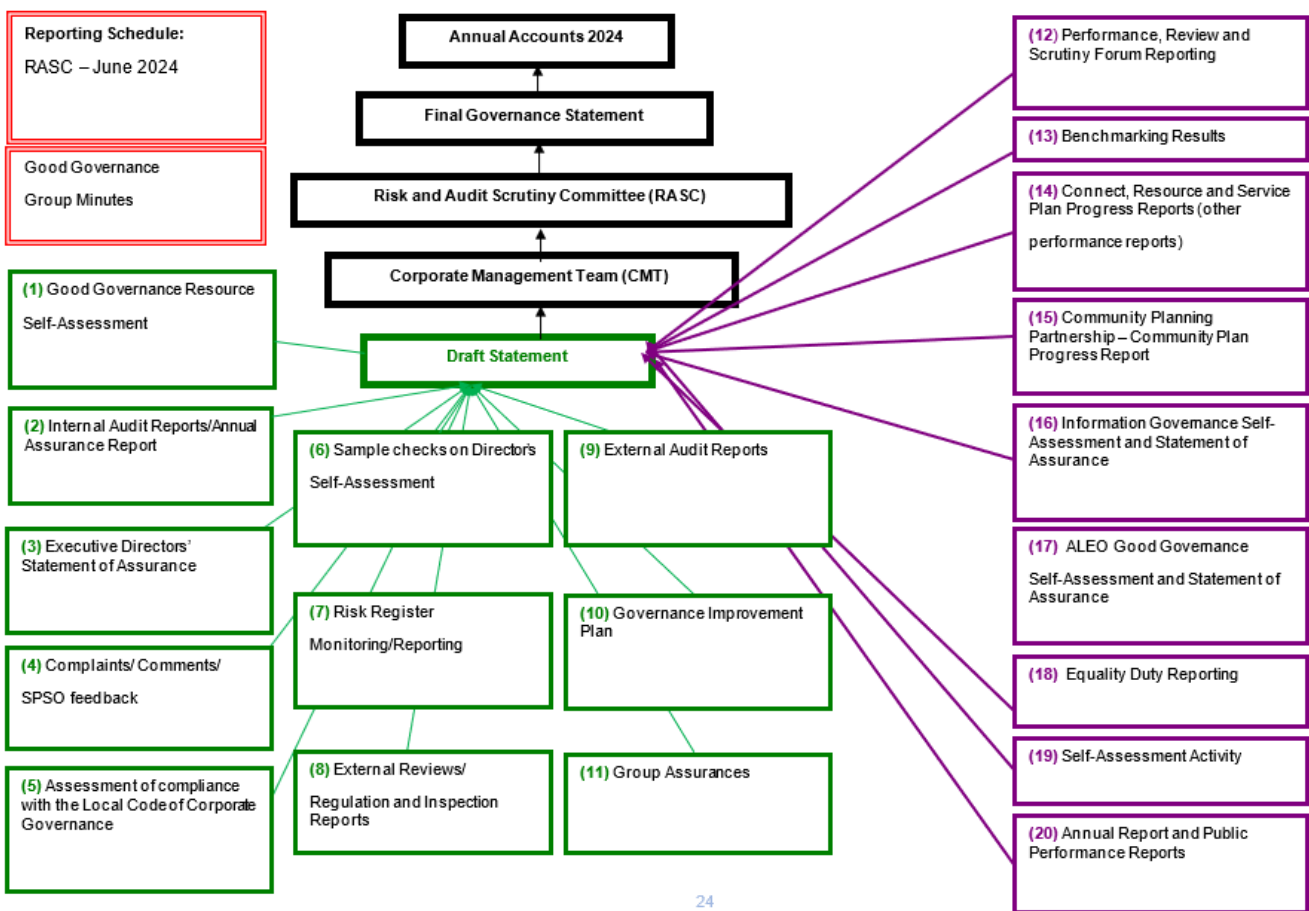
The governance framework comprises of the culture, values, systems, and processes by which the council is directed and controlled. It describes the way the Council is accountable to communities. It enables the Council to monitor the achievement of its strategic objectives and consider whether these objectives 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 2024 and up to the date of approval of the Annual Report and Accounts.

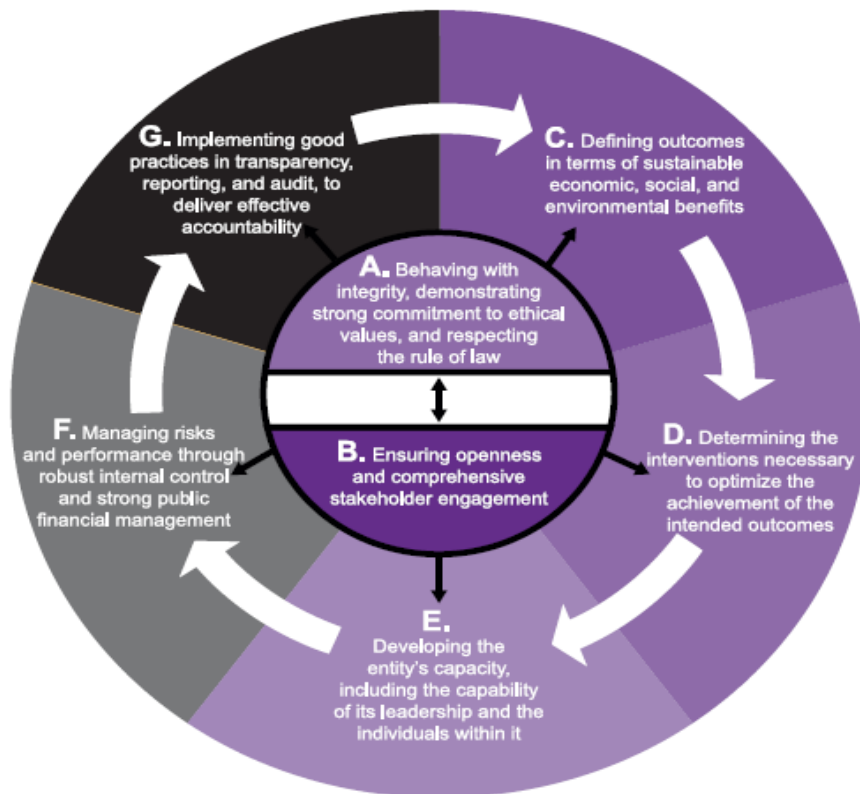
**4. How the Council monitors and evaluates the effectiveness of its governance arrangements?**

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.



## 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 following table demonstrates how 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. 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.

<b>Principle A:</b> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<b>Links to Council's values:</b>
<ul style="list-style-type: none"> <li>Accountable, effective, efficient, and transparent; Working with and respecting others</li> </ul>
<b>How we do this:</b>
<ul style="list-style-type: none"> <li>The Council's values and objectives provide clear direction to councillors and employees and are embedded in all policies and processes.</li> <li>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.</li> <li>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.</li> <li>Professional Codes of Conduct ensured that ethical standards were maintained, and all breaches were investigated by the governing body.</li> <li>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.</li> </ul>

- 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 2023/2024 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](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 '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, etc. 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 Strategy 2022 to 2027 sets out the overall approach to digital for the Council. A key objective within the strategy is to assist those people who are unable to get online to access services digitally. The Council also leads on the Digital Inclusion Sub Group, which reports into the Community Planning Partnership.
- 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 ambition on future capital investment (up to 2027/2028) and a capital programme agreed for 2024/25. 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, with the Commission receiving an annual report on progress. A Community Wealth Building Progress Group has been set up to ensure that timescales within the action plan are met.
- The CWB Strategy is supported by an action plan which is reviewed annually, with progress reported to the Commission at Q2 and Q4 via the council's Improve system.
- 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 [Procurement Strategy 2023-28](#) which is 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 2023/2024.
- 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 has been a programme of transformational reviews undertaken over recent years to identify savings and help manage balancing the Councils budget. This 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) (Scotland) Act 2014 sets out those Adult Care Services that are delegated to the Integration Joint Board (IJB) as set out in the South Lanarkshire Health & Social Care 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 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. We also work closely with, and share services with partners including SLLC, IJB and Seemis.

**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 was rolled out during 2023-24, and this is continuing.
- 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 2022 survey on working from home/hybrid working is used to inform 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 are featured in an 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.
- To complement this work, an LGBF dashboard has been developed to provide easy access to the LGBF indicators and the narrative that sits alongside them. The dashboard shows time trends for each of the strategic indicators aligned with the council plan outcomes and provides charts comparing SLC performance with both the Scottish and the family group average.
- 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 an 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, Internal Audit has advised on key internal controls that should be maintained.
- The Information Governance Board is reasonably 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, but this will be the subject of further work in 2024/25.
- 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.
- External Audit of the Council's accounts is robust and a "clean audit certificate" was issued for 2022/2023.
- 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. 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 2022/2023 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 2022/23.
- 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 Council's at Arm's Length External Organisations (ALEOs) 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 in March 2024 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](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.
- 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. Since then, the Council, its partners and local community organisations have continued to strengthen the partnership approach adopted in response to the Pandemic, and 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 which were implemented to continue to maintain the delivery of essential business of the Council during the Pandemic have become embedded and now represent a 'business as usual' approach. Priority services were maintained throughout the Pandemic and many new services/processes established. Schools, nurseries, and the like adapted in accordance with national decisions and guidance.

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

Recovery was previously 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. Given the above, and the passage of time since the Pandemic was at its height, it is anticipated that this is the last year this update will be provided in the Annual Governance Statement. This will, however, be kept under review by the Council.

### **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 FM 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 areas to be progressed. Since then, 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.

## **6. Review of Effectiveness**

The review of governance arrangements for 2023/2024 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 2024. 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 2024.

## 7. Significant Governance Areas

The 2022/2023 Annual Governance Statement identified 10 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. Six of these areas remain as significant areas of action for the Council moving forward into 2024/2025 and will continue to be monitored as such.

Through the 2023/2024 annual governance review, the following areas, which include an outline of the actions being taken to address them, have been identified as significant areas of work for the Council during 2024/2025:-

No.	Areas identified in 2023/2024	Actions	Lead Officer
1	<b>Cyber Resilience</b> Compliance with legislative and regulatory policy	A programme of actions to maintain cyber security and resilience in 2024/2025 will include: <ul style="list-style-type: none"> <li>• Refresh/retiral of legacy systems, network equipment and end user devices (mobile phones, PCs)</li> <li>• Programme of security patching of all systems</li> <li>• Compliance with PSN and Cyber Essentials schemes</li> <li>• Incident response</li> <li>• Officer training and awareness (e.g., phishing)</li> <li>• Data security reviews as part of new system installation and security monitoring</li> </ul>	Executive Director of Finance and Corporate Resources
2	<b>Digital Modernisation</b>	Deliver the implementation of new digital solutions that will support the wider transformation of the Council, including the more efficient and effective delivery of services, to internal and external service users. This will include the implementation of Oracle Fusion (Finance & Corporate Resources), Liquidlogic (Social Work) and HOME (Housing & Technical Resources).	Executive Director of Finance and Corporate Resources
3	<b>Financial Challenges</b> Exceptional increase in costs, reduction in council funding, resulting in difficulties maintaining front line services	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.  The Council has developed a long-term strategy which identifies budget pressures, future risks and uncertainties, and projects budget gaps to 2027/2028.  The Budget Strategy for 2025/2026 will be updated and presented to councillors in 2024.	Chief Executive  Director of Finance and Corporate Resources
4	<b>Integration Joint Board – Health and Social Care</b>	The current strategic direction set out and approved by the IJB is detailed within the Strategic Commissioning	Director, Health and Social Care,

No.	Areas identified in 2023/2024	Actions	Lead Officer
	The need for the Council to deliver the objectives set out in the Integrated Joint Board (IJB) Strategic Commissioning Plan 2022-25	<p>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. This includes directions in respect of the actions required in order for the IJB to deliver the balanced budget agreed at its meeting in March 2024.</p> <p>The IJB monitors progress in respect of these Directions.</p>	South Lanarkshire Health, and Social Care Partnership
5	<b>Homelessness</b>	<p>The Council has seen unprecedented need and demand for statutory homelessness services including the need for temporary accommodation. Presentations levels during 2023/24 are the highest in the Council since records began, placing significant pressure on the service and the general services fund.</p> <p>A range of mitigations were approved at H&amp;TR Committee on 7 February 2023 and these are now in place with managing and monitoring actions in place.</p> <p>Temporary accommodation solutions continue to be explored to minimise breaches of the unsuitable accommodation order and costs incurred through the use of B&amp;B.</p> <p>Other implications such as the Prisoner Early Release, increased asylum levels, continued removal of local connection and potentially new duties of 'Ask &amp; Act' within the new Housing Bill could have consequences for the service.</p>	Director of Housing & Technical Resources
6	<b>Sustainable Development and Climate Change</b>	<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, and this continues to be implemented and reviewed annually with progress updates being reported to the Climate Change and Sustainability Committee on a 6 monthly basis.</p> <p>Following a period of public consultation, the council will introduce its first Local Heat &amp; Energy Efficiency Strategy (LHEES) in June 2024. Subject to the availability of finance and taking account of the need to address inequalities and just transition, the introduction of the LHEES will be a key component of a long-term strategy to reduce of carbon emissions, and reduce fuel poverty by 2045.</p>	Director of Community and Enterprise Resources
7	<b>Economic Strategy</b>	<p>The new draft Economic Strategy 2022-2027 has been developed and approved by Council on 15<sup>th</sup> 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.</p> <p>Progress on the delivery of the Action Plan will be measured 6-monthly with the results being reported annually to the relevant committees.</p>	Director of Community and Enterprise Resources

No.	Areas identified in 2023/2024	Actions	Lead Officer
		<p>The 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.</p> <p>The Council will also take forward its plans for the regeneration of Hamilton and East Kilbride, and the delivery of projects through its participation in the Glasgow City Region Deal.</p>	
8	<b>South Lanarkshire Leisure and Culture</b>	Work in partnership with SLLC to develop relationship, in particular around commissioning, use of assets and financial sustainability.	Director of Community and Enterprise Resources
9	<b>Recruitment and Retention Challenges</b>	<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> <ul style="list-style-type: none"> <li>• 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 and are being delivered.</li> <li>• A grow your own approach is being used in key areas (recruited graduates in Procurement) and this will continue</li> <li>• Further increasing social media recruitment and use of job fairs</li> <li>• Employability routes will continue to be defined for skills shortage areas (e.g. Social care)</li> <li>• Enhanced employee support arrangements are in place and well developed</li> </ul>	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 2024/2025, 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:**

**Paul Manning**

**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.

**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 2024.



**Jackie Taylor**  
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. COSLA Industrial Relations Circular 11-23b sets the amount of salary for Chief Officers and the Chief Executive of South Lanarkshire Council for 2023/2024.

#### Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended most recently by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2023 (SSI 2023/21). 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 2023/2024 the salary for the Leader of the Council is £46,902. 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 £35,179 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 £525,117 (excluding the Leader and Provost). 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 2023/2024, the Council had 19 Senior Councillors and the salary paid to these councillors totalled £515,595 which is less than the threshold. 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 6 in this Remuneration Report will be audited by the Council's auditors, Audit Scotland. The other sections of the Remuneration Report will be 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 will be 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**

<b>Annual Remuneration</b>	<b>2023/24 Number of Employees</b>	<b>2022/23 Number of Employees</b>
<b>50,000 - 54,999</b>	1,521	365
<b>55,000 - 59,999</b>	371	254
<b>60,000 - 64,999</b>	216	152
<b>65,000 - 69,999</b>	204	99
<b>70,000 - 74,999</b>	163	23
<b>75,000 - 79,999</b>	87	20
<b>80,000 - 84,999</b>	50	4
<b>85,000 - 89,999</b>	7	3
<b>90,000 - 94,999</b>	6	4
<b>95,000 - 99,999</b>	7	6
<b>100,000 - 104,999</b>	6	13
<b>105,000 - 109,999</b>	3	1
<b>110,000 - 114,999</b>	16	2
<b>115,000 – 119,999</b>	2	-
<b>120,000 – 124,999</b>	-	-
<b>125,000 – 129,999</b>	1	-
<b>130,000 – 134,999</b>	-	-
<b>135,000 – 139,999</b>	1	-
<b>140,000 - 144,999</b>	1	1
<b>145,000 - 149,999</b>	1	2
<b>150,000 - 154,999</b>	3	-
<b>155,000 - 159,999</b>	-	1
<b>160,000 – 164,999</b>	-	-
<b>165,000 – 169,999</b>	1	-
<b>170,000 – 184,999 (Note 1)</b>	-	-
<b>185,000 – 189,999</b>	-	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.

## Disclosure of Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

**Table 2 – Exit Packages**

Exit package cost band (including special payments) £	Number of Compulsory Redundancies 2023/24	Number of Compulsory Redundancies 2022/23	Number of Other Departures Agreed 2023/24	Number of Other Departures Agreed 2022/23	Total Number of Exit Packages by cost Band 2023/24	Total Number of Exit Packages by cost Band 2022/23	Cash Value £ 2023/24	Notional CAY Value £ 2023/24	Total Cost Of Exit Packages In Each Band £ 2023/24	Cash Value £ 2022/23	Notional CAY Value £ 2022/23	Total Cost Of Exit Packages In Each Band £ 2022/23
0 - 20,000	-	-	-	-	-	-	-	-	-	-	-	-
20,001 - 40,000	-	-	-	-	-	-	-	-	-	-	-	-
40,001 - 60,000	-	-	-	-	-	-	-	-	-	-	-	-
60,001 - 80,000	-	-	-	-	-	-	-	-	-	-	-	-
80,001 - 100,000	-	-	-	-	-	-	-	-	-	-	-	-
100,001 - 150,000	-	-	-	-	-	-	-	-	-	-	-	-
>150,000	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Provision</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total incl Provisions</b>	-	-	-	-	-	-	-	-	-	-	-	-

There were no exit packages agreed by the Council in 2023/2024, therefore the total cost of exit packages shown for 2023/2024 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 (2024/2025).

## 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 2022/2023 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 2023/2024 is available on the Council's website ([www.southlanarkshire.gov.uk](http://www.southlanarkshire.gov.uk)).

**Table 3 – Senior Officers**

Post	Salary / fees £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2023/24 Total £	2022/23 Total £
C Sneddon Chief Executive (To 2 January 2024)	147,017 (Full Year Equivalent 193,577)	-	-	-	147,017 (Full Year Equivalent 193,577)	187,395
P Manning Executive Director of Finance and Corporate Resources (To 2 January 2024)	125,011 (Full Year Equivalent 165,587)	-	-	-	125,011 (Full Year Equivalent 165,587)	159,142
Chief Executive and Executive Director of Finance and Corporate Resources (From 3 January 2024 to 10 March 2024) Chief Executive (From 11 March 2024)	44,304 (Full year Equivalent 180,793)	-	-	-	44,304 (Full year Equivalent 180,793)	
J Taylor Section 95 Officer (From 3 January 2024 to 10 March 2024)	20,976 (Full Year Equivalent 114,056)	-	-	-	20,539 (Full Year Equivalent 114,056)	n/a
Executive Director of Finance and Corporate Resources (From 11 March 2024)	8,772 (Full Year Equivalent 152,631)	-	-	-	9,357 (Full Year Equivalent 152,631)	
D Booth Executive Director of Community and Enterprise Resources	154,778	-	-	-	154,778	143,924

Post	Salary / fees £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2023/24 Total £	2022/23 Total £
S Gibson Executive Director of Housing and Technical Resources (From 21 November 2022)	152,631	-	-	-	152,631	52,386 (Full Year Equivalent 143,924)
T McDaid Executive Director of Education Resources (To 16 June 2023)	33,066 (Full Year Equivalent 156,911)	-	-	-	33,066 (Full Year Equivalent 156,911)	147,959
C McKenzie Executive Director of Education Resources (From 19 June 2023)	119,883 (Full Year Equivalent 152,631)	-	-	-	119,883 (Full Year Equivalent 152,631)	n/a
S Sengupta Executive Director of Health and Social Care (Note 1)	156,911	-	-	-	156,911	145,948
L Purdie Chief Social Work Officer	118,363	-	-	-	118,363	111,118
D Lowe Executive Director of Housing and Technical Resources (To 30 September 2022)	-	-	-	-	-	74,263 (Full year Equivalent 147,959)
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)
<b>Total</b>	<b>1,081,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,081,712</b>	<b>1,041,435</b>

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) and Petition Officer (PO) fees. An RO is the person responsible for administering an election and a PO is the person responsible for administering a Recall Petition. These duties are separate from any duties undertaken as a local government employee. The total RO fee for a UK Parliament By-election is set by legislation for the election in question. The total PO fee for administering a recall petition is set by legislation. The total RO fee for a local government election is based upon rate agreed by COSLA and the arrangements set out in the COSLA Circular CO/145 of July 2008. The RO and PO 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 was the RO and PO appointed by South Lanarkshire Council during the financial year 2023/2024 and carried out his duties as RO for the East Kilbride West By-election on 6 July 2023, PO for the Rutherglen and Hamilton West recall Petition from 6 June until 31 July 2023, and as RO for the Rutherglen and Hamilton West By-election on 5 October 2023.

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 £	2023/24 Total £	2022/23 Total £
K Morrison General Manager of South Lanarkshire Leisure and Culture Ltd	111,118	-	-	-	111,118	100,844
S Barr Chief Executive of Routes to Work South	82,396	-	-	-	82,396	77,705
<b>Total</b>	<b>193,514</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,514</b>	<b>178,549</b>

**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 2023/2024. 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 £	2023/24 Total £	2022/23 Total £
A Allison Opposition Leader – Conservative (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,484 (Full Year Equivalent 25,903)
Opposition Leader – Second Opposition (From 18 May 2022 to 31 March 2024)	26,602	-	-	-	26,602	22,568 (Full Year Equivalent 25,903)

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2023/24 Total £	2022/23 Total £
R Brown Community and Enterprise Resources Committee Chair (From 18 May 2022 to 31 March 2024)	29,579	-	-	-	29,579	25,092 (Full Year Equivalent 28,800)
A Buchanan East Kilbride Area Committee Chair (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,241 (Full Year Equivalent 23,370)
East Kilbride Area Committee Chair (From 18 May 2022 to 31 March 2024)	24,001	-	-	-	24,001	20,361 (Full Year Equivalent 23,370)
A Carmichael Licensing Committee Chair (From 18 May 2022 to 31 March 2024)	24,001	-	-	-	24,001	20,361 (Full Year Equivalent 23,370)
M Chalmers Depute Leader of the Council (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,848 (Full Year Equivalent 29,705)
Depute Opposition Leader (From 18 May 2022 to 31 March 2024)	26,602	-	-	-	26,602	22,568 (Full Year Equivalent 25,903)
G Convery Depute Opposition Leader – Labour (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,484 (Full Year Equivalent 25,903)
Depute Leader (From 18 May 2022 to 31 March 2024)	30,507	-	-	-	30,507	25,880 Full Year Equivalent 29,705)



Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2023/24 Total £	2022/23 Total £
M Cooper Provost (From 18 May 2022 to 31 March 2024)	35,179	-	-	-	35,179	31,795 (Full Year Equivalent 36,206)
M Devlin Business Manager – Opposition (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,241 (Full Year Equivalent 23,370)
Business Manager Ruling Group (From 18 May 2022 to 31 March 2024)	30,507	-	-	-	30,507	25,880 (Full Year Equivalent 29,705)
J Fagan Opposition Leader – Labour (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,848 (Full Year Equivalent 29,705)
Leader of the Council (From 18 May 2022 to 31 March 2024)	46,902	-	-	-	46,902	39,788 (Full Year Equivalent 45,669)
A Falconer Hamilton Area Committee Chair (From 18 May 2022 to 31 March 2024)	24,001	1,126	-	-	25,127	20,361 (Full Year Equivalent 23,370)
L Hamilton Education Resources Committee Chair (From 18 May 2022 to 15 January 2023)	-	-	-	-	-	19,174 (Full Year Equivalent 28,800)
Education Resources Committee Chair (From 16 April 2023 to 31 March 2024)	28,363 (Full Year Equivalent 29,579)	-	-	-	28,363 (Full Year Equivalent 29,579)	-

<b>Name and Post</b>	<b>Salary £</b>	<b>Taxable Expenses £</b>	<b>Compensation for Loss of Office £</b>	<b>Any Other Remuneration £</b>	<b>2023/24 Total £</b>	<b>2022/23 Total £</b>
M Horsham Business Manager Opposition (From 18 May 2022 to 22 October 2023)	13,480 (Full Year Equivalent 24,001)	-	-	-	13,480 (Full Year Equivalent 24,001)	20,361 (Full Year Equivalent 23,370)
G Keatt Education Resources Committee Chair (From 16 January 2023 to 15 April 2023)	1,216 (Full Year Equivalent 29,579)	-	-	-	1,216 (Full Year Equivalent 29,579)	5,918 (Full Year Equivalent 28,800)
C McClymont Clydesdale Area Committee Chair (From 18 May 2022 to 31 March 2024)	24,001	-	-	-	24,001	20,361 (Full Year Equivalent 23,370)
L McDonald Finance and Corporate Resources Committee Chair (From 18 May 2022 to 31 March 2024)	29,579	-	-	-	29,579	25,092 (Full Year Equivalent 28,800)
M McGeever Climate Change Committee Chair (From 18 May 2022 to 31 March 2024)	29,579	-	-	-	29,579	25,092 (Full Year Equivalent 28,800)
D McLachlan Housing and Technical Resources Committee Chair (From 18 May 2022 to 31 March 2024)	29,579	-	-	-	29,579	25,092 (Full Year Equivalent 28,800)
R Nelson Planning Committee Chair (From 18 May 2022 to 31 March 2024)	29,579	-	-	-	29,579	25,092 (Full Year Equivalent 28,800)

<b>Name and Post</b>	<b>Salary £</b>	<b>Taxable Expenses £</b>	<b>Compensation for Loss of Office £</b>	<b>Any Other Remuneration £</b>	<b>2023/24 Total £</b>	<b>2022/23 Total £</b>
C Nugent Cambuslang and Rutherglen Area Committee Chair (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,241 (Full Year Equivalent 23,370)
Cambuslang and Rutherglen Area Committee Chair (From 18 May 2022 to 31 March 2024)	24,001	-	-	-	24,001	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)
Opposition Leader – First Opposition (From 18 May 2022 to 31 March 2024)	30,507	-	-	-	30,507	25,880 (Full Year Equivalent 29,705)
G Thomson Depute Provost (From 18 May 2022 to 31 March 2024)	29,206	-	-	-	29,206	24,916 (Full Year Equivalent 28,578)
M Walker Social Work Resources Committee Chair (From 18 May 2022 to 31 March 2024)	29,579	-	-	-	29,579	25,092 (Full Year Equivalent 28,800)
J Anderson Community and Enterprise Resources Committee Chair (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,848 (Full Year Equivalent 29,705)
J Bradley Social Work Resources Committee Chair (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,848 (Full Year Equivalent 29,705)

<b>Name and Post</b>	<b>Salary £</b>	<b>Taxable Expenses £</b>	<b>Compensation for Loss of Office £</b>	<b>Any Other Remuneration £</b>	<b>2023/24 Total £</b>	<b>2022/23 Total £</b>
P Craig Business Manager Majority Party (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,848 (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)
I Dorman Planning Committee Chair (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,848 (Full Year Equivalent 29,705)
G Ferguson-Miller Finance and Corporate Resources Committee Chair (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,848 (Full Year Equivalent 29,705)
R Lockhart Clydesdale Area Committee Chair (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,241 (Full Year Equivalent 23,370)
K Loudon Education Resources Committee Chair (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,848 (Full Year Equivalent 29,705)
I McAllan Provost (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	3,285 (Full Year Equivalent 34,254)
D Shearer Licensing Committee Chair (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,241 (Full Year Equivalent 23,370)

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2023/24 Total £	2022/23 Total £
J Wilson Housing and Technical Resources Committee Chair (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,848 (Full Year Equivalent 29,705)
<b>Total</b>	<b>596,550</b>	<b>1,126</b>	<b>-</b>	<b>-</b>	<b>597,676</b>	<b>568,795</b>
<b>Councillors with Joint Board Responsibilities</b>						
W Brogan Convenor Lanarkshire Valuation Joint Board (From 27 June 2022 to 31 March 2024)	25,128	-	-	-	25,128	18,635 (Full Year Equivalent 24,467)
L Hamilton Depute Convenor Lanarkshire Valuation Joint Board (From 1 April 2022 to 5 May 2022)	-	-	-	-	-	2,229 (Full Year Equivalent 23,244)
<b>Total</b>	<b>25,128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,128</b>	<b>20,864</b>

The Council is reimbursed by Lanarkshire Valuation Joint Board for the additional remuneration that the Council paid to the member for being a 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 2023/2024 - £5,029 (2022/2023 - £4,081)

## 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 2022/2023 were uprated by the Consumer Prices Index (CPI) increase for 2023/2024.

The member contribution rates and tiers for 2023/2024 are shown below along with those that applied in 2022/2023:

<b>Pensionable Pay</b>	<b>Contribution rate 2023/24</b>	<b>Pensionable Pay</b>	<b>Contribution rate 2022/23</b>
On earnings up to an including £25,300	5.50%	On earnings up to an including £23,000	5.50%
On earnings above £25,300 and up to £31,000	7.25%	On earnings above £23,000 and up to £28,100	7.25%
On earnings above £31,000 and up to £42,500	8.50%	On earnings above £28,100 and up to £38,600	8.50%
On earnings above £42,500 and up to £56,600	9.50%	On earnings above £38,600 and up to £51,400	9.50%
On earnings above £56,600	12.00%	On earnings above £51,400	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 1/49<sup>th</sup> 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 1/60<sup>th</sup> of final pensionable salary and years of pensionable service and prior to 2009 the accrual rate guaranteed a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> of final pensionable salary and years of pensionable service.

The value of the 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 2024 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.

<b>Name and Post Title</b>		<b>Accrued Pension Benefits to 31 March 2024</b>	<b>Movement in Accrued pension Benefits since 31 March 2023</b>	<b>Pension Contribution Made by the Council 2023/24</b>	<b>Pension Contribution Made by the Council 2022/23</b>
		<b>£000</b>	<b>£000</b>	<b>£</b>	<b>£</b>
C Sneddon Chief Executive (To 2 January 2024)	Pension Lump Sum	90 134	3 8	28,374	34,555



Name and Post Title		Accrued Pension Benefits to 31 March 2024 £000	Movement in Accrued pension Benefits since 31 March 2023 £000	Pension Contribution Made by the Council 2023/24 £	Pension Contribution Made by the Council 2022/23 £
<p>P Manning Executive Director of Finance and Corporate Resources (To 2 January 2024)</p> <p>Chief Executive and Executive Director of Finance and Corporate Resources (From 3 January 2024 to 10 March 2024) Chief Executive (From 11 March 2024)</p>	Pension Lump Sum	82 104	10 5	24,127  8,551	30,114
<p>J Taylor Section 95 Officer (From 3 January 2024 to 10 March 2024)</p> <p>Executive Director of Finance and Corporate Resources (From 11 March 2024)</p>	Pension Lump Sum	54 56	n/a n/a	4,048  1,693	n/a  n/a
<p>D Booth Executive Director of Community and Enterprise Resources</p>	Pension Lump Sum	67 99	9 8	29,872	27,777
<p>S Gibson Executive Director of Housing and Technical Resources (From 21 November 2022)</p>	Pension Lump Sum	6 -	5 -	29,458	10,111
<p>T McDaid Executive Director of Education Resources (To 16 June 2023)</p>	Pension Lump Sum	54 71	4 -	6,382	28,556
<p>C McKenzie Executive Director of Education Resources (From 19 June 2023)</p>	Pension Lump Sum	19 -	n/a n/a	23,137	n/a
<p>S Sengupta Executive Director of Health and Social Care (Note 1)</p>	Pension Lump Sum	8 -	3 -	30,284	28,168

Name and Post Title		Accrued Pension Benefits to 31 March 2024 £000	Movement in Accrued pension Benefits since 31 March 2023 £000	Pension Contribution Made by the Council 2023/24 £	Pension Contribution Made by the Council 2022/23 £
L Purdie Chief Social Work Officer	Pension Lump Sum	60 84	6 5	22,844	21,446
D Lowe Executive Director of Housing and Technical Resources (To 30 September 2022)	Pension Lump Sum	n/a n/a	n/a n/a	-	14,333
A Finnan Acting Executive Director of Housing and Technical Resources (From 3 October 2022 to 20 November 2022)	Pension Lump Sum	n/a n/a	n/a n/a	-	3,725
<b>Total</b>				<b>208,770</b>	<b>198,785</b>

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 duties.

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

Name and Post Title		Accrued Pension Benefits to 31 March 2024 £000	Movement in Accrued pension Benefits since 31 March 2023 £000	Pension Contribution 2023/24 £	Pension Contribution 2022/23 £
K Morrison General Manager of South Lanarkshire Leisure and Culture Ltd	Pension Lump Sum	24 19	21 19	21,466	19,463
S Barr Chief Executive of Routes to Work South	Pension Lump Sum	- -	- -	6,592	6,216
<b>Total</b>				<b>28,038</b>	<b>25,679</b>

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 2020 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		Accrued Pension Benefits to 31 March 2024 £000	Movement in Accrued pension Benefits since 31 March 2023 £000	Pension Contribution Made by the Council 2023/24 £	Pension Contribution Made by the Council 2023/24 £
A Allison Opposition Leader – Conservative (From 1 April 2022 to 5 May 2022)  Opposition Leader – Second Opposition (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	4 -	1 -	5,134	4,835
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 2024)	Pension Lump Sum	8 2	1 -	4,632	4,362
M Chalmers Depute Leader of the Council (From 1 April 2022 to 5 May 2022)  Depute Opposition Leader (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	4 -	1 -	5,134	4,905
G Convery Depute Opposition Leader – Labour (From 1 April 2022 to 5 May 2022)  Depute Leader (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	1 -	- -	5,888	1,995
M Cooper Provost (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	6 -	2 -	6,790	5,760
M Devlin Business Manager – Opposition (From 1 April 2022 to 5 May 2022)  Business Manager Ruling Group (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	6 -	1 -	5,888	5,427

Name and Post Title		Accrued Pension Benefits to 31 March 2024 £000	Movement in Accrued pension Benefits since 31 March 2023 £000	Pension Contribution Made by the Council 2023/24 £	Pension Contribution Made by the Council 2023/24 £
J Fagan Opposition Leader – Labour (From 1 April 2022 to 5 May 2022)  Leader of the Council (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	5 -	2 -	9,052	8,299
A Falconer Hamilton Area Committee Chair (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	5 -	1 -	4,632	3,930
L Hamilton Education Resources Committee Chair (From 18 May 2022 to 15 January 2023)  Education Resources Committee Chair (From 16 April 2023 to 31 March 2024)	Pension Lump Sum	6 -	1 -	5,474	3,700
M Horsham Business Manager Opposition (From 18 May 2022 to 22 October 2023)	Pension Lump Sum	3 -	1 -	2,602	3,930
G Keatt Education Resources Committee Chair (From 16 January 2023 to 15 April 2024)	Pension Lump Sum	1 -	- -	235	1,142
C McClymont Clydesdale Area Committee Chair (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	6 -	2 -	4,632	3,930
L McDonald Finance and Corporate Resources Committee Chair (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	1 -	- -	5,709	4,843
M McGeever Climate Change Committee Chair (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	3 -	1 -	5,709	4,843

<b>Name and Post Title</b>		<b>Accrued Pension Benefits to 31 March 2024</b>	<b>Movement in Accrued pension Benefits since 31 March 2023</b>	<b>Pension Contribution Made by the Council 2023/24</b>	<b>Pension Contribution Made by the Council 2023/24</b>
		<b>£000</b>	<b>£000</b>	<b>£</b>	<b>£</b>
D McLachlan Housing and Technical Resources Committee Chair (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	8 -	1 -	5,709	4,843
R Nelson Planning Committee Chair (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	3 -	- -	5,709	4,843
G Thomson Depute Provost (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	1 -	- -	5,637	4,782
M Walker Social Work Resources Committee Chair (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	3 -	- -	5,709	4,843
J Anderson Community and Enterprise Resources Committee Chair (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	n/a n/a	n/a n/a	-	550
J Bradley Social Work Resources Committee Chair (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	n/a n/a	n/a n/a	-	550
R Brown Community and Enterprise Resources Committee Chair (From 18 May 2022 to 31 March 2024)	Pension Lump Sum	n/a n/a	n/a n/a	-	3,335
P Craig Business Manager Majority Party (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	n/a n/a	n/a n/a	-	550
I Dorman Planning Committee Chair (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	n/a n/a	n/a n/a	-	550
G Ferguson-Miller Finance and Corporate Resources Committee Chair (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	n/a n/a	n/a n/a	-	550

Name and Post Title		Accrued Pension Benefits to 31 March 2024 £000	Movement in Accrued pension Benefits since 31 March 2023 £000	Pension Contribution Made by the Council 2023/24 £	Pension Contribution Made by the Council 2023/24 £
K Loudon Education Resources Committee Chair (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	n/a n/a	n/a n/a	-	550
I McAllan Provost (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	n/a n/a	n/a n/a	-	634
D Shearer Licensing Committee Chair (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	n/a n/a	n/a n/a	-	433
<b>Total</b>				<b>94,275</b>	<b>88,914</b>
<b>Councillors with Joint Board Responsibilities</b>					
W Brogan Convener Lanarkshire Valuation Joint Board (From 27 June 2022 to 31 March 2023)	Pension Lump Sum	8 2	1 2	4,850	3,597
L Hamilton Depute Convener Lanarkshire Valuation Joint Board (From 1 April 2022 to 5 May 2022)	Pension Lump Sum	- -	- -	-	430
<b>Total</b>				<b>4,850</b>	<b>4,027</b>

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 Convener.

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

Recharge to Lanarkshire Valuation Joint Board in 2023/2024 - £971 (2022/2023 - £788)



### 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 2023 to 31 March 2024 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	177
FTE Employee Number	151.17

### Percentage of Time Spent on Facility Time

% Time	Number of Representatives
0%	45
1% - 50%	124
51% - 99%	3
100%	5

### Percentage of Pay Bill Spent on Facility Time

Total cost of facility time	£640,359
Total pay bill	£721,919,907
Percentage of the total pay bill spent on facility time	0.08%

### Paid Trade Union Activities

Time spent on paid Trade Union activities as a percentage of total paid facility time hours	7.08%
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Councillor Joe Fagan  
Leader of the Council

Paul Manning  
Chief Executive

## 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.

2022/23				2023/24		
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000
207,615	40,192	167,423	Community and Enterprise Resources	199,435	39,128	160,307
470,521	50,652	419,869	Education Resources	490,181	53,097	437,084
132,358	75,167	57,191	Finance and Corporate Resources	122,327	72,466	49,860
			Housing and Technical Resources			
108,058	101,531	6,527	- Housing Revenue Account	115,202	105,649	9,553
87,463	53,842	33,621	- Housing Other	81,368	55,198	26,170
503,604	262,552	241,052	Social Work Resources	505,694	266,428	239,266
2,151	0	2,151	Joint Board	2,052	-	2,052
12,564	8,694	3,870	Corporate Items	2,377	12,003	(9,626)
115	-	115	Corporate and Democratic Core (HRA)	117	-	117
-	-	-	Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-
<b>1,524,449</b>	<b>592,630</b>	<b>931,819</b>	<b>Net Cost of Services</b>	<b>1,518,753</b>	<b>603,969</b>	<b>914,784</b>
-	2,284	(2,284)	Other Operating Expenditure (Note 9)	650	-	650
62,969	4,587	58,382	Financing and Investment (Income) and Expenditure (Note 10)	36,755	16,127	20,627
-	881,636	(881,636)	Taxation and Non-Specific Grant Income (Note 11)	-	913,708	(913,708)
<b>1,587,418</b>	<b>1,481,137</b>	<b>106,281</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>1,556,158</b>	<b>1,533,804</b>	<b>22,354</b>
		(64,209)	(Surplus) / Deficit on Revaluation of Fixed Assets			29,649
		(167,268)	Remeasurement of Pension Liability / (Asset)			87,095
		<b>(231,477)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>116,744</b>
		<b>(125,195)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>139,098</b>

## 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 2023	Note	31 March 2024	
£000		£000	
3,748,327	Property, Plant and Equipment	20	3,734,534
3,826	Heritage Assets	21	3,853
190	Intangible Assets	21	138
1,809	Long Term Debtors		1,793
52,761	Other Long Term Assets (Pension)	30	-
<b>3,806,913</b>	<b>Non Current Assets</b>		<b>3,740,318</b>
70,458	Short Term Investments		-
4,317	Inventories		4,814
81,264	Short Term Debtors	23	102,248
3,408	Assets Held for Sale	21	168
65,890	Cash and Cash Equivalents (see cash flow notes)		12,241
<b>225,337</b>	<b>Current Assets</b>		<b>119,471</b>
(31,111)	Short Term Borrowing	33	(63,181)
(226,024)	Short Term Creditors	25	(203,943)
-	Contract Liability – IFRS15	7	-
(7,098)	Other Short Term Liabilities (PPP / Finance Leases)	28	(7,390)
(2,454)	Provisions	26	(1,676)
(1,320)	Receipts in Advance	27	(1,331)
<b>(268,007)</b>	<b>Current Liabilities</b>		<b>(277,521)</b>
(598)	Long Term Provisions	26	(536)
(1,014,532)	Long Term Borrowing	33	(980,762)
(172,036)	Other Long Term Liabilities (PPP / Finance Lease)	28	(164,646)
(115,321)	Other Long Term Liabilities (Pension)	30	(113,666)
<b>(1,302,487)</b>	<b>Long Term Liabilities</b>		<b>(1,259,610)</b>
<b>2,461,756</b>	<b>Net Assets</b>		<b>2,322,658</b>
176,941	Usable Reserves		133,603
2,284,815	Unusable Reserves		2,189,055
<b>2,461,756</b>	<b>Total Reserves</b>		<b>2,322,658</b>

The notes on pages 61 to 116 form part of the financial statements. The unaudited accounts were authorised for issue on 25 June 2024.



Jackie Taylor  
Executive Director (Finance and Corporate Resources)

25 June 2024

## 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 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
<b>Balance at 1 April 2023</b>	<b>150,283</b>	<b>12,861</b>	<b>7,610</b>	<b>1,411</b>	<b>4,776</b>	<b>-</b>	<b>176,941</b>	<b>2,284,815</b>	<b>2,461,756</b>
<b><u>Movement in reserves during 2023/24</u></b>									
<b>Total Comprehensive Expenditure and Income</b>	<b>(30,687)</b>	<b>8,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,354</b>	<b>(116,744)</b>	<b>(139,098)</b>
Adjustments to usable reserves permitted by accounting standards (note 8)	13,723	17,344	-	-	-	-	<b>31,067</b>	(31,067)	-
Adjustments between accounting basis and funding basis under regulations (note 8)	(28,569)	(25,318)	-	-	-	1,838	<b>(52,049)</b>	52,049	-
<b>Net Increase / (Decrease) before Transfers to Reserves</b>	<b>(45,533)</b>	<b>360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,838</b>	<b>(43,337)</b>	<b>(95,761)</b>	<b>(139,098)</b>
Transfers to/ (from) Reserves	4,939	-	(2,263)	(1,216)	(801)	(660)	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>(40,596)</b>	<b>360</b>	<b>(2,263)</b>	<b>(1,216)</b>	<b>(801)</b>	<b>1,178</b>	<b>(43,337)</b>	<b>(95,761)</b>	<b>(139,098)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>109,687</b>	<b>13,221</b>	<b>5,346</b>	<b>195</b>	<b>3,975</b>	<b>1,178</b>	<b>133,603</b>	<b>2,189,055</b>	<b>2,322,658</b>

	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
<b>Balance at 1 April 2022</b>	<b>122,424</b>	<b>16,241</b>	<b>6,496</b>	<b>1,295</b>	<b>4,115</b>	<b>1,615</b>	<b>152,186</b>	<b>2,184,375</b>	<b>2,336,561</b>
<b><u>Movement in reserves during 2022/23</u></b>									
<b>Total Comprehensive Expenditure and Income</b>	<b>(106,587)</b>	<b>306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(106,281)</b>	<b>231,477</b>	<b>125,196</b>
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)	-
<b>Net Increase / (Decrease) before Transfers to Reserves</b>	<b>(31,955)</b>	<b>(3,990)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>967</b>	<b>(34,978)</b>	<b>160,174</b>	<b>125,196</b>
Transfers to/ (from) Reserves	59,814	610	1,114	116	661	(2,582)	59,733	(59,733)	-
<b>Increase / (Decrease) in Year</b>	<b>27,859</b>	<b>(3,380)</b>	<b>1,114</b>	<b>116</b>	<b>661</b>	<b>(1,615)</b>	<b>24,755</b>	<b>100,441</b>	<b>125,196</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>150,283</b>	<b>12,861</b>	<b>7,610</b>	<b>1,411</b>	<b>4,776</b>	<b>-</b>	<b>176,941</b>	<b>2,284,815</b>	<b>2,461,756</b>

## 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.

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
(106,281)	Net surplus / (deficit) on the provision of services	(22,354)
207,857	Adjust net surplus / deficit on the provision of services for non cash movements	27,888
(64,264)	Adjust for items included in the net surplus / deficit on the provision of services that are investing and financing activities	(66,944)
37,312	Net cash flows from Operating Activities	(61,410)
(98,557)	Investing Activities	16,627
35,659	Financing Activities	(8,868)
(25,586)	Net increase / (decrease) in cash and cash equivalents	(53,651)
91,476	Cash and cash equivalents at the beginning of the reporting period	65,890
<b>65,890</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>12,240</b>

## Cash Flow Statement Note – Non-Cash Movements

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

<b>31 March</b> <b>2023</b> <b>£000</b>		<b>31 March</b> <b>2024</b> <b>£000</b>
95,796	Depreciation, impairment and amortisation of assets	103,289
29,046	Movement in creditors	(22,385)
7,449	Movement in debtors	(20,984)
(528)	Movement in inventories	(479)
69,383	Movement in pension liability	(35,989)
6,711	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	4,454
	Other non cash items charged to the net surplus / deficit on the provision of services	-
<b>207,857</b>	<b>Net cash flows from the provision of services for non cash movements</b>	<b>27,888</b>

## 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:

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
(55,270)	Capital grants and contributions	(63,140)
(8,994)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,804)
<b>(64,264)</b>	<b>Net cash flows from items included in the net surplus / (deficit) on the provision of services that are investing and financing activities</b>	<b>(66,944)</b>

## Cash Flow Statement Note – Investing Activities

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
(123,666)	Purchase of property, plant and equipment and intangible assets	(120,334)
(274,054)	Purchase of short term investments	(93,000)
8,994	Proceeds from the sale of property, plant and equipment and intangible assets	3,804
229,049	Proceeds from short term investments	163,000
61,120	Other receipts from investing activities	63,157
<b>(98,557)</b>	<b>Net cash flows from investing activities</b>	<b>16,627</b>

### Cash Flow Statement Note – Financing Activities

2022/23 £000		2023/24 £000
86,700	Cash receipts of short term and long term borrowing	20,000
(7,157)	Cash payments for the reduction of the outstanding liabilities relating to finance leases for PPP contracts	(7,098)
(43,884)	Repayments of short term and long term borrowing	(21,770)
<b>35,659</b>	<b>Net cash flows from financing activities</b>	<b>(8,868)</b>

### Cash Flow Statement Note – Cash and Cash Equivalents

31 March 2023 £000		31 March 2024 £000
103	Cash held by officers	103
(25,172)	Bank current accounts	(1,070)
90,959	Short term deposits	13,207
<b>65,890</b>	<b>Total cash and cash equivalents</b>	<b>12,240</b>

The credit figures shown against Bank Accounts in 2024 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.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by The Code:

- IFRS 16 Leases - Implementation of IFRS 16 Leases will be mandatorily implemented in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2024/25. Therefore, with effect from 2024/25 the Board will adopt this new accounting standard for Leases. This standard replaces IAS 17 Leases and removes the operating classification for leases where the Board acts as lessee, eliminating the ability for organisations to keep operating leases off balance sheet, by reporting them as a note to the accounts.

This means that, for lease arrangements previously accounted for as operating leases, a right-of-use (ROU) asset and a lease liability will be brought onto the balance sheet as at 1 April 2024. Exemptions are applicable for low value and short-term leases.

The Council, as a lessee, had formerly classified leases into either operating or finance leases, depending on whether it met the criteria for transferring the majority of the risks and rewards relating to ownership. Under IFRS 16 the Board will recognise ROU assets and lease liabilities on the balance sheet for most leases.

It has been identified that short term leases – those that have a lease term of 12 months or less, and leases of low value assets will not be recognised in accordance with exemption guidelines.

IFRS 16 will be applied retrospectively, but with a cumulative effect being recognised as at 1 April 2024. Therefore, the ROU asset and lease liabilities will be calculated as if IFRS 16 had previously been applied but will only be recognised in 2024/25 with no prior year adjustments required.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period;
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
  - clarify how lending conditions affect classification; and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

This amendment is not expected to have a significant impact on the financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions. This amendment is not expected to have a significant impact on the financial statements.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants. This amendment is not expected to have a significant impact on the financial statements.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and
  - targeted disclosure requirements for affected entities.

These amendments to IAS 12 are not likely to significantly affect the Council's transactions.

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows; and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

The above amendment is not expected to have a material 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 2024 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 £36.557m.</p> <p>However, the assumptions interact in complex ways. During 2023/2024, the council's actuaries advised that the net pension liability had increased by £137.234m as a result of the return on fixed assets and estimates being corrected through experience and had decreased by £279.302m attributable to the updating of the demographic and financial assumptions and estimates being corrected through experience.</p> <p>For 2023/2024, 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 22/23 pension liability and the 23/24 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Due to statutory mitigation, there would be no impact on the council's usable reserves.</p>
Property, Plant and Equipment – Useful Life	<p>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.</p>	<p>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.</p>

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:

<b>Item</b>	<b>Nature</b>	<b>Amount £000</b>
Housing Benefit / Discretionary Housing Payment Paid	Benefit paid to support customers on low income with Housing rent costs	63,798
Housing Benefit / Discretionary Housing Benefit Received	Benefit received to support customers on low income with Housing rent costs	58,776



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

<b>2023/24</b>				
	<b>Adjustments for Capital Purposes (Note a) £000</b>	<b>Net change for the Pensions Adjustments (Note b) £000</b>	<b>Other Differences (Note c) £000</b>	<b>Total Adjustments between Funding and Accounting Basis £000</b>
Community and Enterprise Resources	23,665	(766)	(116)	22,783
Education Resources	26,136	(1,037)	(27,955)	(2,856)
Finance and Corporate Resources	2,078	(348)	126	1,856
Housing and Technical Resources				
- Housing Revenue Account	18,217	(124)	(8,180)	9,913
- Housing Other	9,918	(376)	196	9,738
Social Work Resources	3,224	(981)	(181)	2,062
Joint Board	-	-	-	-
Corporate Items	-	(45)	4,612	4,567
Corporate and Democratic Core (HRA)	-	-	117	117
Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-	-
<b>Net Cost of Services</b>	<b>83,238</b>	<b>(3,677)</b>	<b>(31,381)</b>	<b>48,180</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(67,489)	(32,312)	28,799	(71,002)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>15,749</b>	<b>(35,989)</b>	<b>(2,582)</b>	<b>(22,822)</b>

<b>2022/23</b>				
	<b>Adjustments for Capital Purposes (Note a) £000</b>	<b>Net change for the Pensions Adjustments (Note b) £000</b>	<b>Other Differences (Note c) £000</b>	<b>Total Adjustments between Funding and Accounting Basis £000</b>
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)	-	-	-	-
<b>Net Cost of Services</b>	<b>65,214</b>	<b>64,189</b>	<b>(28,699)</b>	<b>100,704</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(61,250)	5,194	25,688	(30,368)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>3,964</b>	<b>69,383</b>	<b>(3,011)</b>	<b>70,336</b>

**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)**

2022/23 £000		2023/24 £000
70,336	Adjustments between Funding and Accounting Basis as per EFA	(22,822)
8,994	Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve (Note 8)	3,804
(8,027)	Use of Capital Receipts Reserve to finance capital expenditure (Note 8)	(1,966)
<b>71,303</b>	<b>Adjustments between Funding and Accounting Basis as per MIRS</b>	<b>(20,984)</b>

## Note 6 Expenditure and Income Analysed by Nature

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

	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	2023/24 Total £000	2022/23 Total £000
<b>Expenditure</b>											
Employee Benefits Expenses	96,677	344,594	38,328	9,748	47,762	118,010	-	(14)	-	655,105	694,426
Other Services Expenditure	79,023	119,451	81,127	67,186	23,688	384,460	2,052	2,391	117	759,565	734,227
Support Services Recharges	-	-	-	-	-	-	-	-	-	-	-
Depreciation, Amortisation, Impairment	23,665	26,136	1,927	38,268	9,918	3,224	-	-	-	103,138	95,796
Interest Payment	-	-	-	-	-	-	-	-	69,598	69,598	59,710
Pension Net Interest Expense	-	-	-	-	-	-	-	-	(32,312)	(32,312)	5,193
Impairment on Financial Instruments	-	-	-	-	-	-	-	-	(531)	(531)	(1,934)
Loss on the Disposal of Assets	-	-	-	-	-	-	-	-	650	650	-
<b>Total Expenditure</b>	<b>199,435</b>	<b>490,181</b>	<b>121,382</b>	<b>115,202</b>	<b>81,368</b>	<b>505,694</b>	<b>2,052</b>	<b>2,377</b>	<b>37,522</b>	<b>1,555,213</b>	<b>1,587,418</b>
<b>Income</b>											
Fees and Charges and Other Service Income	33,241	6,091	1,564	105,649	47,378	207,483	-	12,003	-	413,409	433,248
Interest and Investment Income	-	-	-	-	-	-	-	-	16,069	16,069	4,814
Impairment on Financial Instruments	-	-	-	-	-	-	-	-	58	58	(227)
Gain on the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	2,284
Income from Council Tax	-	-	-	-	-	-	-	-	159,053	159,053	148,958
Government Grants and Contributions	5,887	47,006	69,957	-	7,820	58,945	-	-	754,655	944,270	892,060
<b>Total Income</b>	<b>39,128</b>	<b>53,097</b>	<b>71,521</b>	<b>105,649</b>	<b>55,198</b>	<b>266,428</b>	<b>-</b>	<b>12,003</b>	<b>929,835</b>	<b>1,532,859</b>	<b>1,481,137</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>160,307</b>	<b>437,084</b>	<b>49,861</b>	<b>9,553</b>	<b>26,170</b>	<b>239,266</b>	<b>2,052</b>	<b>(9,626)</b>	<b>(892,313)</b>	<b>22,354</b>	<b>106,281</b>

## Note 7 Revenue from Contracts with Service Recipients

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

2022/23 £000		2023/24 £000
44,877	Revenue from contracts with service recipients	44,754
-	Impairment of receivables or contract assets	-
<b>44,877</b>	<b>Total included in Comprehensive Income and Expenditure Statement</b>	<b>44,754</b>

Amounts included in Balance Sheet for contracts with service recipients.

2022/23 £000		2023/24 £000
-	Receivables which are included in debtors (note 23)	-
-	Contract Assets	-
-	Contract Liabilities	-
-	<b>Total Included in Net Assets</b>	-

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

2022/23 Contract Asset £000	2022/23 Contract Liability £000		2023/24 Contract Asset £000	2023/24 Contract Liability £000
-	-	Contract assets and liabilities at the beginning of the year	-	-
-	-	Increases / decreases due to cash received (paid)	-	-
-	-	<b>Transfers from contract assets / (liabilities) recognised at the beginning of the period to receivables (payables)</b>	-	-
-	-	Changes as a result of changes in the measure of progress	-	-
-	-	<b>Contract assets and liabilities at the end of the year</b>	-	-

## 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.



<b>Usable Reserves</b>							
<b>2023/24</b>	<b>General Fund Balance £000</b>	<b>Housing Revenue Account £000</b>	<b>Repairs And Renewals Fund £000</b>	<b>Insurance Fund £000</b>	<b>Capital Statutory Funds £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Total £000</b>
<b>Adjustments to Usable Reserves Permitted by Accounting Standards</b>							
Adjustment for the Revaluation Element of Depreciation	13,723	17,344	-	-	-	-	31,067
<b>Total Adjustments to Usable Reserves Permitted by Accounting Standards</b>	<b>13,723</b>	<b>17,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,067</b>
<b>Statutory Adjustments (Between Accounting and Funding Basis)</b>							
<b>Adjustments to Revenue Resources</b>							
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	(34,770)	(1,219)	-	-	-	-	(35,989)
▪ Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(270)	(90)	-	-	-	-	(360)
▪ Holiday Pay (transferred to (or from) the Accumulated Absences Reserve)	452	(14)	-	-	-	-	438
▪ 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)	49,692	23,713	-	-	-	-	73,405
<b>Total Adjustments to Revenue Resources</b>	<b>15,104</b>	<b>22,390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,494</b>
<b>Adjustments between Revenue and Capital Resources</b>							
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(1,838)	(1,966)	-	-	-	3,804	-
Statutory Provision for the repayment of debt (transfer from Capital Adjustment Account)	(2,660)	-	-	-	-	-	(2,660)
Capital expenditure financed from revenue balances (transfer to Capital Adjustment Account)	(1,730)	(20,046)	-	-	-	-	(21,776)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(6,228)</b>	<b>(22,012)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,804</b>	<b>(24,436)</b>
<b>Adjustments to Capital Resources</b>							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	(1,966)	(1,966)
Application of capital grants to finance capital expenditure	(37,445)	(25,695)	-	-	-	-	(63,140)
<b>Total Adjustments to Capital Resources</b>	<b>(37,445)</b>	<b>(25,695)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,966)</b>	<b>(65,106)</b>
<b>Total Statutory Adjustments (Between Accounting and Funding Basis)</b>	<b>(28,569)</b>	<b>(25,317)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,838</b>	<b>(52,048)</b>
Total Adjustments to Usable Reserves Permitted by Accounting Standards	13,723	17,344	-	-	-	-	31,067
Total Statutory Adjustments (Between Accounting and Funding Basis)	(28,569)	(25,317)	-	-	-	1,838	(52,048)
Total Comprehensive Expenditure and Income	(30,687)	8,333	-	-	-	-	(22,354)
<b>Net Increase / (Decrease) before transfers to / (from) Reserves</b>	<b>(45,533)</b>	<b>360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,838</b>	<b>(43,337)</b>
Transfers to / (from) Reserves	(4,939)	-	(2,263)	(1,216)	(801)	(660)	-
<b>Increase / (Decrease) in Year</b>	<b>(40,596)</b>	<b>360</b>	<b>(2,263)</b>	<b>(1,216)</b>	<b>(801)</b>	<b>1,178</b>	<b>(43,337)</b>

<b>Usable Reserves</b>							
<b>2022/23</b>	<b>General Fund Balance £000</b>	<b>Housing Revenue Account £000</b>	<b>Repairs And Renewals Fund £000</b>	<b>Insurance Fund £000</b>	<b>Capital Statutory Funds £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Total £000</b>
<b>Adjustments to Usable Reserves Permitted by Accounting Standards</b>							
Adjustment for the Revaluation Element of Depreciation	13,161	18,499	-	-	-	-	31,660
<b>Total Adjustments to Usable Reserves Permitted by Accounting Standards</b>	<b>13,161</b>	<b>18,499</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,660</b>
<b>Statutory Adjustments (Between Accounting and Funding Basis)</b>							
<b>Adjustments to Revenue Resources</b>							
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)	41,643	20,849	-	-	-	-	62,492
<b>Total Adjustments to Revenue Resources</b>	<b>107,915</b>	<b>23,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,388</b>
<b>Adjustments between Revenue and Capital Resources</b>							
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(967)	(8,027)	-	-	-	8,994	-
Retrospective Benefit from applying the revised guidance on Service Concessions	-	-	-	-	-	-	-
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)	-	-	-	-	(29,448)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(4,365)</b>	<b>(34,077)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,994</b>	<b>29,448</b>
<b>Adjustments to Capital Resources</b>							
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)
<b>Total Adjustments to Capital Resources</b>	<b>(43,056)</b>	<b>(12,214)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,027)</b>	<b>(63,297)</b>
<b>Total Statutory Adjustments (Between Accounting and Funding Basis)</b>	<b>(47,781)</b>	<b>(22,795)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>967</b>	<b>39,643</b>
Total Adjustments to Usable Reserves Permitted by Accounting Standards	13,161	18,499	-	-	-	-	31,660
Total Statutory Adjustments (Between Accounting and Funding Basis)	60,494	(22,818)	-	-	-	967	39,643
Total Comprehensive Expenditure and Income	(106,587)	306	-	-	-	-	(106,281)
<b>Net Increase / (Decrease) before transfers to / (from) Reserves</b>	<b>(32,932)</b>	<b>(4,013)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>967</b>	<b>(35,978)</b>
Transfers to / (from) Reserves	4,077	540	(988)	(1,009)	(219)	(2,401)	-
<b>Increase / (Decrease) in Year</b>	<b>(28,855)</b>	<b>(3,473)</b>	<b>(988)</b>	<b>(1,009)</b>	<b>(219)</b>	<b>(1,434)</b>	<b>(35,978)</b>

**Note 9 Comprehensive Income and Expenditure Statement – Other Operating Expenditure**

<b>2022/23 £000</b>		<b>2023/24 £000</b>
(2,284)	(Gains) / losses on the disposal of non-current assets	650
<b>(2,284)</b>	<b>Total</b>	<b>650</b>

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

<b>2022/23 £000</b>		<b>2023/24 £000</b>
59,710	Interest payable and similar charges	69,598
5,193	Pensions interest cost and expected return on pensions assets	(32,312)
(4,814)	Interest receivable and similar income	(16,069)
(1,707)	Impairment on Financial Instruments	(590)
<b>58,382</b>	<b>Total</b>	<b>20,627</b>

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

<b>2022/23 £000</b>		<b>2023/24 £000</b>
(148,958)	Council Tax income	(159,053)
(422,591)	National Non-Domestic Rates	(341,536)
(254,817)	Non-ringfenced Government grants	(349,979)
(55,270)	Capital grants and contributions	(61,140)
<b>(881,636)</b>	<b>Total</b>	<b>(913,708)</b>

## Note 12 Movements in Usable Reserves

This note sets out the amounts set aside from the General Fund and HRA balances 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 2023/2024.

	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	2023/24 Opening Balance 1 April 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	2023/24 Closing Balance 31 March 2024 £000
Future Budget Strategies – allocated to specific years	33,671	(38,426)	97,716	92,961	92,961	(42,786)	18,836	69,011
Investments (Multi Year)	5,884	(2,931)	946	3,899	3,899	(2,156)	3,293	5,036
Developing Scotland's Young Workforce (Specific funding)	308	-	-	308	308	(308)	-	-
Early Years (Multi-year)	14,465	(2,948)	-	11,517	11,517	(3,806)	-	7,711
Children and Young People Act inc. Getting It Right for Every Child (Multi-year)	684	(7)	-	677	677	(675)	-	2
Pupil Equity Fund (Specific funding)	2,590	(2,590)	905	905	905	(905)	323	323
Discretionary Housing Payments	-	-	115	115	115	(115)	-	-
Warm Welcome Initiative	-	-	299	299	299	(299)	-	-
Alternative Fuel Payments	-	-	191	191	191	(191)	-	-
Energy Bill Support Scheme	-	-	1,055	1,055	1,055	(1,055)	-	-
Wellbeing Day	-	-	600	600	600	(600)	-	-
Multi Year Projects	4,618	(1,111)	-	3,507	3,507	(8)	-	3,499
Schools (Multi-year)	2,578	(1,223)	-	1,355	1,355	(264)	-	1,091
Scheme of Assistance	742	-	-	742	742	-	-	742
Property Masterplan	209	(3)	-	206	206	(206)	-	-
Community and Enterprise Resources including Public Health and Local Plan	1,081	-	-	1,081	1,081	(69)	290	1,302
Social Work and Bequest	21	-	-	21	21	(21)	-	-
Temporary Homelessness / Community Safety (Specific funding)	1,938	(363)	-	1,575	1,575	-	-	1,575
Scottish Welfare Fund	-	-	145	145	145	(145)	-	-
Prevent Grant (Specific funding)	9	-	-	9	9	(9)	-	-
New Initiatives (Multi-year)	912	-	-	912	912	-	-	912
Sanitary Products Funding	339	-	-	339	339	(140)	-	199
Counselling in Schools	1,256	-	-	1,256	1,256	(978)	-	278
Additional Support for Learning	1,189	-	-	1,189	1,189	(707)	-	482
Grants to Voluntary Organisations - Area Grants c/f	123	-	84	207	207	-	-	207
National Trauma Training Programme	50	(38)	-	12	12	-	-	12
Children and Families - Residential Care	2,051	(2,051)	35	35	35	-	-	35
Lanarkshire Valuation Joint Board - Scottish Government funding	118	-	-	118	118	-	-	118
Child Disability Support	83	-	-	83	83	(83)	-	-
Whole Family Wellbeing	187	(58)	-	129	129	(41)	-	88
Telecare Fire and Safety	59	-	-	59	59	-	-	59
Local Heat and Energy Efficient Strategies	-	-	75	75	75	-	25	100
COVID-19 Funding (inc. LACER)	30,061	(18,403)	-	11,658	11,658	(9,338)	-	2,320
Ukraine Resettlement	-	-	-	-	-	-	1,485	1,485

	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	2023/24 Opening Balance 1 April 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	2023/24 Closing Balance 31 March 2024 £000
School Support Assistant Training	-	-	-	-	-	-	57	57
<b>Total Earmarked General Fund</b>	<b>105,226</b>	<b>(70,152)</b>	<b>102,166</b>	<b>137,240</b>	<b>137,240</b>	<b>(64,905)</b>	<b>24,309</b>	<b>96,644</b>
<b>Uncommitted General Fund</b>								
Funding for Future Strategies	4,155	(4,155)	-	-	-	-	-	-
Uncommitted General Fund	13,043	-	-	13,043	13,043	-	-	13,043
<b>Total Uncommitted General Fund</b>	<b>17,198</b>	<b>(4,155)</b>	<b>-</b>	<b>13,043</b>	<b>13,043</b>	<b>-</b>	<b>-</b>	<b>13,043</b>
<b>Total General Fund</b>	<b>122,424</b>	<b>(74,307)</b>	<b>102,166</b>	<b>150,283</b>	<b>150,283</b>	<b>(64,905)</b>	<b>24,309</b>	<b>109,687</b>
<b>Repairs and Renewals</b>								
Crematorium Sinking Fund and Shelter	332	(141)	50	241	241	(241)	-	-
Fleet Sinking Fund	213	-	40	253	253	(253)	40	40
Waste	1,737	-	1,290	3,027	3,027	(36)	-	2,991
Committee Room Audio Visual Upgrade	139	(139)	-	-	-	-	-	-
Repairs and Restorations (Various Projects)	3,671	(136)	150	3,685	3,685	(3,155)	1,363	1,893
Winter Maintenance	404	-	-	404	404	-	18	422
<b>Total Repairs and Renewals</b>	<b>6,496</b>	<b>(416)</b>	<b>1,530</b>	<b>7,610</b>	<b>7,610</b>	<b>(3,685)</b>	<b>1,421</b>	<b>5,346</b>
<b>Capital Fund</b>								
Capital Fund	-	-	-	-	-	-	-	-
Education Capital Items Replacement Fund	2,300	-	406	2,706	2,706	(671)	-	2,035
Adoptions	279	-	-	279	279	-	-	279
IT Development Fund / Digital Transformation	1,369	(68)	-	1,301	1,301	(70)	58	1,289
Central Energy Efficiency Fund	167	(282)	605	490	490	(364)	246	372
<b>Total Capital Fund</b>	<b>4,115</b>	<b>(350)</b>	<b>1,011</b>	<b>4,776</b>	<b>4,776</b>	<b>(1,105)</b>	<b>304</b>	<b>3,975</b>
<b>Total Usable Capital Receipts</b>	<b>1,615</b>	<b>(10,609)</b>	<b>8,994</b>	<b>-</b>	<b>-</b>	<b>(660)</b>	<b>1,838</b>	<b>1,178</b>
<b>Total Insurance Fund</b>	<b>1,295</b>	<b>-</b>	<b>116</b>	<b>1,411</b>	<b>1,411</b>	<b>(1,532)</b>	<b>316</b>	<b>195</b>
<b>Total Housing Revenue Account</b>	<b>16,241</b>	<b>(3,990)</b>	<b>610</b>	<b>12,861</b>	<b>12,861</b>	<b>-</b>	<b>360</b>	<b>13,221</b>
<b>Total Usable Reserves</b>	<b>152,186</b>	<b>(89,672)</b>	<b>114,427</b>	<b>176,941</b>	<b>176,941</b>	<b>(71,887)</b>	<b>28,548</b>	<b>133,603</b>

### **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.

<b>Unusable Reserves</b>						
<b>2023/24</b>	Revaluation Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Pension Reserve £000	Accumulating Compensated Absences Adjustment Account £000	Total £000
<b>Opening Balance</b>	<b>1,395,482</b>	<b>978,675</b>	(4,211)	(62,560)	(22,570)	2,284,815
Movement in Year	(61,928)	17,352	360	(51,106)	(438)	(95,761)
<b>Closing Balance</b>	<b>1,333,554</b>	<b>996,027</b>	<b>(3,851)</b>	<b>(113,666)</b>	<b>(23,008)</b>	<b>2,189,055</b>
Other Comprehensive Income and Expenditure	29,648	-	-	(87,095)	-	(116,743)
<b>Adjustments to Usable Reserves Permitted by Accounting Standards</b>						
Difference Between Fair Value and Historic Cost Depreciation	31,067	31,067	-	-	-	-
<b>Adjustments Between Accounting Basis and Funding Basis Under Regulation</b>						
Charges for Depreciation and Impairment of Non-Current Assets	-	(96,521)	-	-	-	(96,521)
Revaluation Gains / Losses on Property, Plant and Equipment	-	(6,703)	-	-	-	(6,703)
Amortisation of Intangible Assets	-	(66)	-	-	-	(66)
Non-Current Assets Written Off on Disposal or Sale	-	(3,241)	-	-	-	(3,241)
Accumulated Gains on Assets Sold or Scrapped	(1,213)	-	-	-	-	(1,213)
Use of Capital Receipts Reserve to Finance New Capital Expenditure	-	1,966	-	-	-	1,966
Capital Grants and Contributions	-	63,140	-	-	-	63,140
Statutory Charge for the Repayment of Debt	-	3,273	-	-	-	3,273
Statutory Provision for Financing of Capital Investment	-	2,660	-	-	-	2,660
Capital Expenditure Charged Against the General Fund and HRA Balance	-	21,776	-	-	-	21,776
Retrospective Benefit from applying revised Service Concession Guidance	-	-	-	-	-	-
Transfer Between Revaluation Reserve and Capital Adjustment Account	-	-	-	-	-	-
Premiums to be Charged Against the General Fund and HRA Balance	-	-	360	-	-	360
Reversal of Items Relating to Retirement Benefits	-	-	-	(33,620)	-	(33,620)
Employer's Pension Contribution Payable in Year	-	-	-	69,609	-	69,609
Amounts Accrued at the End of the Financial Year	-	-	-	-	(438)	(438)
<b>Total Movement in Year</b>	<b>61,928</b>	<b>17,352</b>	<b>360</b>	<b>(51,106)</b>	<b>(438)</b>	<b>(95,761)</b>

<b>Unusable Reserves</b>						
<b>2022/23</b>	<b>Revaluation Reserve £000</b>	<b>Capital Adjustment Account £000</b>	<b>Financial Instruments Adjustment Account £000</b>	<b>Pension Reserve £000</b>	<b>Accumulating Compensated Absences Adjustment Account £000</b>	<b>Total £000</b>
<b>Opening Balance</b>	<b>1,362,958</b>	<b>1,009,130</b>	<b>(4,571)</b>	<b>(160,445)</b>	<b>(22,697)</b>	<b>2,184,375</b>
Restatement of 2020/2021 Balance**	32,524	(30,455)	360	97,885	127	100,441
<b>Revised Opening Balance</b>	<b>1,395,482</b>	<b>978,675</b>	<b>(4,211)</b>	<b>(62,560)</b>	<b>(22,570)</b>	<b>2,284,815</b>
Movement in Year						
<b>Closing Balance</b>	<b>64,209</b>	<b>-</b>	<b>-</b>	<b>167,268</b>	<b>-</b>	<b>231,477</b>
Other Comprehensive Income and Expenditure						
	(31,660)	-	-	-	-	(31,660)
<b>Adjustments to Usable Reserves Permitted by Accounting Standards</b>						
Difference Between Fair Value and Historic Cost Depreciation						
	-	(66,021)	-	-	-	(66,021)
<b>Adjustments Between Accounting Basis and Funding Basis Under Regulation</b>						
	-	1,962	-	-	-	1,962
Charges for Depreciation and Impairment of Non Current Assets	-	(75)	-	-	-	(75)
Revaluation Gains / Losses on Property, Plant and Equipment	-	(6,637)	-	-	-	(6,637)
Amortisation of Intangible Assets	(73)	-	-	-	-	(73)
Non Current Assets Written Off on Disposal or Sale	-	8,027	-	-	-	8,027
Accumulated Gains on Assets Sold or Scrapped	-	55,270	-	-	-	55,270
Use of Capital Receipts Reserve to Finance New Capital Expenditure	-	7,352	-	-	-	7,352
Capital Grants and Contributions	-	2,524	-	-	-	2,524
Statutory Charge for the Repayment of Debt	-	26,924	-	-	-	26,924
Statutory Provision for Financing of Capital Investment	-	(59,733)	-	-	-	(59,733)
Capital Expenditure Charged Against the General Fund and HRA Balance	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
<b>Total Movement in Year</b>	<b>32,524</b>	<b>(30,455)</b>	<b>360</b>	<b>97,885</b>	<b>127</b>	<b>100,441</b>



## Note 14 Members Allowances

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

	2023/24 £	2022/23 £
Salaries	1,169,378	1,138,350
Mileage Allowance	20,177	17,563
Expenses	3,083	4,708
<b>Total</b>	<b>1,192,638</b>	<b>1,160,621</b>

## Note 15 External Audit Costs

The council has incurred the following external audit costs:

	2023/24 £000	2022/23 £000
Fee payable to Audit Scotland for external audit services	622	586
<b>Total</b>	<b>622</b>	<b>586</b>

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 (2022/2023: 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 (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 6.

### Officers

During 2023/2024, one senior officer of the Council (Executive Director of Finance and Corporate Resources) declared an interest in any RegenFX Youth Trust. No senior officer declared an interest of close family members in any organisations outwith those controlled or significantly influenced by the council.

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.

The total remuneration paid to senior officers is shown in the Remuneration Report on page 35.

### 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 78), 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 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

	2023/24 Receipts £000	2023/24 Payments £000	2022/23 Receipts £000	2022/23 Payments £000
<b>Subsidiaries:</b>				
Common Good Fund	39	-	46	78
Routes to Work South	-	2,565	-	1,810
South Lanarkshire Leisure and Culture Limited	3,367	23,330	2,968	25,013
<b>Total Subsidiaries</b>	<b>3,406</b>	<b>25,895</b>	<b>3,014</b>	<b>26,901</b>
<b>Joint Ventures:</b>				
South Lanarkshire HSCP Integration Joint Board	245,067	195,709	230,654	173,108
<b>Total Joint Ventures</b>	<b>245,067</b>	<b>195,709</b>	<b>230,654</b>	<b>173,108</b>
<b>Joint Boards:</b>				
Lanarkshire Valuation Joint Board	165	2,004	163	2,103
Strathclyde Concessionary Travel Scheme Joint Committee	19	15,722	1,664	13,878
Strathclyde Partnership for Transport	-	617	-	604
<b>Total Joint Boards</b>	<b>184</b>	<b>18,343</b>	<b>1,827</b>	<b>16,585</b>
<b>Other Entities:</b>				
Clyde Valley Learning and Development Joint Committee	59	13	59	10
Regen FX Youth Trust	-	508	-	115
SEEMIS Group LLP	85	366	84	368
<b>Total Other Entities</b>	<b>144</b>	<b>887</b>	<b>143</b>	<b>493</b>
<b>Total</b>	<b>248,801</b>	<b>240,834</b>	<b>235,638</b>	<b>217,087</b>

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

	2023/24 £	2022/23 £
Strathclyde Partnership for Transport	-	1,664
South Lanarkshire Leisure and Culture Limited	-	1,520
South Lanarkshire Health and Social Care Partnership	(2,809)	(8,863)

## 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, became South Lanarkshire Leisure and Culture Limited in October 2010 and from 3 April 2023, the status of South Lanarkshire Leisure and Culture Limited changed from a Charitable Trust to a Scottish Charitable Incorporated Organisation (SCIO). The SCIO 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.

## 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 2023/2024, 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:

	2023/24 £000	2022/23 £000
Contribution made to South Lanarkshire HSCP Integration Joint Board	195,709	173,108
Commissioning income received from South Lanarkshire HSCP Integration Joint Board	245,067	230,654
South Lanarkshire HSCP Integration Joint Board due (to)/from South Lanarkshire Council	(2,809)	(8,863)

## 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 2023/2024 was £3.316 million (2022/2023 £3.316 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 (2022/2023 were £2.476 million).

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

	<b>31 March 2024 £000</b>	<b>31 March 2023 £000</b>
Not later than one year	4,445	4,445
Later than one year and not later than five years	9,934	9,934
Later than five years	34,646	34,646
<b>Total</b>	<b>49,025</b>	<b>49,025</b>

The sub lease payments receivable in future years are:

	<b>31 March 2024 £000</b>	<b>31 March 2023 £000</b>
Not later than one year	319	319
Later than one year and not later than five years	356	356
Later than five years	-	-
<b>Total</b>	<b>675</b>	<b>675</b>

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

	<b>2023/24 £000</b>	<b>2022/23 £000</b>
Minimum lease payments	5,792	5,792
Sublease payments receivable	(368)	(368)
<b>Total</b>	<b>5,424</b>	<b>5,424</b>

## 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 2022-27, 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:

	<b>2023/24 £000</b>	<b>2022/23 £000</b>
Not later than one year	4,473	4,473
Later than one year and not later than five years	10,043	10,043
Later than five years	95,136	95,136
<b>Total</b>	<b>109,652</b>	<b>109,652</b>

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 2023/2024, no contingent rents were receivable by the council (2022/2023 – nil).

## Note 18 Grant Income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/2024:

	2023/24 £000	2022/23 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Council Tax	159,053	148,958
Non Ring Fenced Government Grants	349,979	254,817
Non Domestic Rate Redistribution	341,536	422,591
<b>Total</b>	<b>850,568</b>	<b>826,366</b>
<b>Credited to Services</b>		
Scottish Government	67,226	64,932
European Grant Funding	6,189	1,508
Skills Development Scotland	710	761
Central Government	63,069	59,664
Lottery	153	150
Creative Scotland	410	410
NHS (incl. Resource Transfer)	51,439	58,778
Other Grants	419	294
<b>Total/</b>	<b>189,615</b>	<b>186,496</b>

## 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 25 June 2024.

There are no events that occurred between 1 April 2024 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 2024, 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 2023/2024:

	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
<b>Cost or Valuation</b>									
As at 1 April 2023	1,531,316	1,896,008	54,316		1,475	10,192	33,096	3,526,403	507,529
Additions	60,084	3,877	4,524	26,732	229	64	24,809	120,319	179
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(122,610)	33,860	-	-	-	47	-	(88,703)	8,225
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(99)	(12,448)	-	-	(119)	(66)	-	(12,732)	-
De-recognition – Disposals	(156)	(3,710)	(3,503)	(89,278)	(11)	(11)	-	(96,669)	-
Assets reclassified from Held for Sale	-	1	-	-	-	479	-	480	-
Other movements in Cost or Valuation	8,579	24,012	1,488	865	53	(453)	(34,544)	-	-
<b>At 31 March 2024</b>	<b>1,477,114</b>	<b>1,941,600</b>	<b>56,825</b>		<b>1,627</b>	<b>10,252</b>	<b>23,361</b>	<b>3,449,098</b>	<b>515,933</b>

	<b>Council Dwellings £000</b>	<b>Other Land And Buildings £000</b>	<b>Vehicles, Plant And Equipment £000</b>	<b>Infrastructure Assets (Note 1) £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment £000</b>	<b>PFI assets Included in Property, Plant and Equipment £000</b>
<b>Accumulated Depreciation and Impairment</b>									
As at 1 April 2023	-	85,317	19,517		9	17	-	104,860	31,682
Depreciation Charge	37605	38,615	9,194	11,096	1	9	-	96,520	9,448
Depreciation written out to the Revaluation Reserve	(37,618)	(21,409)	-	-	-	-	-	(59,027)	(2,846)
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	(6,024)	-	-	-	(5)	-	(6,029)	-
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
De-recognition – Disposals	-	(2,194)	(3,503)	(89,278)	-	-	-	(94,975)	-
Eliminated on reclassification to Assets Held for Sale	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	13	(13)	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>-</b>	<b>94,292</b>	<b>25,208</b>		<b>10</b>	<b>21</b>	<b>-</b>	<b>41,349</b>	<b>38,284</b>

<b>Net book value</b>									
<b>At 31 March 2024</b>	<b>1,477,114</b>	<b>1,847,308</b>	<b>31,617</b>	<b>343,286</b>	<b>1,617</b>	<b>10,231</b>	<b>23,361</b>	<b>3,734,534</b>	<b>477,649</b>
<b>At 31 March 2023</b>	<b>1,531,316</b>	<b>1,810,691</b>	<b>34,799</b>	<b>326,785</b>	<b>1,466</b>	<b>10,175</b>	<b>33,096</b>	<b>3,748,328</b>	<b>475,847</b>

## Movements on Balances

Movements in 2022/2023:

	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
<b>Cost or Valuation</b>									
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)	-
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	-
<b>At 31 March 2023</b>	<b>1,531,317</b>	<b>1,896,013</b>	<b>54,315</b>		<b>1,474</b>	<b>10,190</b>	<b>33,095</b>	<b>3,546,814</b>	<b>507,528</b>



	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
<b>Accumulated Depreciation and Impairment</b>									
As at 1 April 2022	-	74,641	16,782			8	-	91,496	22,268
Depreciation Charge	(37,777)	(20,873)	-	-	-	-	-	(58,650)	(37,777)
Depreciation written out to the Revaluation Reserve	(37,777)	(20,873)	-	-	-	-	-	(58,650)	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	(5,407)	(11)	-	-	-	-	(5,418)	-
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
De-recognition – Disposals	-	-	(6,007)	-	-	-	-	(6,007)	-
Eliminated on reclassification to Assets Held for Sale	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	-	69	-	-	(69)	-	-	-	-
<b>At 31 March 2023</b>	-	<b>85,319</b>	<b>19,517</b>		<b>9</b>	<b>17</b>	-	<b>119,103</b>	<b>31,681</b>

<b>Net book value</b>									
<b>At 31 March 2023</b>	<b>1,531,317</b>	<b>1,810,694</b>	<b>34,798</b>	<b>326,785</b>	<b>1,465</b>	<b>10,173</b>	<b>33,095</b>	<b>3,748,327</b>	<b>475,847</b>
<b>At 31 March 2022</b>	<b>1,490,806</b>	<b>1,769,856</b>	<b>34,559</b>	<b>320,616</b>	<b>3,639</b>	<b>10,891</b>	<b>35,725</b>	<b>3,666,092</b>	<b>484,648</b>

**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 2021 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 2024, 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 2024/2025 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	4,955	Philipshill Cemetery - Extension	327
Housing Investment projects including Heating Projects, Windows and Doors, Fire Doors, External Fabric Upgrades, Roofing and Environmental Works	11,116	Nature Restoration Fund	97
		Renewal of Play Parks - Larkhall	321
		TACT Hall	129
		Rural Development Centre - Lanark	665
		Lanark Road Signalisation	720
		Clyde Bridge	834
		Schools ICT	1,591
		Wooddean Early Learning Centre	368
		First Steps Community Nursery - Extension	445
		Our Lady of Lourdes Primary School – Extension and Modernisation	2,680
		Oracle Upgrade	1,894
		David Walker Gardens Roof Works	182
		Public Space CCTV	128

### 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'.

	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	-	-	31,617	343,286	1,617	-	23,361	399,881
Valued at fair value								
2023/24	1,477,114	311,886				461		1,789,461
2022/23	-	328,887	-	-	-	329	-	329,216
2021/22	-	249,815	-	-	-	1,878	-	251,693
2020/21	-	416,647	-	-	-	5,764	-	422,411
2019/20	-	540,073	-	-	-	1,799	-	541,872
5 years ago and greater	-	-	-	-	-	-	-	-
<b>Total Cost or Valuation</b>	<b>1,531,318</b>	<b>1,847,308</b>	<b>31,617</b>	<b>343,286</b>	<b>1,617</b>	<b>10,231</b>	<b>23,361</b>	<b>3,734,534</b>

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

	Intangible Assets 2023/24 £000	Intangible Assets 2022/23 £000	Heritage Assets 2023/24 £000	Heritage Assets 2022/23 £000	Assets Held for Sale 2023/24 £000	Assets Held for Sale 2022/23 £000
<b>Cost or Valuation</b>						
<b>Balance at 1 April</b>	<b>375</b>	<b>361</b>	<b>3,826</b>	<b>3,826</b>	<b>3,408</b>	<b>213</b>
Additions	15	18	-	-	-	8,310
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	-	27	-	-	-
De-recognition – Disposals	-	(4)	-	-	(124)	(5,794)
Assets reclassified (to) / from Assets Held for Sale	(87)	-	-	-	(479)	679
<b>Balance at 31 March</b>	<b>303</b>	<b>375</b>	<b>3,853</b>	<b>3,826</b>	<b>2,805</b>	<b>3,408</b>
<b>Accumulated Depreciation</b>						
<b>Balance at 1 April</b>	<b>185</b>	<b>113</b>	-	-	-	-
Depreciation charge	66	75	-	-	-	-
Depreciation – Disposals	(87)	(3)	-	-	-	-
<b>Balance at 31 March</b>	<b>164</b>	<b>185</b>	-	-	-	-
<b>Net Book Value at 31 March</b>	<b>139</b>	<b>190</b>	<b>3,853</b>	<b>3,826</b>	<b>2,805</b>	<b>3,408</b>

## 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.

	<b>General Fund 2023/24 £000</b>	<b>HRA 2023/24 £000</b>	<b>Total 2023/24 £000</b>	<b>General Fund 2022/23 £000</b>	<b>HRA 2022/23 £000</b>	<b>Total 2022/23 £000</b>
<b>Opening Capital Financing Requirement</b>	<b>1,089,036</b>	<b>292,706</b>	<b>1,381,742</b>	<b>1,015,606</b>	<b>282,854</b>	<b>1,298,460</b>
<b>Capital Investment</b>						
Property, Plant and Equipment	58,079	62,240	120,319	62,954	60,695	123,648
Intangible Assets	15	0	15	18	-	18
Decrease in PPP Finance Lease Liability	(7,097)	0	(7,097)	(7,157)	-	(7,157)
Impact of Applying Service Concession Flexibility	4,437	0	4,437	64,366	-	64,366
<b>Sources of Finance</b>						
Capital Receipts	0	(1,966)	(1,966)	-	(8,027)	(8,027)
Government Grants and Other Contributions	(38,599)	(25,712)	(64,311)	(43,056)	(12,235)	(55,291)
Sums set aside from revenue:						
▪ Direct Revenue Contributions	(576)	(20,046)	(20,622)	(874)	(26,050)	(26,924)
▪ Loans Fund Principal	(3,268)	(5)	(3,273)	(2,821)	(4,531)	(7,352)
<b>Closing Capital Financing Requirement</b>	<b>1,102,027</b>	<b>307,217</b>	<b>1,409,244</b>	<b>1,089,036</b>	<b>292,706</b>	<b>1,381,742</b>
<b>Explanation of movements in year:</b>						
Increase in Underlying Need to Borrow	18,919	14,516	33,435	19,042	14,383	33,425
Loans Fund Repayments	(3,268)	(5)	(3,273)	(2,821)	(4,531)	(7,352)
Assets Acquired Under PFI/PPP Contracts	(7,097)	0	(7,097)	(7,157)	-	(7,157)
Impact of Applying Service Concession Flexibility	4,437	0	4,437	64,366	-	64,366
<b>Increase / (Decrease) in Capital Financing Requirement</b>	<b>12,991</b>	<b>14,511</b>	<b>27,502</b>	<b>73,430</b>	<b>9,852</b>	<b>83,282</b>

## Note 23 Short Term Debtors

	31 March 2024 £000	31 March 2023 £000
Trade Receivables	27,429	33,754
Prepayments	13,780	8,380
Other Receivable Amounts	61,039	39,130
<b>Total</b>	<b>102,248</b>	<b>81,264</b>

## 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:

	31 March 2024 Council Tax £000	31 March 2024 NDR £000	31 March 2023 Council Tax £000	31 March 2023 NDR £000
Less than one year	2,267	2,697	507	2,310
One to two years	357	-	1,065	-
Two to five years	-	-	-	-
More than five years	-	-	-	-
<b>Total</b>	<b>2,624</b>	<b>2,697</b>	<b>1,572</b>	<b>2,310</b>

## Note 25 Short Term Creditors

	31 March 2024 £000	31 March 2023 £000
Trade Payables	85,557	87,251
Other Payables	118,386	138,773
<b>Total</b>	<b>203,943</b>	<b>226,024</b>

**Note:** Included within the Other Payables balance of £118.386m are balances held on behalf of third parties totalling £5.957m. 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

	Injury and damage compensation claims (1) £000	Other provisions (2) £000	Total £000
<b>Balance at 31 March 2023</b>	<b>598</b>	<b>2,454</b>	<b>3,052</b>
Additional provisions made in 2023/24	0	1,674	1,674
Amount used in 2023/24	(62)	(2,452)	(2,514)
Unused amounts reversed in 2023/24	0	0	0
Unwinding of discounting in 2023/24	0	0	0
<b>Balance at 31 March 2024</b>	<b>536</b>	<b>1,676</b>	<b>2,212</b>

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

	Injury and damage compensation claims (1) £000	Other provisions (2) £000	Total £000
Short Term	-	1,676	1,676
Long Term	536	-	536
<b>Balance at 31 March 2024</b>	<b>536</b>	<b>1,676</b>	<b>2,212</b>

- (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, and property dilapidations.

## 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 2024 are as follows:

	31 March 2024 £000	31 March 2023 £000
<b>Revenue Grants and Contributions</b>		
Big Lottery	-	-
UK Government	206	72
Clyde Gateway	85	85
Visit Scotland	-	28
National Health Service	13	69
Scottish Coal	498	498
Scottish Government	221	333
Scottish Government - COVID-19 Business Support	-	6
Department of Works and Pensions	-	87
Wind Turbine Construction Compensation (Various)	140	140
Home Office	-	-
Other	168	2
<b>Total</b>	<b>1,331</b>	<b>1,320</b>

## 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 2024 (assuming an inflation rate of 2.5% for Schools PPP and excluding any estimation of availability/ performance deductions) are as follows:

	<b>Payment For Services £000</b>	<b>Reimbursement Of Capital Expenditure £000</b>	<b>Interest £000</b>	<b>Contingent Rents £000</b>	<b>Total £000</b>
Payable in 2023/24	17,074	7,388	9,052	12,819	46,334
Payable within two to five years	81,203	29,090	32,256	54,650	197,199
Payable within six to ten years	102,753	50,687	30,740	91,323	275,503
Payable within eleven to fifteen years	95,880	76,335	13,770	125,588	311,573
Payable within sixteen to twenty years	10,836	8,560	227	13,893	33,515
<b>Total</b>	<b>307,746</b>	<b>172,059</b>	<b>86,044</b>	<b>298,275</b>	<b>864,124</b>

The impact of a 1% movement in inflation on the 2024/2025 Unitary charge payment would be £0.452m.

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

	<b>2023/24 £000</b>	<b>2022/23 £000</b>
Balance outstanding at start of year	179,133	186,290
Payments during year	(7,097)	(7,157)
Capital expenditure incurred in the year	-	-
Reduction in liability for prepaid assets	-	-
<b>Balance outstanding at year end</b>	<b>172,036</b>	<b>179,133</b>

#### Implementation of PPP Service Concession Flexibilities

In accordance with Accounting Policy S on page 114 and in line with Finance Circular 10/2022, the Council 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 was achieved. In addition to the one-off retrospective element, in-year savings have been realised in the scheduled debt repayments up to 2023/2024 of £9.071m. 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.

<b>PPP debt repayment</b>	<b>Current repayment £000</b>	<b>Revised repayment £000</b>	<b>Benefit / (Cost) £000</b>
Pre 2023/2024	92,441	28,075	64,366
Paid in 2023/2024	7,098	2,660	4,438
Payable within one to five years	36,487	15,607	20,880
Payable within six to ten years	50,698	20,282	30,416
Payable within eleven to fifteen years	76,291	26,354	49,937
Payable within sixteen to twenty years	8,560	34,246	(25,686)
Payable within twenty-one to twenty-five years	0	44,356	(44,356)
Payable within twenty-six to forty years	0	57,521	(57,521)
Payable within forty-one to forty-five years	0	42,474	(42,474)
<b>Total</b>	<b>271,575</b>	<b>271,575</b>	<b>-</b>

## 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.

South Lanarkshire Council's level of participation in the scheme is 5.50% based on the proportion of employer contributions paid in 2022/2023.

In 2023/2024, the council paid £41.558 million into the Teachers' Pension Scheme in respect of employer contributions, being 23.0% of pensionable pay. The figures for 2022/2023 were £38.864 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.

## 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.

## Legal and Regulatory Uncertainty

### 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 allowed for the McCloud judgement in the calculation of the latest funding valuation results. The Employer's funding valuation results are used as the starting point for the accounting rollforward calculations and therefore an allowance is included in the accounting disclosure.

### 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% 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.

#### Virgin Media vs NTL Pension Trustees II Limited

The actuary has advised on an initial legal judgement from July 2023 regarding Section 37 confirmations. The actuary has made no additional allowance within the accounting balance sheet for this because at the time of writing the ruling only applies to the above-named private sector pension scheme; the legal judgement is currently being appealed; it is unknown whether there would be any potential remedy required to public service schemes (including the LGPS); it is unknown what the impact of any potential remedy would be and it is unknown whether Section 37 certificates exist for prior scheme amendments. Accordingly, no provision has been made in the accounts.

#### 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 2023/2024 and the prior year 2022/2023.

	<b>31 March 2024 £000</b>	<b>31 March 2023 £000</b>
<b>Comprehensive Income and Expenditure Statement (CIES)</b>		
Cost of Services:		
Service cost comprising:		
• current service cost	65,932	125,747
• past service costs	-	-
• unfunded benefits	-	-
Financing and Investment Income and Expenditure		
• net interest expense	(32,312)	5,193
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>33,620</b>	<b>130,940</b>
Other Benefits Charged to the CIES		
Re-measurement of the net defined liability comprising:		
• Expected return on pension fund assets	(137,234)	115,915
• Actuarial (gains) or losses arising on changes in demographic assumptions	(28,599)	(21,885)
• Actuarial (gains) or losses arising on changes in financial assumptions	(113,469)	(1,135,272)
• Actuarial (gains) or losses arising on changes in other experiences	190,037	132,981
• Actuarial (gains) or losses arising on de-recognition of Pension Asset	176,360	740,993
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>87,095</b>	<b>(167,268)</b>
Net charge to the Surplus / Deficit on the Provision of Services brought forward	33,620	130,940
<b>Movement in Reserves Statement (MIRS)</b>		
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	35,989	(69,383)
Actual amount charged against the General Fund balance for pensions in the year:		
<b>Employers' contributions payable to Strathclyde Pension Fund</b>	<b>69,609</b>	<b>61,557</b>

### 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.

	<b>31 March 2024 £000</b>	<b>31 March 2023 £000</b>
Present Value of the Defined Benefit Obligation*	(2,008,726)	(1,882,768)
Fair Value of Pension Fund Assets	2,926,079	2,676,522
De-Recognition of Pension Fund Assets (Surplus) to Asset Ceiling	(917,353)	(740,993)
Present Value of the Unfunded Liability Accounted for Separately	(113,666)	(115,321)
<b>Net Asset / (Liability) arising from Defined Benefit Obligation</b>	<b>(113,666)</b>	<b>(62,560)</b>
*Unfunded liabilities included in the figure for present value of liabilities		
• unfunded liabilities for Pension Fund	(42,716)	(43,039)
• teachers' unfunded pensions	(60,009)	(60,483)
• unfunded liabilities prior to 1996 local government reorganisation	(10,941)	(11,799)

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

	<b>31 March 2024 £000</b>	<b>31 March 2023 £000</b>
<b>Opening balance at 1 April</b>	<b>(1,998,089)</b>	<b>(2,870,632)</b>
Current service cost	(65,932)	(125,747)
Interest cost	(94,911)	(78,488)
Contributions by Pension Fund participants	(18,691)	(16,520)
Re-measurement gains and (losses)		
• Actuarial gains and losses arising on changes in demographic assumptions	28,599	21,885
• Actuarial gains and losses arising on changes in financial assumptions	113,469	1,135,272
• Actuarial losses arising on changes in other experiences	(171,387)	(132,981)
Past service costs (including curtailment)	-	-
Settlements	-	-
Benefits paid	84,550	69,122
<b>Closing balance at 31 March</b>	<b>(2,122,392)</b>	<b>(1,998,089)</b>

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

	<b>31 March 2024 £000</b>	<b>31 March 2023 £000</b>
<b>Opening fair value of pension fund assets</b>	<b>2,676,522</b>	<b>2,710,187</b>
Interest Income	127,223	73,295
Re-measurement gains and (losses)		
• Expected rate of return on pension fund assets	137,234	(115,915)
• Actuarial gains and (losses)	-	-
• Actuarial losses arising on changes in other experiences	(18,650)	-
The effect of changes in foreign exchange rates	-	-
Contributions from employers	69,609	61,557
Contributions from employees into the scheme	18,691	16,520
Benefits paid	(84,550)	(69,122)
<b>Closing balance at 31 March</b>	<b>2,926,079</b>	<b>2,676,522</b>

## Analysis of Pension Fund's Assets

	31 March 2024			31 March 2023		
	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	4,558	49,683	54,241	37,018	13,687	50,705
Equity Instruments	590,977	641	591,618	522,659	4,796	523,455
Debt Instruments	-	-	-	-	1	1
Real Estate	-	230,076	230,076	-	220,678	220,678
Derivatives	-	-	-	-	(2)	(2)
Private Equity	-	698,575	698,575	-	657,857	657,858
Investment Funds	12,017	1,339,552	1,351,569	11,529	1,208,298	1,219,827
<b>Total Assets</b>	<b>607,552</b>	<b>2,318,527</b>	<b>2,926,079</b>	<b>571,206</b>	<b>2,105,316</b>	<b>2,676,522</b>

### 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.

	31 March 2024 £000	31 March 2023 £000
Long term expected rate of return on assets in the Fund		
• Equity investment	7.10%	7.10%
• Bonds	7.10%	7.10%
• Property	7.10%	7.10%
• Cash	7.10%	7.10%
Mortality Assumptions (years):		
• Men	19.6	19.6
• Women	22.4	22.4
Longevity at 65 for future pensioners (years):		
• Men	21.0	21.0
• Women	24.5	24.5
Rate of inflation	3.20%	3.20%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	3.20%	3.20%
Rate for discounting Fund liabilities	2.70%	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 were set at 19.3% for 2023/2024. Following the completion of the triennial valuation as at 31 March 2023, employers' contribution rates have now been set at 19.3%

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 2024 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.

### **Strathclyde Regional Council Intromissions**

Glasgow City Council are the accounting authority for any intromissions in relation to claims/litigation for the former Strathclyde authorities. The Council has included known liabilities to date in the 2023/2024 Accounts, however, at this stage the extent of any further potential liability of the council is unknown.

### **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, the immaterial nature of any potential impact, and as no further guidance has been released from the relevant governing bodies in the LGPS no provision has been made in the Accounts.

Finally the actuary has advised on an initial legal judgement from July 2023 (Virgin Media vs NTL Pension Trustees II Limited ruling) regarding Section 37 confirmations. The actuary has made no additional allowance within the accounting balance sheet for this because at the time of writing the ruling only applies to the above-named private sector pension scheme; the legal judgement is currently being appealed; it is unknown whether there would be any potential remedy required to public service schemes (including the LGPS); it is unknown what the impact of any potential remedy would be and it is unknown whether Section 37 certificates exist for prior scheme amendments. Accordingly, 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 are no outstanding claims that have not been accounted for in the Accounts.

## Note 32 Financial Instruments

### Categories of Financial Instruments

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

	31 March 2024			31 March 2023		
	Long Term £000	Current £000	Total £000	Long Term £000	Current £000	Total £000
<b>Financial Assets</b>						
Fair value through profit and loss	-	-	-	-	-	-
Amortised Cost	-	13,784	13,784	-	161,559	161,559
<b>Total Financial Assets</b>	-	<b>13,784</b>	<b>13,784</b>	-	<b>161,559</b>	<b>161,559</b>
<b>Financial Liabilities</b>						
Fair value through profit and loss	-	-	-	-	-	-
Amortised cost	1,145,408	70,571	1,215,979	1,186,567	38,209	1,224,776
<b>Total Financial Liabilities</b>	<b>1,145,408</b>	<b>70,571</b>	<b>1,215,979</b>	<b>1,186,567</b>	<b>38,209</b>	<b>1,224,776</b>

**Income, Expense, Gains and Losses**

	2023/24			2022/23		
	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
<b>Net Gains/Losses on:</b>						
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	-	-	-	-	-	-
<b>Total Net Gains/Losses</b>	-	-	-	-	-	-
<b>Interest Revenue</b>						
Financial Assets Measured at Amortised Cost	8,922	-	8,922	4,716	-	4,716
Other Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-
<b>Total Interest Revenue</b>	<b>8,922</b>	-	<b>8,922</b>	<b>4,716</b>	-	<b>4,716</b>
<b>Interest Expense</b>	<b>(39,065)</b>	-	<b>(39,065)</b>	<b>(39,644)</b>	-	<b>(39,644)</b>
<b>Fee Income</b>						
Financial Assets or Financial Liabilities that are not at Fair Value Through Profit and Loss	-	-	-	-	-	-
Trust and Other Fiduciary Activities	-	-	-	-	-	-
<b>Total Fee Income</b>	-	-	-	-	-	-
<b>Fee Expense</b>						
Financial Assets or Financial Liabilities that are not at Fair Value Through Profit and Loss	-	-	-	-	-	-
Trust and Other Fiduciary Activities	-	-	-	-	-	-
<b>Total Fee Expense</b>	-	-	-	-	-	-



## 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:

	2023/24 Carrying Amount £000	2023/24 Fair Value £000	2022/23 Carrying Amount £000	2022/23 Fair Value £000
<b>Financial Liabilities</b>				
Financial Liabilities held at amortised cost: PWLB Debt	1,015,340	1,030,752	1,037,067	1,100,503
Financial Liabilities held at amortised cost: Non PWLB Debt	28,603	29,228	8,575	9,388
PFI and Finance Lease Liabilities	172,036	193,183	179,134	208,256
<b>Total Financial Liabilities</b>	<b>1,215,979</b>	<b>1,253,163</b>	<b>1,224,776</b>	<b>1,318,147</b>
<b>Financial Assets</b>				
Financial Assets held at amortised cost	13,482	13,482	161,559	161,599
<b>Total Financial Assets</b>	<b>13,482</b>	<b>13,482</b>	<b>161,559</b>	<b>161,599</b>

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 2024) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £1,030.752m 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 £1,015.340m would be valued at £956.278m. 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 £15.412m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £1,030.752m.

**Fair Value Hierarchy for Financial Assets and Financial Liabilities that are not Measured at Fair Value as at 31 March 2024:**

	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
<b>Recurring fair value measurements using:</b>				
<b>Financial Liabilities</b>				
Financial Liabilities held at amortised cost: PWLB Debt	-	1,030,752	-	1,030,752
Financial Liabilities held at amortised cost: Non PWLB Debt	-	29,228	-	29,228
PFI and Finance Lease Liabilities	-	193,183	-	193,183
	-	<b>1,253,163</b>	-	<b>1,253,163</b>
<b>Financial Assets</b>				
Financial Assets held at amortised cost	13,482	-	-	13,482
<b>Total Assets / Liabilities</b>	<b>13,482</b>	<b>1,253,163</b>	-	<b>1,266,645</b>

**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
<b>Recurring fair value measurements using:</b>				
<b>Financial Liabilities</b>				
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
<b>Financial Assets</b>				
Financial Assets held at amortised cost	161,559	-	-	161,559
<b>Total Assets / Liabilities</b>	<b>161,559</b>	<b>1,318,147</b>	-	<b>1,479,706</b>

**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 2024 into the relative credit ratings.

### Balance Invested as at 31 March 2024

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-	13,207	-	-	-	-	-	13,207
<b>Total UK Government</b>		<b>13,207</b>	-	-	-	-	-	<b>13,207</b>
Local Authorities	AA-	-	-	-	-	-	-	-
<b>Total UK Local Authorities</b>		-	-	-	-	-	-	-
Bank of Scotland	A+	275	-	-	-	-	-	275
The Royal Bank of Scotland	A+	302	-	-	-	-	-	302
<b>Total UK Banks</b>		<b>577</b>	-	-	-	-	-	<b>577</b>
<b>Total</b>		<b>13,784</b>	-	-	-	-	-	<b>13,784</b>

The Ratings are as at 31 March 2024 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.

	<b>2023/24</b>	<b>Bad Debt</b>	<b>2022/23</b>	<b>Bad Debt</b>
	<b>£000</b>	<b>Provision</b>	<b>£000</b>	<b>Provision</b>
		<b>£000</b>		<b>£000</b>
Debtors	79,754	(6,049)	72,509	(5,576)

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, £14.504m (2022/2023: £16.155m) is considered to be past its date for payment. This past due amount can be analysed by age as follows:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Less than three months	7,998	9,297
Three to six months	1,359	950
Six months to one year	1,084	1,019
More than one year	4,063	4,889
<b>Total</b>	<b>14,504</b>	<b>16,155</b>

## 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:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Less than one year	63,181	31,111
Between one and two years	119,653	33,770
Between two and five years	38,707	260,380
More than five years	822,402	720,382
<b>Total</b>	<b>1,043,943</b>	<b>1,045,643</b>

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:

	£000
Increase in interest payable on variable rate borrowings	85
Increase in interest receivable on variable rate investments	1,170,082
Impact on Comprehensive Income and Expenditure Statement	1,170,167
Share of overall impact credited to the HRA	361,468
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)	(112,989)

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

2022/23 Total £000		Lanark £000	Biggar £000	Hamilton £000	Rutherglen £000	2023/24 Total £000
	<b>Income and Expenditure Accounts</b>					
204	Income for Year	95	-	191	-	286
(168)	Expenditure for Year	(106)	-	(93)	(1)	(200)
<b>36</b>	<b>Surplus / (Deficit) To Balance Sheet</b>	<b>(11)</b>	<b>-</b>	<b>98</b>	<b>(1)</b>	<b>86</b>
	<b>Balance Sheet</b>					
	<b>Fixed Assets</b>					
3,021	Property, Plant and Equipment	1,724	-	1,537	-	3,261
	<b>Investments</b>					
-	General	-	-	-	-	-
881	Advances to South Lanarkshire Council Loans Fund	276	25	596	127	1,024
-	Debtors	-	-	-	-	-
<b>3,902</b>	<b>Total Assets</b>	<b>2,000</b>	<b>25</b>	<b>2,133</b>	<b>127</b>	<b>4,285</b>
	<b>Current Liabilities</b>					
(18)	Creditors	(4)	-	(14)	-	(18)
<b>3,884</b>	<b>Total Assets less Current Liabilities</b>	<b>1,996</b>	<b>25</b>	<b>2,119</b>	<b>127</b>	<b>4,267</b>
	<b>Represented by:</b>					
2,741	Common Good Account	1,214	25	1,420	128	2,787
36	Surplus / (Deficit)	(11)	-	98	(1)	86
10	Amortisation of Revaluation Reserve	4	-	(8)8	-	12
-	Gain / Loss on Disposal of Fixed Assets	-	-	-	-	-
<b>2,787</b>		<b>1,207</b>	<b>25</b>	<b>1,526</b>	<b>127</b>	<b>2,885</b>
	<b>Revaluation Reserve</b>					
1,022	Opening Balance	496	-	601	-	1,097
85	Gain / Loss on Revaluation	297	-	-	-	297
(10)	Amortisation of Revaluation Reserve	(4)	-	(8)	-	(12)
1,097	Closing Balance	789	-	593	-	1,382
<b>3,884</b>		<b>1,996</b>	<b>25</b>	<b>2,119</b>	<b>127</b>	<b>4,267</b>

## 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 2024 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

2022/23 Total £000		Charitable £000	The South Lanarkshire Charitable Trust £000	The South Lanarkshire Educational Trust £000	2023/24 Total £000	Note
	<b>Income and Expenditure Account</b>					
37	Income for Year	39	5	5	49	
(74)	Expenditure for Year	(6)	(2)	(9)	(17)	
<b>(37)</b>	<b>Surplus / (Deficit) to Balance Sheet</b>	<b>33</b>	<b>(3)</b>	<b>(4)</b>	<b>(32)</b>	
	<b>Balance Sheet</b>					
831	Investments - General	820	10	-	830	
332	Investments - South Lanarkshire Council	144	105	108	357	
<b>1,163</b>	<b>Net Assets</b>	<b>964</b>	<b>115</b>	<b>108</b>	<b>1,187</b>	
	<b>Represented by:</b>					
1,017	Capital Account as at 1/4/2023	822	10	-	832	
(185)	Movement During Year	(2)	-	-	(2)	1
832	Capital Account as at 31/3/2024	820	10	-	830	
184	Revenue Account as at 1/4/2023	113	108	110	331	
147	Movement During Year	31	(3)	(2)	26	2
331	Revenue Account as at 31/3/2024	144	105	108	357	
<b>1,163</b>	<b>Total Reserves</b>	<b>964</b>	<b>115</b>	<b>108</b>	<b>1,187</b>	

**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 Educational Trusts

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

## Note 36 Accounting Policies

### A General Principles

The Annual Accounts summarise the council's transactions for the 2023/2024 financial year and its position at the year-end of 31 March 2024. 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 2023/2024, 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 2023/2024 only, due to the implementation of Oracle Fusion, all purchases made via the i-Procurement system, sundry creditors were accrued on the basis of all goods and services received by 27 March 2024, 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 of April, 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 2023/2024 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, etc, 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 (e.g. 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 121-133).

## **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 e.g. 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 (i.e. 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 91.

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 i.e. 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 75-77.

### **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 previously took the opportunity to implement the guidance on Service Concessions and 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.

## 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

2022/23 £000		£000	2023/24 £000
	<b>Expenditure</b>		
36,901	Repairs and Maintenance	39,069	
23,057	Supervision and Management	31,725	
38,221	Depreciation and Impairment on Non-Current Assets	38,238	
1,424	Movement in the Allowance for Bad Debts	1,844	
7,030	Other Expenditure	4,227	
<b>106,633</b>	<b>Total Expenditure</b>		<b>115,103</b>
	<b>Income</b>		
(98,552)	Dwelling Rents	(102,615)	
(2,979)	Non-Dwelling Rents	(3,024)	
-	Housing Support Grants	-	
-	Other Income	-	
<b>(101,531)</b>	<b>Total Income</b>		<b>(105,639)</b>
<b>5,102</b>	<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>		<b>9,464</b>
115	HRA Services share of Corporate and Democratic Core		117
-	HRA Share of Other Amounts included in the Whole Council Net Cost of Services but not Allocated to Specific Services		-
			<b>9,581</b>
<b>5,217</b>	<b>Net Cost for HRA Services</b>		
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(2,353)	(Gain) or Loss on the Disposal of Non-Current Assets		827
9,578	Interest Payable and Similar Charges		9,786
(730)	Interest and Investment Income		(1,728)
196	Pension Interest Cost and Expected Return on Pension Assets		(1,094)
(12,214)	Capital Grants and Contributions Receivable		(25,705)
<b>(306)</b>	<b>(Surplus) / Deficit for the Year on HRA Services</b>		<b>(8,333)</b>

**Note:** The expenditure in the table above is higher than that included in the Comprehensive Income and Expenditure Statement (page 55) by £0.099 million (2022/2023: £1.425 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

2022/23 £000		Notes	£000	2023/24 £000
(16,241)	<b>Balance on the HRA at the end of the Previous Year</b>			(12,861)
(306)	Surplus / (Deficit) for the Year on HRA Income and Expenditure Statement		(8,333)	
(18,499)	Adjustments Permitted by Accounting Standards		(17,345)	
22,795	Adjustments between Accounting Basis and Funding Basis Under Statute		25,318	
(3,990)	Net (Increase) / Decrease Before Transfers to or from Reserves		(360)	
610	Transfers (to) or from Reserves		0	
3,380	(Increase) / Decrease in the Year on the HRA			(360)
<b>(12,861)</b>	<b>Balance on the HRA at the end of the Current Year</b>			<b>(13,221)</b>

## Housing Revenue Account Disclosures

### 1. Adjustments Permitted by Accounting Standards

2022/23 £000			2023/24 £000
(18,499)	Charge for Depreciation and Impairment of Non-Current Assets		(17,345)
<b>(18,499)</b>	<b>Total</b>		<b>(17,345)</b>

### 2. Adjustments Between Accounting Basis and Funding Basis Under Statute

2022/23 £000			2023/24 £000
-	Adjustment involving Revaluation Reserve		0
(19,729)	Charge for Depreciation and Impairment of Non-Current Assets		(20,923)
(5,674)	Adjustment involving Capital Adjustment Account		(2,793)
12,214	Capital Grants and Contributions		25,695
4,531	Statutory Provision for the Financing of Capital Investment		5
26,050	Capital Expenditure funded by the HRA		20,046
8,027	Adjustment involving Capital Receipts Reserve		1,966
84	Adjustments involving Financial Instruments Adjustment Account		89
(2,705)	Adjustments involving the Pension Reserve		1,219
(3)	Adjustments involving the Statutory Accumulated Compensated Absences Account		14
<b>22,795</b>	<b>Total</b>		<b>25,318</b>

### 3. Housing Stock

The council's housing stock at 31 March 2024 was 25,742 (25,483 at 31 March 2023) in the following categories:

2022/23 Number		2023/24 Number	Average Weekly Rent
11,977	Houses	12,129	£88.56
1,345	High Rise	1,349	£71.68
5,431	Tenements	5,504	£65.39
4,660	4 in a block	4,672	£79.19
2,070	Maisonettes	2,088	£65.82
<b>25,483</b>	<b>Total</b>	<b>25,742</b>	

### 4. Rent Arrears

Rent Arrears at 31 March 2024 were £8.633 million (£8.514 million at 31 March 2023).

### 5. Impairment of Debtors

In 2023/2024 an impairment of £13.194 million has been provided in the Balance Sheet for irrecoverable rents, an increase of £0.567 million from the provision in 2022/2023.

### 6. Exceptional or Prior Year Adjustments

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

### 7. Void Rent Loss

The figures above include rent loss on void properties of £2.899 million (£2.526 million for 2022/2023).

## 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.

2022/23 £000		2023/24 £000	Note
359,631	Gross rates levied and contributions in lieu	405,892	1
	Less:		
(38,291)	Reliefs and other deductions	(38,627)	
-	Payments of interest	-	
(4,245)	Provision of bad and doubtful debts	(6,206)	
<u>317,095</u>	Net Non-Domestic Rate Income	<u>361,059</u>	
-	Adjustment for years prior to the introduction of the pool	-	
317,095	Contribution to the National Non-Domestic Rate pool	361,059	
<u>105,496</u>	Net contribution (to) / from National Non-Domestic Rate pool	<u>(19,523)</u>	
422,591	Gross Non-Domestic Rate Income to the Comprehensive Income and Expenditure Statement	341,536	
-	Non-Domestic Rate income retained by council (BRIS)	-	2
<u>422,591</u>	<b>Non-Domestic Rate Income per the Comprehensive Income and Expenditure Statement</b>	<u>341,536</u>	

**Note 1** In 2023-2024, the gross rates levied amount of £405.892m includes an amount of £246.067m in relation to NDR Utilities which South Lanarkshire Council collected on behalf of the Scottish Government. This has resulted in a net contribution TO the NDRI pool FROM the Council of £19.523m.

**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 2023/2024, the council did not receive any additional funding from BRIS.

	2023-2024 £
<b>Analysis of Rateable Values:</b>	
Rateable Value at 01/04/23	808,860,284
Running Roll (Full Year Rateable Value)	<u>(26,182,475)</u>
Rateable Value at 31/03/24	782,677,809
Less: Wholly Exempt	<u>(2,897,260)</u>
Net Rateable Value at 31/03/24	<u>779,780,549</u>

#### Net Rateable Value Calculation

The amount paid for Non-Domestic Rates is determined by the rateable value placed on the property by the Assessor multiplied by the Rate per £ (poundage) announced each year by the Scottish Government. The Scottish Government previously introduced three different property rates linked to the rateable value of properties. The 2023/24 rates are as follows:

- Basic Property Rate (£0.498)
- Intermediate Property Rate (£0.511)
- Higher Property Rate (£0.524)

Larger businesses with a Rateable Value between £51,001 and £100,000 pay an additional supplement of 1.3 pence in the pound and businesses with a Rateable Value over £100,000 pay an additional supplement of 2.6 pence in the pound, which contributes towards the cost of the Small Business Bonus Scheme. The Small Business Bonus Scheme provides a discount of between 0.5% and 100% to businesses in Scotland on individual properties with a rateable value of up to £20,000, with a maximum combined rateable value of £35,000.

For information, South Lanarkshire Council's Rateable Values at 1 April 2023:	£
Commercial	129,183,164
Industrial and Freight Transport	61,255,660
Public Undertakings	539,831,090
Other	78,590,370
<b>Total</b>	<u>808,860,284</u>

### Supplementary Statement No 3

#### Council Tax Income and Expenditure Statement

Local Councils raise taxes from residents by way of a property tax - the Council Tax - which is based on property values. Each dwelling house in a local authority area is placed into one of eight valuation bands A to H. The Council declares a tax for band D properties and all other properties are charged a proportion of this, lower valued properties pay less, higher valued properties pay more.

2022/23 £000		2023/24 £000
195,600	Gross Council Tax levied and contributions in lieu	208,679
1,945	Adjustments for prior years Council Tax	2,360
<u>197,545</u>		<u>211,039</u>
	Adjusted for:	
(21,917)	Council Tax Reduction	(23,413)
(22,328)	Other discounts and reductions	(23,948)
(4,342)	Provision for Non-collection	(4,625)
<u>148,958</u>	<b>Transfer to General Fund</b>	<u>159,053</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 2023/24

	No. of Dwellings	No. of Exemptions	Disabled Relief	Discount 25%	Discount 50%	C Tax Reduction	Total Dwellings	Ratio to Band D	Band D Equivalent
Band A (discount)	-	-	(107)	12	-	-	95	5/9	53
Band A	37,113	1,918	(46)	5,179	281	10,608	19,173	6/9	12,782
Band B	31,732	1,259	(27)	4,096	237	6,483	19,684	7/9	15,309
Band C	27,829	739	9	2,755	150	3,685	20,491	8/9	18,213
Band D	22,903	399	(72)	1,831	105	1,610	19,030	9/9	19,031
Band E	21,416	326	103	1,216	75	708	18,988	473/360	24,949
Band F	14,255	132	48	525	43	278	13,229	585/360	21,495
Band G	7,318	59	81	230	31	80	6,837	705/360	13,390
Band H	602	11	10	17	6	4	554	882/360	1,357
								Class 18 Dwellings	-
							<u>118,081</u>	<b>Total</b>	<u>126,579</u>
								Provision for non-collection (2.875%)	(3,639)
								<b>Council Tax Base</b>	<u>122,940</u>

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 i.e. 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 2023/2024 was £1,300.81.

#### South Lanarkshire Council £ per year for 2023/2024

Band A	£867.21	Band E	£1,709.12
Band B	£1,011.74	Band F	£2,113.82
Band C	£1,156.28	Band G	£2,574.42
Band D	£1,300.81	Band H	£3,186.98

## GROUP ACCOUNTS

### 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.

2022/23				2023/24		
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000
225,949	53,871	172,078	Community and Enterprise Resources	215,979	55,496	160,483
470,521	50,652	419,869	Education Resources	490,181	53,097	437,084
133,063	75,888	57,175	Finance and Corporate Resources	122,792	72,943	49,849
			Housing and Technical Resources			
108,058	101,531	6,527	- Housing Revenue Account	115,202	105,649	9,553
87,463	53,842	33,621	- Housing Other	81,368	55,198	26,170
503,614	262,552	241,052	Social Work Resources	505,694	266,428	239,266
2,151	-	2,151	Joint Board	2,052	-	2,052
12,564	8,694	3,870	Corporate Items	2,377	12,003	(9,626)
115	-	115	Corporate and Democratic Core (HRA)	117	-	117
-	-	-	Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-
168	204	(36)	Common Good	200	286	(86)
<b>1,543,666</b>	<b>607,234</b>	<b>936,432</b>	<b>Net Cost of Services</b>	<b>1,535,962</b>	<b>621,100</b>	<b>914,862</b>
-	2,284	(2,284)	Other Operating Expenditure (Note 9)	650	-	650
62,969	4,587	58,382	Financing and Investment (Income) and Expenditure (Note 10)	36,755	16,127	20,628
-	881,636	(881,636)	Taxation and Non-Specific Grant Income (Note 11)	-	913,708	(913,708)
<b>1,606,625</b>	<b>1,495,741</b>	<b>110,894</b>	<b>(Surplus) on Provision of Services</b>	<b>1,573,367</b>	<b>1,550,935</b>	<b>22,432</b>
		(23,968)	Share of the (Surplus) or Deficit on the provision of services by associates			(241)
		<b>86,926</b>	<b>Group (Surplus) / Deficit</b>			<b>22,191</b>
		(64,294)	(Surplus) / Deficit on Revaluation of Fixed Assets			29,649
		(164,813)	Re-measurement of the Pension Liability / (Asset)			12,247
		2,630	Share of Other Comprehensive (Income) and Expenditure of Associates and Joint Ventures			198
		<b>(226,477)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>42,094</b>
		<b>(139,551)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>64,285</b>

## 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'.

<b>Group</b>		<b>Single Entity</b>	<b>Group</b>	<b>Group</b>
<b>31 March</b>		<b>31 March</b>	<b>Adjustments</b>	<b>31 March</b>
<b>2023</b>		<b>2024</b>	<b>2024</b>	<b>2024</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
3,751,454	Property, Plant and Equipment	3,734,534	3,608	3,738,142
3,826	Heritage Assets	3,853	-	3,853
190	Intangible Assets	138	-	138
87,934	Investments in associates and joint ventures	-	88,230	88,230
1,181	Long Term Debtors	1,793	-	1,793
54,869	Other Long Term Assets (Pension)	-	-	-
<b>3,899,454</b>	<b>Non Current Assets</b>	<b>3,740,318</b>	<b>91,838</b>	<b>3,832,156</b>
70,458	Short Term Investments	-	-	-
4,463	Inventories	4,814	152	4,966
85,521	Short Term Debtors	102,248	2,002	104,250
3,408	Assets Held for Sale	168	0	168
74,672	Cash and Cash Equivalents (see cash flow notes)	12,241	8,411	20,652
<b>235,072</b>	<b>Current Assets</b>	<b>119,471</b>	<b>10,565</b>	<b>130,036</b>
(31,111)	Short Term Borrowing	(63,181)	(97)	(63,278)
(235,072)	Short Term Creditors	(203,943)	(6,590)	(210,533)
-	Contract Liability – IFRS15	-	-	-
(7,098)	Other Short-Term Liabilities (PPP / Finance Leases)	(7,390)	-	(7,390)
(2,454)	Provisions	(1,676)	-	(1,676)
(1,320)	Receipts in Advance	(1,331)	-	(1,331)
<b>(277,055)</b>	<b>Current Liabilities</b>	<b>(277,521)</b>	<b>(6,687)</b>	<b>(284,208)</b>
(849)	Long Term Creditors	-	(649)	(649)
-	Long Term Provisions	(536)	(251)	(787)
(1,014,532)	Long Term Borrowing	(980,762)	-	(980,762)
	Liabilities in Associates and Joint Ventures	-	-	-
(172,036)	Other Long-Term Liabilities (PPP / Finance Lease)	(164,646)	-	(164,646)
(115,321)	Other Long-Term Liabilities (Pension)	(113,666)	76,713	(36,953)
<b>(1,302,738)</b>	<b>Long Term Liabilities</b>	<b>(1,259,610)</b>	<b>75,813</b>	<b>(1,183,797)</b>
<b>2,558,183</b>	<b>Net Assets</b>	<b>2,322,658</b>	<b>171,529</b>	<b>2,494,187</b>
176,941	Usable Reserves	133,603	-	133,603
2,284,815	Unusable Reserves	2,189,055	-	2,189,055
96,427	Group Reserves	-	171,529	171,529
<b>2,558,183</b>	<b>Total Reserves</b>	<b>2,322,658</b>	<b>171,529</b>	<b>2,494,187</b>

The notes on pages 127 to 133 form part of the group financial statements. The unaudited accounts were authorised for issue on 25 June 2024.



Jackie Taylor  
Executive Director (Finance and Corporate Resources)  
25 June 2024

## 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.

	Revenue Statutory Funds							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	
	General Fund Balance £000	Housing Revenue Account £000	Repairs and Renewals Fund £000	Insurance Fund £000	Capital Statutory Fund £000	Capital Receipts Reserve £000	Total Usable Reserves £000					Unusable Reserves £000
<b>Balance at 1 April 2023</b>	<b>150,283</b>	<b>12,861</b>	<b>7,610</b>	<b>1,411</b>	<b>4,776</b>	<b>-</b>	<b>176,941</b>	<b>2,284,815</b>	<b>2,461,756</b>	<b>48,745</b>	<b>47,724</b>	<b>2,558,225</b>
<b>Movement in reserves during 2023/24</b>												
<b>Total Comprehensive Expenditure and Income</b>	<b>(30,687)</b>	<b>8,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,354)</b>	<b>(116,744)</b>	<b>(139,098)</b>	<b>921</b>	<b>74,139</b>	<b>(64,038)</b>
Adjustments permitted under accounting standards	13,723	17,344	-	-	-	-	31,067	(31,067)	-	-	-	-
Adjustments between accounting basis and funding basis under regulations	13,723	17,344	-	-	-	-	31,067	(31,067)	-	-	-	-
Adjustments for Changes in Council's share of associates												
<b>Net Increase / (Decrease) before Transfers to Reserves</b>	<b>(45,533)</b>	<b>360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,838</b>	<b>(43,337)</b>	<b>(95,761)</b>	<b>(139,098)</b>	<b>678</b>	<b>74,382</b>	<b>(64,038)</b>
Transfers to/ (from) Reserves	4,939	-	(2,263)	(1,216)	(801)	(660)	-	-	-	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>(40,596)</b>	<b>360</b>	<b>(2,263)</b>	<b>(1,216)</b>	<b>(801)</b>	<b>1,178</b>	<b>(43,337)</b>	<b>(95,761)</b>	<b>(139,098)</b>	<b>678</b>	<b>74,382</b>	<b>(64,038)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>109,687</b>	<b>13,221</b>	<b>5,346</b>	<b>195</b>	<b>3,975</b>	<b>1,178</b>	<b>133,603</b>	<b>2,189,055</b>	<b>2,322,658</b>	<b>49,423</b>	<b>122,106</b>	<b>2,494,187</b>

			Revenue Statutory Funds	Revenue Statutory Funds								
	General Fund Balance £000	Housing Revenue Account £000	Repairs and Renewals Fund £000	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
<b>Balance at 1 April 2022</b>	<b>122,424</b>	<b>16,241</b>	<b>6,496</b>	<b>1,295</b>	<b>4,115</b>	<b>1,615</b>	<b>152,186</b>	<b>2,184,375</b>	<b>2,336,561</b>	<b>57,548</b>	<b>71,177</b>	<b>2,465,286</b>
<b><u>Movement in reserves during 2022/23</u></b>												
<b>Total Comprehensive Expenditure and Income</b>	<b>(106,587)</b>	<b>306</b>	-	-	-	-	<b>(106,281)</b>	<b>231,476</b>	<b>125,195</b>	<b>(18,691)</b>	<b>(13,966)</b>	<b>92,538</b>
Adjustments permitted under accounting standards	13,161	18,499	-	-	-	-	<b>31,660</b>	(31,660)	-	-	-	-
Adjustments between accounting basis and funding basis under regulations	61,471	(22,795)	-	-	-	967	<b>39,643</b>	(39,643)	-	(1,766)	1,766	-
Adjustments for Changes in Council's share of associates	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Increase / (Decrease) before Transfers to Reserves</b>	<b>(31,955)</b>	<b>(3,990)</b>	-	-	-	-	<b>(34,978)</b>	<b>160,173</b>	<b>125,195</b>	<b>(20,457)</b>	<b>(12,200)</b>	<b>92,538</b>
Transfers to/ (from) Reserves	59,814	610	1,114	116	661	(2,582)	59,733	(59,733)	-	16,419	(16,060)	359
<b>Increase / (Decrease) in Year</b>	<b>27,859</b>	<b>(3,380)</b>	<b>1,114</b>	<b>116</b>	<b>661</b>	<b>(1,615)</b>	<b>24,755</b>	<b>100,440</b>	<b>125,195</b>	<b>(4,038)</b>	<b>28,260</b>	<b>92,897</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>150,283</b>	<b>12,861</b>	<b>7,610</b>	<b>1,411</b>	<b>4,776</b>	-	<b>176,941</b>	<b>2,284,815</b>	<b>2,461,756</b>	<b>53,510</b>	<b>42,917</b>	<b>2,558,183</b>

## 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.

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
(110,884)	Net surplus / (deficit) on the provision of services	(22,432)
213,104	Adjust net surplus / deficit on the provision of services for non cash movements	26,634
(64,264)	Adjust for items included in the net surplus / deficit on the provision of services that are investing and financing activities	(66,944)
<u>37,956</u>	Net cash flows from Operating Activities	<u>(62,742)</u>
(98,619)	Investing Activities	16,735
35,659	Financing Activities	(8,868)
<u>(25,004)</u>	Net increase / (decrease) in cash and cash equivalents	<u>(54,875)</u>
100,147	Cash and cash equivalents at the beginning of the reporting period	75,552
<u><b>75,143</b></u>	<b>Cash and cash equivalents at the end of the reporting period</b>	<u><b>20,678</b></u>

### Cash Flow Statement Note – Non-Cash Movements

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

<b>31 March</b> <b>2023</b> <b>£000</b>		<b>31 March</b> <b>2024</b> <b>£000</b>
95,875	Depreciation, impairment and amortisation of assets	103,434
30,317	Movement in creditors	(24,183)
6,727	Movement in debtors	(20,195)
(521)	Movement in inventories	(503)
73,995	Movement in pension liability	(35,992)
6,711	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	4,454
-	Other non-cash items charged to the net surplus / deficit on the provision of services	(381)
<u><b>213,104</b></u>	<b>Net cash flows from the provision of services for non-cash movements</b>	<u><b>26,634</b></u>

### 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:

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
(55,270)	Capital contributions and grants	(61,140)
(8,994)	Capital receipts applied	(3,8004)
<u><b>(64,264)</b></u>	<b>Net cash flows from items included in the net surplus / (deficit) on the provision of services that are investing and financing activities</b>	<u><b>(66,944)</b></u>



## Cash Flow Statement Note – Investing Activities

2022/23 £000		2023/24 £000
(123,728)	Purchase of property, plant and equipment and intangible assets	(120,607)
(274,054)	Purchase of short term investments	(93,000)
8,994	Proceeds from the sale of property, plant and equipment and intangible assets	3,804
229,049	Proceeds from short term investments	163,000
61,120	Other receipts from investing activities	63,538
<b>(98,619)</b>	<b>Net cash flows from investing activities</b>	<b>16,735</b>

## Cash Flow Statement Note – Financing Activities

2022/23 £000		2023/24 £000
86,700	Cash receipts of short term and long term borrowing	20,000
(7,157)	Cash payments for the reduction of the outstanding liabilities relating to finance leases for PPP contracts	(7,098)
(43,884)	Repayments of short term and long term borrowing	(21,770)
<b>35,659</b>	<b>Net cash flows from financing activities</b>	<b>(8,868)</b>

## Cash Flow Statement Note – Cash and Cash Equivalents

31 March 2023 £000		31 March 2024 £000
103	Cash held by officers	103
(15,919)	Bank current accounts	7,368
90,959	Short term deposits	13,207
<b>75,143</b>	<b>Total cash and cash equivalents</b>	<b>20,678</b>

The credit figures shown against Bank Accounts in 2024 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	(22,354)	86	12	(176)	(22,432)
Adjust net surplus / (deficit) on the provision of services for non-cash movements	27,888	57	498	(1,809)	26,634
Adjust for items included in the net surplus / (deficit) that are investing and financing activities	(66,944)	0	0	0	(66,944)
<b>Net Cash Flows from Operating Activities</b>	<b>(61,410)</b>	<b>143</b>	<b>510</b>	<b>(1,985)</b>	<b>(62,742)</b>
Investing Activities	16,627	0	10	98	16,735
Financing Activities	(8,868)	0	0	0	(8,868)
	<b>(53,651)</b>	<b>143</b>	<b>520</b>	<b>(1,887)</b>	<b>(54,875)</b>
Net increase / decrease in cash and cash equivalents					
Cash and cash equivalents at beginning of period	65,890	881	1,589	7,193	75,553
<b>Cash and cash equivalents at end of reporting period</b>	<b>12,240</b>	<b>1,024</b>	<b>2,109</b>	<b>5,306</b>	<b>20,678</b>

## Notes to Group Financial Statements

### Note 1 Group Expenditure and Funding Analysis

2022/23			2023/24			
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
132,545	39,543	172,088	Community and Enterprise Resources	137,700	22,783	160,483
409,607	10,262	419,869	Education Resources	439,940	(2,856)	437,084
48,024	9,151	57,175	Finance and Corporate Resources	47,993	1,856	49,849
			Housing and Technical Resources			
3,990	2,537	6,527	- Housing Revenue Account	(360)	9,913	9,553
18,958	14,663	33,621	- Housing Other	16,432	9,738	26,170
220,958	20,094	241,052	Social Work Resources	237,204	2,062	239,266
2,151	-	2,151	Joint Board	2,052	0	2,052
(469)	4,339	3,870	Corporate Items	(14,193)	4,567	(9,626)
-	115	115	Corporate and Democratic Core (HRA)	-	117	117
-	-	-	Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-
(36)	-	(36)	Common Good	(86)	-	(86)
<b>835,728</b>	<b>100,704</b>	<b>936,432</b>	<b>Net Cost of Services</b>	<b>866,682</b>	<b>48,180</b>	<b>914,862</b>
(795,170)	(30,368)	(825,538)	Other (Income) and Expenditure	(821,428)	(71,002)	(892,430)
<b>40,558</b>	<b>70,336</b>	<b>110,894</b>	<b>(Surplus) or Deficit</b>	<b>45,254</b>	<b>(22,822)</b>	<b>22,432</b>
(23,968)	-	(23,968)	Share of Associates	(241)	-	(241)
<b>16,590</b>	<b>70,336</b>	<b>86,926</b>		<b>45,013</b>	<b>(22,822)</b>	<b>22,191</b>

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
(126,320)	(67,349)	(193,669)	Opening General Fund and HRA Balance	(146,186)	(91,317)	(237,503)
40,558	(23,968)	16,590	Less/plus Surplus or Deficit on General Fund	45,254	(241)	45,013
(60,424)	-	(60,424)	Transfers to/from Other Reserves	(26,338)	-	(26,338)
<b>(146,186)</b>	<b>(91,317)</b>	<b>(237,503)</b>	<b>Closing General Fund and HRA Balance</b>	<b>(127,270)</b>	<b>(91,558)</b>	<b>(218,828)</b>

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

2023/24				
	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	23,665	(766)	(116)	22,783
Education Resources	26,136	(1,037)	(27,955)	(2,856)
Finance and Corporate Resources	2,078	(348)	126	1,856
Housing and Technical Resources				
- Housing Revenue Account	18,217	(124)	(8,180)	9,913
- Housing Other	9,918	(376)	196	9,738
Social Work Resources	3,224	(981)	(181)	2,062
Joint Board	-	-	-	-
Corporate Items	-	(45)	4,612	4,567
Corporate and Democratic Core (HRA)	-	-	117	117
Non-Distributed Costs – Non-Operational Assets (HRA)	-	-	-	-
<b>Net Cost of Services</b>	<b>83,238</b>	<b>(3,677)</b>	<b>(31,381)</b>	<b>48,180</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(67,489)	(32,312)	28,799	(71,002)
<b>Surplus or Deficit</b>	<b>15,749</b>	<b>(35,989)</b>	<b>(2,582)</b>	<b>(22,822)</b>
Share of (Surplus) or Deficit on the Provision of Services by Associates	23,665	(766)	(116)	22,783
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>26,136</b>	<b>(1,037)</b>	<b>(27,955)</b>	<b>(2,856)</b>

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)	-	-	-	-
<b>Net Cost of Services</b>	<b>65,214</b>	<b>64,189</b>	<b>(28,699)</b>	<b>100,704</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(61,250)	5,194	25,688	(30,368)
<b>Surplus or Deficit</b>	<b>3,964</b>	<b>69,383</b>	<b>(3,011)</b>	<b>70,366</b>
Share of (Surplus) or Deficit on the Provision of Services by Associates	-	-	-	-
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>3,964</b>	<b>69,383</b>	<b>(3,011)</b>	<b>70,366</b>

## Note 2 Expenditure and Income Analysed by Nature (Group)

The council's expenditure and income are analysed below:

	2023/24 £000	2022/23 £000
<b>Expenditure</b>		
Employee Benefits Expenses	682,476	687,940
Other Services Expenditure	778,527	759,901
Support Services Recharges	-	-
Depreciation, Amortisation, Impairment	103,277	95,831
Interest Payment	69,598	59,710
Pension Net Interest Expense	(32,312)	5,193
Impairment on Financial Instruments	(531)	(1,934)
Loss on the Disposal of Assets	650	-
<b>Total Expenditure</b>	<b>1,601,685</b>	<b>1,606,641</b>
<b>Income</b>		
Fees and Charges and Other Service Income	459,801	447,857
Interest and Investment Income	16,072	4,814
Impairment on Financial Instruments	58	(227)
Gain on the Disposal of Assets	-	2,284
Income from Council Tax	159,053	148,958
Government Grants and Contributions	944,270	892,060
<b>Total Income</b>	<b>1,579,254</b>	<b>1,495,746</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>22,432</b>	<b>110,894</b>

## 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 2024 £000	31 March 2023 £000
Strathclyde Partnership for Transport	72,026	67,179
Strathclyde Concessionary Travel Scheme Joint Committee	762	749
South Lanarkshire Integration Joint Board	14,418	18,970
Lanarkshire Valuation Joint Board	1,024	1,036
<b>Total</b>	<b>88,230</b>	<b>87,934</b>

Liabilities in associates and joint boards	31 March 2024 £000	31 March 2023 £000
Lanarkshire Valuation Joint Board	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Note 4 Disclosure of Interests in Other Entities

The council has adopted the recommendations of the Code in the United Kingdom 2023/2024, 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 109-115.

## 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 2024.

In 2023/2024, South Lanarkshire Council contributed 14.38% 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 £500.878m 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 2024.

In 2023/2024, South Lanarkshire Council contributed 14.91% 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 £5.110m 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 2024.

In 2023/2024, 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%.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Expenditure	3,835	4,531
Total Comprehensive Income and Expenditure	50	747
Fixed Assets	113	135
Long Term Assets	0	290
Current Assets	2,098	1,914
Liabilities due within one year	193	267
Liabilities due after one year	493	496
Capital and reserves	1,525	1,575
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 £185.096m or 25.79% of the Board's income in 2023/2024. 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 of £28.835m 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.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Expenditure	726,841	696,984
Total Comprehensive Income and Expenditure	9,105	47,338
Fixed Assets	-	-
Current Assets	28,835	37,940
Liabilities due within one year	-	-
Liabilities due after one year	-	-
Capital and Reserves	28,835	37,940
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, changed to South Lanarkshire Leisure and Culture Limited in October 2010 and then became a SCIO on 3 April 2023.

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 and the council's nominee company are the sole members of the SCIO. South Lanarkshire Council currently has 5 out of the 14 Board positions meaning 35.71% representation on the Board of Directors.

The SCIO 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 SCIO is included in the Group Financial Statements as a 100% subsidiary.

The accounts of the SCIO are published separately and may be obtained from the Secretary, South Lanarkshire Leisure and Culture Limited, Floor 5, Council Offices, Almada Street, Hamilton, ML3 0AB. The accounts of the SCIO 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%.

	<b>2023/24</b>	<b>2022/23</b>		<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
Expenditure	46,315		Expenditure	3,042	2,530
Total Comprehensive Income and Expenditure	(7,120)		Total Comprehensive Income and Expenditure	(12)	(15)
Fixed Assets	83		Fixed Assets	32	23
Long Term Assets	2,108		Current Assets	2,234	2,276
Current Assets	9,389		Liabilities due within one year	(1,420)	(1,495)
Liabilities due within one year	(6,926)		Liabilities due after one year	(251)	(251)
Liabilities due after one year	(628)		Capital and Reserves	595	583
Long Term Liabilities	-		Contingent Liabilities	-	-
Capital and Reserves	4,026		Capital Commitments	-	-
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%.

#### Clyde Valley Learning and Development Joint Committee

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 13.33% in 2023/2024. This body has been included as an associate in the council's Group Accounts, however, as the Joint Committee net assets at 31 March 2024 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 2023/2024, 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 2023/2024, 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 2023/2024, 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. The Joint Committee was wound up during the year but there is a small staff team that is moving over to the City Region. South Lanarkshire Council contributed 12.5% of the committee's estimated running costs in 2023/2024, 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 2023/2024, 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 2023/2024, 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.



## **Audit Arrangements**

Under arrangements approved by the Commission for Local Authority Accounts in Scotland (“The Accounts Commission”) the auditor with overall responsibility for the audit of the accounts of South Lanarkshire Council for the year ended 31 March 2024 is:

Audit Scotland  
4<sup>th</sup> Floor  
102 West Port  
Edinburgh  
EH3 9DN

## 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 (e.g. 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 etc.

**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  
e.g. 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 e.g. 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 e.g. 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 (e.g. 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, i.e. 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.

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**[www.southlanarkshire.gov.uk](http://www.southlanarkshire.gov.uk)**

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