

West Lothian Council

Annual Accounts

Yearended 31 March 2024



West Lothian
Council

CONTENTS

Accounts of West Lothian Council for the year ended 31 March 2024, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Annual Accounts

Statutory Accounts	Page
Independent Auditor's Report	1
Assurance Statements	
Management Commentary	4
Statement of Responsibilities	Statement 1 21
Annual Governance Statement	Statement 2 22
Remuneration Report	Statement 3 34
Principal Financial Statements	
Comprehensive Income and Expenditure Statement	Statement 4 42
Movement in Reserves Statement	Statement 5 43
Balance Sheet	Statement 6 44
Cash Flow Statement	Statement 7 45
Notes to the Annual Accounts	Statement 8
General Accounting Policies and Assumptions	
Accounting Policies	Note 1 46
Accounting Standards Issued, Not Adopted	Note 2 52
Critical Judgements in Applying Accounting Policies	Note 3 53
Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	Note 4 54
Expenditure and Funding Analysis	
Expenditure and Funding Analysis	Note 5 56
Note to Expenditure and Funding Analysis	Note 6 57
Expenditure and Income Analysed by Segment and Nature	Note 7 58
Notes to Comprehensive Income and Expenditure Statement	
Service Income and Expenditure Statement including Internal Recharges	Note 8 60
Other Operating Expenditure	Note 9 60
Financing and Investment Income and Expenditure	Note 10 60
Taxation and Non-Specific Grant Income	Note 11 60
Notes to Movement in Reserves Statement	
Transfers to or (from) Other Statutory Reserves	Note 12 60
Adjustments between Accounting Basis and Funding Basis under Regulations	Note 13 61
Notes to Balance Sheet	
Property, Plant and Equipment	Note 14 62
Financial Instruments	Note 15 66
Short Term Debtors	Note 16 71

Annual Accounts (Continued)

Notes to the Annual Accounts	Statement 8	Page
Notes to the Balance Sheet (Continued)		
Short Term Creditors	Note 17	71
Provisions	Note 18	71
Long Term Creditors	Note 19	71
Pension Schemes	Note 20	72
Usable Reserves	Note 21	76
Unusable Reserves	Note 22	77
Notes to Cash Flow Statement		
Operating Activities	Note 23	78
Investing Activities	Note 24	79
Financing Activities	Note 25	79
Cash and Cash Equivalents	Note 26	79
Reconciliation of Liabilities arising from Financing Activities	Note 27	79
Other Notes		
Contingent Liabilities	Note 28	79
Trading Operations	Note 29	80
Agency Services	Note 30	81
External Audit Costs	Note 31	82
Post Reporting Period Events	Note 32	82
Grant Income	Note 33	83
General Fund Balance	Note 34	84
Leasing, PPP and DBFM Payments	Note 35	85
Related Parties	Note 36	86
Supplementary Financial Statements		
Housing Revenue Account (HRA) - Income and Expenditure Statement	Statement 9	88
Movement on the HRA Statement	Statement 10	89
Council Tax Income Account	Statement 11	90
Non-Domestic Rate Income Account	Statement 12	91
Trusts and Mortifications	Statement 13	92
Common Good Account	Statement 14	93
Group Financial Statements		
Group Comprehensive Income and Expenditure Statement	Statement 15	94
Group Movement in Reserves Statement	Statement 16	95
Group Balance Sheet	Statement 17	96
Group Cash Flow Statement	Statement 18	97
Notes to the Group Accounts	Statement 19	98

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of West Lothian Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of West Lothian Council and its group for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-domestic Rate Income Account, the Trusts and Mortifications Income and Expenditure Statement and Balance Sheet, the Common Good Income and Expenditure Statement and Balance Sheet and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of West Lothian Council and its group as at 31 March 2024 and of the income and expenditure of West Lothian Council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2024. My period of appointment is four years, covering 2023/24 to 2026/27. I am independent of West Lothian Council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the West Lothian Council or its group. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of West Lothian Council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of West Lothian Council and its group. However, I report on West Lothian Council arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the Depute Head of Property and Finance Services and West Lothian Council for the financial statements

As explained more fully in the Statement of Responsibilities, the Depute Head of Property and Finance Services is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Depute Head of Property and Finance Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Depute Head of Property and Finance Services is responsible for assessing the ability of West Lothian Council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of West Lothian Council and its group.

West Lothian Council is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of West Lothian Council and its group;
- inquiring of the Depute Head of Property and Finance Services as to other laws or regulations that may be expected to have a fundamental effect on the operations of West Lothian Council and its group;
- inquiring of the Depute Head of Property and Finance Services concerning the policies and procedures of West Lothian Council and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of West Lothian Council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

INDEPENDENT AUDITOR'S REPORT

Other information

The Depute Head of Property and Finance Services is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Claire Gardiner

Claire Gardiner, CPFA
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25 September 2024

MANAGEMENT COMMENTARY

1. Introduction

The Management Commentary outlines the key messages of the council's planning, performance and delivery of corporate priorities for the year 2023/24. The commentary also looks forward outlining future work and ongoing developments. In addition, key risks and uncertainties that will be managed to best meet the needs of the West Lothian population going forward are outlined. A key aspect of this is the implications of a number of risks and the management of resulting challenges in the delivery of services to our communities throughout 2024 and future years.

2. The Council

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

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

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

The quality and effectiveness of these services relies on the commitment, dedication and ability of the council's 7,001 (Full Time Equivalent) employees, who on a daily basis make a difference to the lives of our customers. West Lothian has an estimated total population of 181,720, based on most recent National Records of Scotland estimates. This makes West Lothian the tenth highest populated local authority area in Scotland. West Lothian is the twelfth most densely populated area in Scotland with 425 people per square kilometre compared to the Scottish average of 70 people.

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

Within West Lothian there is a growing younger population and a large increase in the older population. In the previous ten years, the population in West Lothian has grown by 16.7%, the fifth highest increase of all local authorities in Scotland and two times that of the Scottish average (8.2%). In that period the population aged 75 and over in West Lothian grew by 80.3% compared to a reduction in the 25-44 age group of 5.7%. Further increases in the West Lothian population are also projected, with a 5.9% increase predicted by 2028, three times the increase of the national average. Growth in the elderly population will be the most significant with the 65-74 years age group increasing by 19% and people in the over 75 age increasing by 39% by 2028.

The General Services ten year capital investment programme approved in February 2023, and updated in February 2024, supports the delivery of essential council services with planned investment to maintain and improve the council's capital infrastructure over the period to 2032/33. The approved four year Housing capital investment programme for 2024/25 to 2027/28 will see total investment of almost £133 million, with significant resources invested in the creation of new homes along with a strong focus on the maintenance of quality standards across the housing stock.

In line with the council's established approach to capital financial planning and budgeting, and following the approval of the General Services and Housing programmes in February each year, both programmes are reviewed and updated after the financial year end to incorporate accelerated spend and slippage from the previous financial year. The updated capital programmes are considered and approved by the last Council Executive before the summer recess. This year's review was undertaken in June and included detailed consideration of timescales and project costs, taking account of implications arising from increased construction and material costs. Both capital programmes were updated, recognising the ongoing impact of key risk factors. The programmes will continue to be monitored, in line with established budgetary control processes, to identify any impacts on delivery.

MANAGEMENT COMMENTARY

The council is proud of its school estate which is one of the best in Scotland in terms of condition and suitability, despite challenges with Reinforced Autoclaved Aerated Concrete (RAAC). The percentage of properties in satisfactory or better condition is above 91% for all building groups. The council has, over a number of years, invested considerable sums to ensure school pupils have the best possible environment to learn and develop. With funding constraints, the investment programme and the Corporate Asset Management Strategy to 2032/33 establishes that the focus for the council going forward must be on reducing the size of the operational property estate to ensure core property assets remain safe and statutorily compliant.

During 2023/24, achievements within the property asset category included securing funding from phase three of the Learning Estate Investment Programme to build a new primary school in the Craigshill area of Livingston to replace Riverside and Letham primary schools. Construction commenced on a new East Calder Primary School, which is jointly funded by the Scottish Government and the council, and the extension to Livingston Village Primary School was completed. The traditional summer school investment programme included 42 individual projects demonstrating the council's continued commitment to investment in the learning estate.

Through proactive investigation and monitoring works the council previously identified and managed RAAC in a number of buildings, including schools. Works to resolve RAAC in Whitburn Community Centre, Knightsridge, Windyknowe and Balbardie primary schools and Fauldhouse Partnership Centre were completed during 2023/24 ahead of schedule. Enabling works continue at St Kentigern's Academy in Blackburn ahead of the design works being finalised to address the RAAC roofing at the school.

Works continue on roads, footpaths and related assets, open space and ICT programmes to ensure assets remain safe, fit for purpose and kept in adequate condition to support service delivery. This includes the completion and ongoing design of active travel projects and the good progress in implementing the programme to address ash dieback, with a focus on trees in areas of highest risk.

The approved West Lothian Local Housing Strategy 2023 to 2028 includes a supply target of 316 affordable homes per annum (1,580 over five years) and 401 market homes per annum. The council is aiming to facilitate the delivery of a minimum of 1,621 new affordable homes over the next five years, with 383 provided by the council through new build and open market acquisitions (OMAS) and the balance delivered by registered social landlords. Good progress is being made in the delivery of the West Lothian Affordable Housing Programme with developments at Mossend in West Calder and Wellhead Farm in Murieston now complete. In 2023/24 a total of 54 new build completions were handed over and 29 houses were acquired through OMAS, bringing the total number of open market acquisitions since the scheme was introduced to 291.

In addition to the creation of new homes, the programme also includes a strong focus on the maintenance of quality standards across the housing estate. During 2023/24 over £16 million was spent on existing housing stock. This included £4 million on planned programmes, £3.9 million on major elemental upgrades and £7.6 million on compliance works to ensure homes remain safe for tenants. A strong focus on the refurbishment of existing housing stock will continue within the capital programme to 2027/28.

The council is committed to working in partnership to improve the quality of life for local people. Providing seamless services with partner agencies and organisations is at the heart of the council's ethos. This is demonstrated by an active Community Planning Partnership and other partnership arrangements, such as the West Lothian Community Safety Unit Partnership with Police Scotland.

The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and social care in Scotland. A health and social care partnership, in the form of the West Lothian Integration Joint Board (IJB), is in place in West Lothian. The arrangements require the delegation of relevant functions and resources by the council and NHS Lothian to the West Lothian IJB. The level of resources associated with council functions delegated to the IJB in 2023/24 was £88.6 million (2022/23 £85.1 million).

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

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

3. Corporate Strategy

In July 2022, the council undertook a public consultation in order to set the priorities for the next five years. Over 5,000 respondents provided feedback on their needs and expectations and importantly, their aspirations for West Lothian including the actions needed to improve communities and the quality of life for people in the area.

MANAGEMENT COMMENTARY

A new corporate planning period (2023 to 2028) offered the opportunity to create and communicate a refreshed vision of the future and identify the levers that will create the right conditions for some quite profound changes to the organisation during this planning period.

In May 2023, Council agreed a new Corporate Plan providing a new strategic direction, with a renewed Purpose, Vision and Values and five new corporate priorities for 2023 to 2028.

This Corporate Plan reflects the challenges and opportunities that the council is forecast to face in the coming years to 2027/28. It sets out five clear priorities for 2023/24 to 2027/28, representing the most challenging and important issues for people in the community. The council will work to achieve improvement in each one for the benefit of our customers and for all of West Lothian.

Corporate Priorities



As well as focusing on key areas such as education, social care, employability, homelessness and poverty, the combined impact of positive progress in each of the priorities will support better outcomes for all and a fairer and more inclusive West Lothian.

The council's approach to delivering transformation and improvement of council services is outlined in the Corporate Plan. This focuses on fundamentally altering the way that services are provided, with a digital first outlook and more effective, prioritised use of council resources.

The council's Corporate Plan can be accessed using the following link: [Corporate Plan - West Lothian Council](#)

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

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

[West Lothian Council - Factfile](#)

Following approval of the Corporate Plan, the council agreed a new set of corporate strategies to support delivery of the new Corporate Plan and budget strategy for 2023/24 to 2027/28. Four strategies have been developed and commenced during 2023. The strategies include the Customer Strategy, the People Strategy, Performance and Transformation Strategy and the Corporate Governance Strategy. All four of the strategies identify performance indicators and targets that will support improvement and transformation objectives with performance monitored through the Corporate Policy and Resources Policy Development and Scrutiny Panel (PDSP).

4. Climate Change

West Lothian Council has been committed to taking action in order to mitigate and adapt to the impacts of climate change for some time. Following the council's declaration of a Climate Change Emergency in September 2019, the council approved a Climate Change Strategy 2021 – 2028 in October 2021. The strategy sets out a range of actions across six key outcomes and provides a framework for the council's actions as a public sector organisation aimed at reducing greenhouse gas emissions and preparing for the unavoidable impacts of changing weather patterns through the period to 2028.

West Lothian Council aims to achieve a net zero position by 2045 at the latest with annual reduction targets of approximately 5% and interim objectives of a 61% reduction by 2028, 65% by 2030 and 86% by 2040 from the baseline year of 2013/14. The council has also committed to encouraging and supporting our partners, residents and businesses throughout West Lothian to reduce their emissions to net-zero by 2045.

MANAGEMENT COMMENTARY

In the most recent annual report on progress against the climate change declaration, the council's carbon footprint was calculated to be considerably ahead of target with a reduction of nearly 33,400 tonnes of CO2 emissions from the baseline year. Targets will be reviewed in 2024 as part of a wider refresh of the Climate Change Strategy. Progress against the climate change declaration and associated emission targets is reported annually to the Council Executive and can be accessed on the council's online committee system (West Lothian Council Committee Information Pages). The annual report includes a full inventory of the council's emissions for the reporting year along with details of supporting activities for both mitigation and adaptation.

Since the publication of the Strategy, a range of actions have been completed, including the publication of the council's Electric Vehicle Infrastructure Plan (EVIP). Linked to the wider environment, a number of air quality management areas were also revoked during 2023/24 due to air quality objectives being continuously met over a number of years.

Progress around the actions in the strategy and associated documents are reported to the council's Environment and Sustainability Policy Development and Scrutiny Panel on a quarterly basis.

5. Budget Strategy and Budget Setting

The annual general services and housing revenue budgets form part of the council's integrated approach to financial strategy, corporate planning, delivery of outcomes and performance monitoring. The activity budget links the council's activities, resources and outcomes and is a core element of the council's financial strategy and annual management plans. The 2024/25 activity budget is published on the council's intranet. The council's budget setting process is subject to statutory, regulatory and governance requirements. The Local Government Finance Act 1992 section 93(2) requires councils to formally agree council tax levels before 11 March each year, and the Housing (Scotland) Act 1987 requires the housing budget and rent increases to be reported to Council each year for approval.

On 21 February 2023, West Lothian Council agreed a five year revenue budget strategy and a detailed three year revenue budget plan for the 2023/24 to 2025/26, including proposed saving measures. This ensured that the council complied with Audit Scotland, CIPFA and the Accounts Commission best practice which states that public bodies should focus on their medium to long term financial sustainability through having a financial strategy covering a minimum of five years, supported by detailed plans covering a minimum of three years.

The approved budget was informed by a comprehensive public consultation – WL2028 Your Council, Your Say. Phase 1 of the consultation focused on the strategic direction and priorities for the council with over 14,000 individual comments received. Phase 2 of the consultation sought views on potential budget saving options along with local taxation options. Over 22,000 individual comments were received on the consultation and an overall summary of the results were considered by Council Executive with special Policy Development and Scrutiny Panels considering the detail of responses received.

The revenue budget strategy was updated on 22 February 2024 with the approval of the four year revenue budget strategy to 2027/28 and detailed revenue budgets for 2024/25 and 2025/26. The agreed budget had an estimated overall budget gap of £38 million over the four year period and a £24.4 million gap for 2024/25 and 2025/26. Incorporating the decisions of Council and West Lothian Integration Joint Board, budget savings of £28.5 million were agreed to meet this gap leaving a remaining budget gap over the first two years of £2.9 million and £9.5 million over the full four years to 2027/28.

Acknowledging the remaining gap, and the use of one-off resources in 2024/25 and 2025/26 to balance the budget, Council agreed that officers should consider options to address the gap on a recurring basis and that these should be incorporated into a further public consultation exercise. Work will continue during the course of 2024 to identify options, with cognisance being given to growing financial constraints and risks facing the council. In identifying potential options for consultation, consideration will be being to the efficient delivery of statutory functions, potential changes to non-statutory service delivery and review of options around income generation, shared services and digital transformation. The proposed approach and timescales for the Phase 3 public consultation was reported to Council Executive on 26 June 2024.

The General Services capital programme to 2032/33, along with the Corporate Asset Management Strategy, approved by Council on 21 February 2023, and updated on 22 February 2024, supports the delivery of the council's Corporate Plan priorities. It is important that capital resources are prioritised on an ongoing basis to ensure investment has the maximum impact on the core assets required to sustain service delivery. A key consideration of the ten year capital programme, taking account of very constrained capital funding available, has been to consider options to reduce the requirement for asset related expenditure, for example by rationalisation or transfer of assets.

MANAGEMENT COMMENTARY

Given reduced capital grant funding for 2024/25 it was agreed that officers undertake a review of potential capital resources and future expenditure requirements to ensure its ongoing affordability and sustainability. The level of funding available to support the council's existing asset base is severely constrained with the currently approved investment programme potentially subject to further reductions in grant funding. This is further compounded by sharp increases in prices for agreed projects.

An updated four year Housing capital investment programme was approved by Council on 22 February 2024. The agreed programme will see continued investment to increase housing supply, while external upgrading will continue in areas identified with greatest need and an increasing emphasis will be placed on new requirements of the Energy Efficiency Standard for social housing.

The Treasury Management Plan for 2024/25, detailing the expected activities of the treasury function, was approved by Council on 22 February 2024 and reflected the updated capital programmes also approved at the meeting. The Prudential Code requires councils to approve, on an annual basis, a defined set of prudential indicators, covering both general fund and housing capital investment, at the same council meeting that approves the revenue budget for the forthcoming year. Prudential indicators are designed to support and record local decision making. It is assessed that the council's revenue, capital and treasury financial plans are compliant with the Prudential Code.

As a requirement of the Prudential Code 2021 local authorities must have a capital strategy to ensure that elected members have full awareness of the overall capital strategy, governance procedures and risk appetite associated with agreed plans, and includes capital expenditure, investments and liabilities and treasury management plans in sufficient detail to allow members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured. The Capital Strategy 2023/24 to 2032/33 was approved by Council on 14 March 2023, with the annual update and review considered and agreed by Council on 19 March 2024.

The CIPFA Financial Management Code is designed to support good practice in financial management and assist in demonstrating financial sustainability. It is assessed that the council is compliant with the Code and ongoing compliance with is the collective responsibility of elected members, the Head of Finance and Property Services and the council's leadership team.

The council's financial planning recognises that there are a number of risks that could increase current anticipated budget gaps further. Details of the risks are included in the annual budget reports and reports to elected members on financial planning. The monitoring of these risks is an ongoing process across the council's revenue and capital plans to ensure there is a clear understanding of financial implications and these are considered as part of regular updates to financial planning assumptions. Although risks around inflationary pressures are reducing, uncertainty around funding for public services and affordability of items such as pay, continue and are worsening. This is being closely monitored as part of the council's agreed approach to financial planning to ensure that budget assumptions are updated as necessary.

6. Performance Overview

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

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

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

[Service and Public Performance Reporting](#)

and on comparative performance:

[Council Performance - Benchmarking](#)

The council has operated a cyclical corporate programme of self-assessment since 2003/04 to evaluate achievement in services and support improvement across the organisation. Self-assessment is an important part of the council's approach to improving services, encouraging innovation from within and positively engaging employees in service planning and improvement. There are two recognised programmes of self-assessment: schools use Validated Self Evaluation (VSE) and all other services use the West Lothian Assessment Model (WLAM).

MANAGEMENT COMMENTARY

All council services complete a self-assessment during the council's three-year WLAM programme. As part of the internal scrutiny arrangements, services will report the outcome from their self-assessment process to an officer-led scrutiny Review Panel. The council uses the European Foundation for Quality Management (EFQM) improvement tool to benchmark with leading organisations across all sectors, especially those that are focused on improvement and delivering sustainable value. Effective application of the model will help council services be fit for the future, as it encourages services to manage two challenges in parallel – the effective management of change and, at the same time, managing today's operations.

The current three-year programme of self-assessment started in 2022/23, with 25 council services completing the process since the new cycle began. The corporate process has undergone a significant review, and has a flexible and updated approach to improvement taking account of data, global shifts and new language.

On completion of the WLAM process, services will typically attend the Performance Committee to advise members on outcomes from the process and provide an overview of current service performance for scrutiny. The results of the VSE are reported to the Education (Quality Assurance) Committee. The papers and agendas for these committees are available on the council's COINS system on the following link:

[West Lothian Council Committee Information Pages](#)

External scrutiny is also used to improve service performance and challenge practice against the best in class in the public, private and third sectors. The council retained Customer Service Excellence (CSE) following external assessment in 2023/24, with the council having held the standard for 25 consecutive years.

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

- **Customer satisfaction with the service:**

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

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

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

- **The efficiency of the service:**

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

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

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

- **The impact of the service:**

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

MANAGEMENT COMMENTARY

In 2023/24 the council continued to perform well in key priority areas for West Lothian. This included; improving attainment, minimising poverty through effective housing and tenancy management and welfare support for the most deprived in our community, providing support for business, providing high quality and technology-enabled care for older people and providing care and support for vulnerable adults and vulnerable young people.

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

7. Financial Performance Review

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

7.1 Financial Ratios

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

Council Tax	2023/24	2022/23	Notes on Ratios
In-year collection rate	96.7%	97.2%	This shows the % of council tax collected during the financial year that relates to bills issued for that year. It does not include collection of funding relating to previous financial years.
Target for year	96.7%	96.9%	
Council tax income as a percentage of overall funding	20.5%	20.2%	This shows the proportion of total funding that is derived from council tax. In terms of the budget strategy for 2023/24, council tax increased by 5.8% with a budgeted increase in council tax from additional house completions in year.
Debt and Borrowing – Prudence			
Capital Financing Requirement (£'000)	823,487	810,049	The capital financing requirement represents the underlying need to borrow to fund expenditure on assets. The council continues to invest in its assets, and in particular building new council houses and schools. The council's borrowing requirement increased in 2023/24 due to the continued borrowing for new council house supply, and General Services borrowing to deliver significant investment in the learning estate and RAAC remediation works.
Debt and Borrowing – Affordability			
Financing costs to net revenue stream – General Fund	5.8%	5.1%	These ratios show the proportion of total revenue funding that is used to meet financing costs. The ratios exclude any voluntary repayments of debt made during the year. For General Fund the percentage increased as a consequence of higher debt servicing costs in 2023/24 compared to 2022/23 due to higher levels of borrowing and interest rates. For HRA the percentage increased to reflect higher debt servicing costs in 2023/24 compared to 2022/23 following the Loans Fund review as well as increased debt servicing costs associated with the continued borrowing to deliver new council houses. These percentages are deemed to be affordable as outlined in the 2023/24 treasury plan and approved indicators.
Financing costs to net revenue stream – HRA	28.5%	24.6%	

MANAGEMENT COMMENTARY

7.2 Financial Outturn

Net expenditure on General Services is met from government grants and council tax. In 2023/24 government grants accounted for 79.5% (79.8% 2022/23) of the council's external funding with the remaining 20.5% (20.2% 2022/23) from council tax. The in-year collection rate for council tax in 2023/24 was 96.7% (97.2% 2022/23).

In 2023/24 the council incurred net expenditure of £579.9 million (£602.8 million 2022/23) against a budget of £575.2 million (£601.9 million 2022/23), utilising 100% (100% 2022/23) of available budget.

The Expenditure and Funding Analysis (EFA), Note 5 on page 56, shows how the annual net expenditure is used, how it is funded from resources and how expenditure is allocated for decision making purposes between the council's services.

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

As shown in the EFA, the General Fund recorded a net deficit for the year of £23.414 million. This was made up as follows: -

Service Expenditure	2023/24 Budget £'000	2023/24 Actual £'000	Variance £'000
Education, Planning, Economic Development and Regeneration			
Schools, Education Support	188,431	187,998	(433)
Planning, Economic Development and Regeneration	5,848	5,112	(736)
Corporate, Operational and Housing			
Operational Services	82,409	83,399	990
Housing, Customer and Building	7,778	10,097	2,319
Corporate Services	19,638	19,908	270
Social Policy			
IJB – Adult and Elderly Services	88,022	88,607	585
Non- IJB – Children's Services	37,057	37,610	553
Chief Executive, Finance and Property	130,212	129,058	(1,154)
Joint Boards	1,246	1,251	5
NET SERVICE EXPENDITURE	560,641	563,040	2,399
Non-Service Expenditure			
Pensions, NDR Relief and Benefit Payments	14,599	16,878	2,279
TOTAL EXPENDITURE	575,240	579,918	4,678
FUNDING			
Scottish Government Grant	(395,275)	(395,275)	-
Council Tax	(100,470)	(102,232)	(1,762)
TOTAL FUNDING	(495,745)	(497,507)	(1,762)
NET OUTTURN POSITION	79,495	82,411	2,916
Expenditure Funded from Committed General Fund Balance	(79,495)	(58,997)	20,498
Deficit for the year	-	23,414	23,414

MANAGEMENT COMMENTARY

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

	Service Outturn Report £'000	Retained Resources for Committed Investment	Depreciation £'000	Pensions £'000	Employee Statutory Adjustment £'000	EFA Column 1 Note 5 £'000
Net Cost of Services	579,918	(3,457)	(99,770)	2,910	1,297	480,898
Other Income and Expenditure	(556,504)	-	99,770	(2,910)	(1,297)	(460,941)
Deficit / (Surplus) on Provision of Services	23,414	(3,457)	-	-	-	19,957

The core revenue outturn position is an overspend of £2.916 million against the agreed 2023/24 revenue budget, after taking account of unfunded pay award costs in 2023/24 and IJB's contribution towards the Social Policy overspend.

The main areas of variance in 2023/24 were as follows:

- Education underspent by £433,000 mainly due to savings from vacancies in line with the introduction of council wide recruitment control measures and temporary cessation of non-essential supplies. These underspends were partially offset by Early Learning & Childcare (ELC) pressures resulting from the impact of "Funding Follows the Child" and the proportion of children accessing funded provision out with council settings in relation to costs. Additionally, the ongoing expansion of income generation in relation to the roll out of the purchase of additional hours is still being enhanced in line with staffing capacities in council settings.
- Planning, Economic Development & Regeneration underspent by £736,000 due to over-recovered planning application and pest control income and staff savings within the service area.
- Operational Services overspent by £990,000 as a result of additional fleet and vehicle costs, higher staffing cost mainly from sickness absence, food and other direct material inflationary costs needed to deliver facilities management and cost inflation for Mainstream and Additional Support Needs (ASN). These overspends were partially offset by lower than anticipated winter maintenance costs through increased use of the Winter Resilience fund.
- Housing, Customer & Building Services overspent by £2.319 million principally due to homelessness pressures. The main pressure continues to be in Bed & Breakfast costs with an average of 177 clients accommodated per night (compared to an average of 153 in 2022/23). The number of clients in Bed & Breakfast accommodation at the end of March 2024 was 179 compared with 157 at the end of December 2023. There is limited availability of permanent housing options across all sectors, and lack of new affordable supply and private lets. When this combines with increased demand and depressed rented stock turnover, the result is lower availability of all types of accommodation and increases to the average length of stay in temporary accommodation. The service continues to prioritise moving people on from bed and breakfast, and finding permanent solutions wherever possible, as set out in successive Rapid Rehousing Transition Plans.
- The outturn for Social Policy IJB was a net overspend of £585,000 after taking account of the IJB's equal share with the council, £585,000, of the year-end overspend within Social Policy IJB of £1.170 million, agreed by Council Executive on 16 April 2024. The increased costs relate mainly to care commitments and ongoing care package costs. Staff costs in internal care homes for older people continue to be a recurring pressure where additional agency and locum costs were incurred to cover for staff absence and vacancies. Further work is being undertaken to identify actions to maintain spending levels within budgeted resources in future years.
- The outturn for Social Policy Non-IJB was an overspend of £553,000 mainly resulting from pressures in external residential school placements for children due to new placements and increasing cost of placements. There were also increased costs in secure placements and other bespoke packages.
- The underspend in Chief Executive, Finance & Property Services of £1.154 million particularly lower staff costs as a result of vacancies in advance of the implementation of new staffing restructures in Revenues and Anti-Poverty and an over-recovery in intervention income.
- The overspend in non-service expenditure of £2.279 million includes £1.019 million in relation to the Council Tax Reduction Scheme (CTRS) as a result of increased caseloads and higher CTRS award levels. A balance of £165,000 in Equal pay provision, after all liabilities were paid by March 2024, helped improve the position.

MANAGEMENT COMMENTARY

- The net 2023/24 service overspend includes £1.260 million of unfunded pay award costs due from Scottish Government per November 2023 pay agreement for 2023/24. Scottish Government has said it will provide the remaining sums due to the council in 2024/25. £568,000 of the unfunded costs are included in the 2024/25 Local Government Finance Settlement. However, the method of reimbursing the remaining balance of £692,000 has yet to be confirmed by Scottish Government, although is included in the pay agreement.
- There was an over recovery in council tax income of £1.762 million due to receipt of prior years' income which has already been fully provided for within the bad debt provision and increased gross charges from new houses.

In addition, the approved revenue budget for 2023/24 to 2025/26 includes significant one-off resources covering key priority areas such as Covid-19 recovery, employability support, Anti-Poverty interventions, transitional funds to support delivery of budget savings and funding for short term budget pressures as mitigating measures are implemented and winter resilience. There was a net saving of £16,000 relating to vehicle purchase costs being lower than anticipated in 2023/24.

The 2023/24 service overspend will be funded from the council's Risk and Inflation reserve reducing the balance from £4.784 million to £1.884 million and £16,000 from savings in one-off earmarked resources. The Risk and Inflation reserve will be replenished with the amount of funding that the council receives from Scottish Government in 2024/25 for the unfunded pay award costs from 2023/24. Should the full outstanding amount be received which is estimated to be £1.260 million, the Risk and Inflation reserve will be increased to £3.144 million.

The draft net core revenue overspend of £2.916 million takes account of the temporary cost reductions implemented during 2023/24 to minimise the projected overspend position but also reflects further increasing budget pressures in a number of areas, particularly within Social Policy. There also continues to be material recurring pressures within the revenue budget and relevant Heads of Service are progressing actions to ensure these pressures are mitigated on an ongoing basis. It is essential that previously agreed actions are implemented to ensure future year spend in these areas is managed within available resources.

In addition, other areas of the budget will be closely monitored during 2024/25, including demand led services, cost of living pressures and other levels of indexation. The council's approved revenue budget assumes a 3% pay award for all staff, from August 2024 for teaching staff and from April 2024 for all other staff groups in line the current pay agreements. Negotiations continue between COSLA and Trade Unions to agree the pay award for 2024/25.

Existing commitments against the balance are £35.2 million, mainly arising from £5.7 million of Council resources earmarked as one-off amounts required to balance recurring revenue budgets, Government grants carry forward £6 million, a Modernisation Fund £5.7 million, Risk and Inflation fund £1.9 million, developer contributions from HRA of £823,000, a DSM Transitional Fund £1.2 million, long term placement care home reserve £1.2 million, funds for St Kentigern's Works of £1.1 million, schools delegated carry forward balances of £1.7 million and a Revenue Budget Reserve of £4.3 million. There is £1.7 million for time limited projects where investments in specific programmes or activities for a short period of time can be made typically to support transformational change or focus on a particular area to generate future financial and non-financial benefits. Full details of the commitments against the General Fund Balance are detailed in Note 34 on page 84.

The council has a Modernisation Fund which can be used to assist in funding potential termination costs for staff or other costs associated with modernisation and change within the council. From 2010/11 to date £20.1 million has been paid from the Modernisation Fund. As at 31 March 2024, the balance of the Modernisation Fund is £5.7 million (£5.2 million as at 31 March 2023).

In 2023/24, valuations were undertaken for properties subject to material change and scheduled quinquennial valuations undertaken for the council's cemetery land, grass pitches, non-grass pitches, golf courses, bowling greens, running tracks, tennis courts, pavilions, OAP pavilions, landfill sites and civic amenity sites. As a result, £17.7 million was charged to the Comprehensive Income and Expenditure Account and £38.8 million was credited to the Revaluation Reserve resulting in a net upward revaluation of £21.1 million. The revaluation charge has no impact on the General Fund Balance carried forward.

7.3 Revenue Budget – Housing 2023/24

Statement 9 (page 88) the HRA – Income and Expenditure Statement includes depreciation and impairment on housing assets. The deficit for the year is £25.4 million (£37.2 million 2022/23). Statement 10 (page 89) the Statement of Movement on the HRA Balance adjusts this deficit as a result of amounts which are required by statute to be debited or credited to the HRA Balance for the year, the net credit for these items is £25.4 million (£37.2 million 2022/23). The overall position was breakeven for the year, which maintains the HRA balance carried forward at £0.9 million (£0.9 million 2022/23).

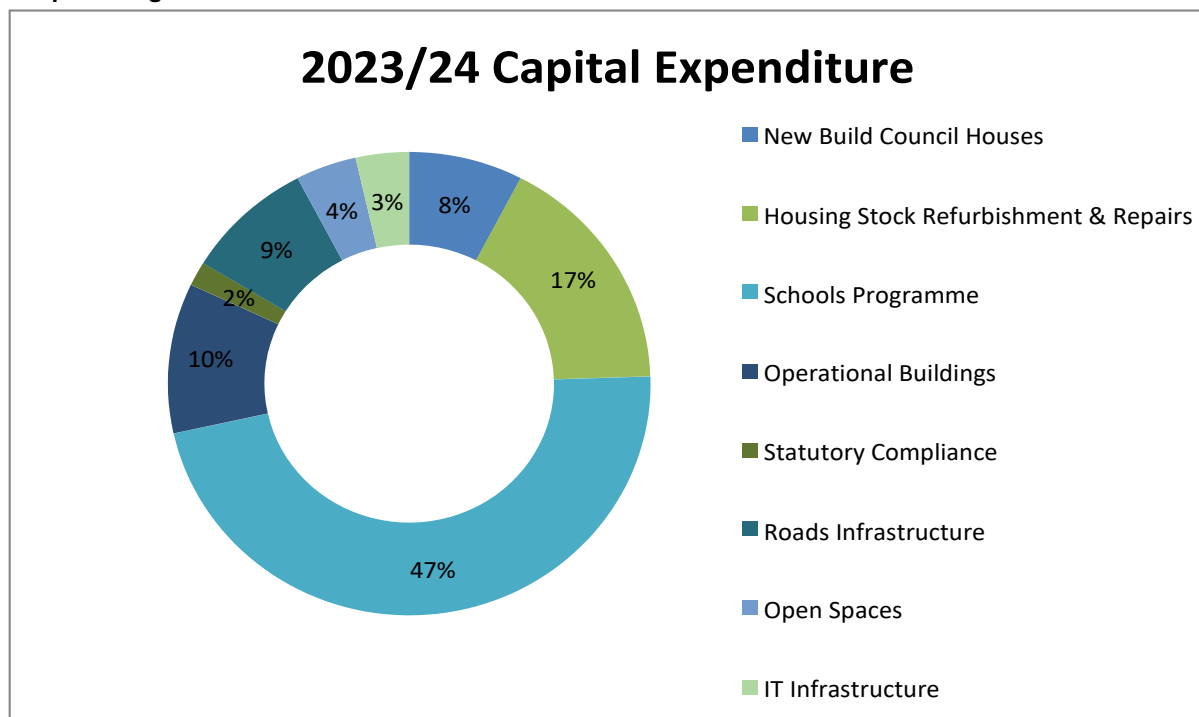
MANAGEMENT COMMENTARY

7.4 Capital Budget 2023/24

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

Based on approved indicators, the council was able to demonstrate the affordability of capital plans. The capital financing requirement for 2023/24 was £823.5 million (£810.0 million 2022/23), £530.8 million (£527.6 million 2022/23) for general services and £292.7 million (£282.4 million 2022/23) for Housing Revenue Account. External debt levels were £738.9 million during 2023/24 (£723.1 million 2022/23).

7.5 Capital Programme 2023/24



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

Capital Programme	2023/24			2022/23		
	Budget £'000	Actual £'000	Over/(Under) Spend £'000	Budget £'000	Actual £'000	Over/(Under) Spend £'000
General Services	69,344	72,196	2,852	69,105	65,990	(3,115)
Housing Revenue Account	31,012	23,442	(7,570)	46,055	27,996	(18,059)
Total Capital Expenditure	100,356	95,638	(4,718)	115,160	93,986	(21,174)

The 2023/24 General Services capital programme had a budget of £69.3 million, a final outturn of £72.2 million, resulting in a net variance of £2.9 million. During 2023/24, property works in relation to Reinforced Autoclaved Aerated Concrete Roofs (RAAC) were completed at Whitburn Community Centre, Knightsridge, Balbardie and Windyknowe primary schools and Fauldhouse Partnership Centre. At St Kentigern's Academy, Blackburn, all RAAC planks have been removed. The final phase of demolition is underway with servicing works continuing for the replacement extension which is in design. RAAC remediation works at Lanthorn Community Centre, Livingston, are being progressed to ensure the building works are completed in 2024/25. Despite resourcing challenges within the roads programme, there was substantial investment in active travel schemes whilst also meeting safety requirements associated with roads and related infrastructure assets. Good progress has also been made in resolving ash dieback throughout West Lothian with accelerated spend in 2023/24.

MANAGEMENT COMMENTARY

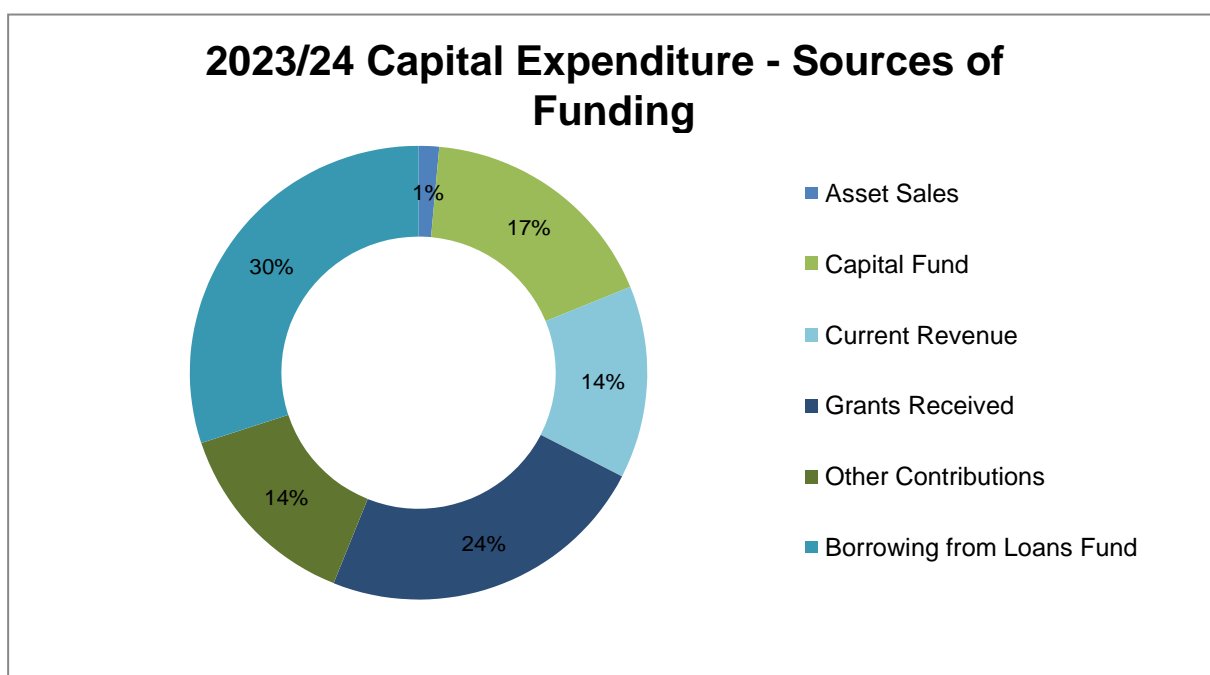
The HRA capital programme had a budget of £31 million and actual expenditure of £23.4 million resulting in a net variance of £7.6 million. Expenditure on the creation and acquisition of new houses amounted to £7.3 million in 2023/24 with a total of 54 new build completions handed over during 2023/24 and a further 29 Open Market Acquisitions. The £7.6 million underspend has largely been driven by industrial action delaying some schemes, the identification of RAAC in properties which has fundamentally changed the scope of some planned works and a lack of interested suppliers for tender exercises. In addition, some of the underspend is a result of favourable tender returns which will also savings to be reinvested back into the programme.

A report was presented to Housing Services Policy Development and Scrutiny Panel on 9 February 2024 outlining the work the council had undertaken to establish the extent of RAAC in council housing stock, and setting out the proposed remediation strategy. The remediation strategy for council houses was approved and tender action for remediation works in both individual houses and common blocks commenced in February 2024. Work will be undertaken on a phased basis with the tender process anticipated to be concluded by October 2024. Work will commence on site in common blocks in October 2024 and the estimated completion is December 2025. A budget for the remediation work is included in the approved Housing Capital Investment Programme 2024/25 to 2027/28 to address RAAC in council housing stock.

The total council capital expenditure was funded as follows: -

Sources of Funding	2023/24 £000	2022/23 £000
Asset sales and contributions from third parties / funds	53,793	47,562
Revenue contributions to capital	13,201	13,709
Borrowing	28,644	32,715
Total Funding	95,638	93,986

Total debt outstanding at 31 March 2024 (2023) was £668 million (£647.8 million). The details of the debt outstanding are shown in note 15.3.



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

The PPP and DBFM contracts are assessed under International Financial Reporting Standards (IFRS) which looks at aspects of control of an asset, such as specifying services and the price paid for these services. The net value of all PPP and DBFM assets in the balance sheet at 31 March 2024 is £185.9 million (£198.2 million as at 31 March 2023).

The outstanding liabilities on the PPP and DBFM contracts are £72.4 million (£76.7 million 2022/23) of which £4 million (£4.2 million 2022/23) is shown under current liabilities and £68.4 million (£72.4 million 2022/23) under long term liabilities. Details of the annual costs of these contracts are shown in note 35.

MANAGEMENT COMMENTARY

7.7 Significant Trading Operations (STO)

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

During 2023/24 the STO achieved an in-year surplus of £1.9 million (£1.5 million 2022/23). In the three years to 31 March 2024 the trading account sustained a statutory aggregate surplus of £4.3 million, therefore achieving the statutory financial requirement to breakeven over a three year period. Note 29 provides further detail.

7.8 Pension Reserve and IAS19

The pensions accounting standard IAS 19 is fully adopted in the accounts and details are available in Statement 8 note 1 on accounting policies. The council's share of the net assets of the Lothian Pension Fund (LPF) in 2023/24 was calculated to be a net asset of £311.8 million at 31 March 2024 (net asset of £325.8 million at 31 March 2023).

Under the International Financial Reporting Interpretations Committee Standard 14 – the Limit on a Defined Benefit Asset (IFRIC 14) the actuary has calculated that the net present value of the future contributions of £2.790 billion exceeds the future service costs of £2.654 billion by £136 million, a negative contribution. As a result of this calculation, IFRIC 14 advises that no defined benefit plan asset should be recognised in the council's balance sheet and there is no requirement to recognise the £136 million difference as a liability. The council has reported £20.040 million as a long term liability in respect of the unfunded pension obligations for 2023/24 (£20.672 million 2022/23 as restated to reflect current guidance).

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The most recent formal valuation date was 31 March 2023 with the subsequent results based on a rollforward from the formal valuation. The council has been part of the LGPS Contribution Stability Mechanism (CSM) since 2013. The Fund, in conjunction with the Actuary reviewed the CSM this year and concluded that the CSM should be suspended for a period of three years with the expectation that it will be reintroduced following the 2026 actuarial valuation. The Fund has provided contribution rates from 1 April 2024 for three years. LPF will continue to monitor the CSM in the intra-valuation period.

The pension surplus has reduced as a result of a combination of

- the corporate bond yield, which the discount rate is derived from, has risen over the period, which has led to a 0.05% increase in this assumption which has reduced the Employer's obligations and led to a gain on the balance sheet.
- investment returns greater than expected leading to a positive impact. The total investment return achieved by the Fund over the accounting period was 6.1%, compared to an expected accounting return of 4.75%.
- the demographic assumptions have changed from the previous accounting period to reflect the latest available longevity information and the results of the 2023 funding valuation exercise.
- the resulting increase in obligations resulting from applying the actual Pensions Increase Order for April 2024 of 6.7%, which was significantly higher than the pension increase rate assumption built into the obligations at the start of the accounting period.

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

7.9 Other Reserves

The following table details the usable reserves held by the council for the five year period 2019/20 to 2023/24.

Fund	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Committed General Fund	16,875	40,258	50,746	54,905	35,168
Uncommitted General Fund	2,994	2,261	2,081	2,220	2,000
HRA Fund	926	926	926	926	926
Capital Fund	57,917	45,580	38,640	34,929	28,306
Insurance Fund	9,317	7,596	7,307	7,058	6,823
Total	88,029	96,621	99,700	100,038	73,223

The reduction in the Capital Fund of £6.6 million from 2022/23 is a result of the planned usage of the fund to supplement the capital programme. The 2023/24 capital investment programme and treasury management plan agreed and acknowledged the use of the council's capital fund to support investment in General Services assets of £72.2 million as outlined in section 7.5 of this commentary.

MANAGEMENT COMMENTARY

As part of the annual revenue budget setting process, the Head of Finance and Property Services assesses and reflects on the appropriateness of the unallocated general fund balance. The review is undertaken each year, and for 2023/24, was considered in the revenue budget report to the Council on 21 February 2023. It was concluded that, in order to ensure that sufficient funds are held in reserve to deal with the financial consequences of uncertain future events, that the uncommitted balance be maintained at a minimum of £2 million. This level is assessed as appropriate as the council has an approved medium term financial strategy which is underpinned by clear financial planning arrangements, sound financial management and a number of other earmarked reserves, including a newly created Risk and inflation Reserve. Details of the committed General Fund balance are shown in note 34 on page 84.

7.10 Group Accounts

Local authorities are required to consider their interests in all types of entity, including companies, joint ventures and statutory bodies such as Valuation Boards. Where they have a material interest in such entities, authorities are required to prepare a full set of group accounts in addition to their own council's accounts. The council has a number of non-consolidation interests in other entities, full details of which are shown on pages 99 and 100. For the purposes of consolidation and incorporation with the Group Accounts the council had one subsidiary company during 2023/24, West Lothian Leisure (WLL).

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

The council is the sole shareholder of West Lothian Leisure Limited (WLL), a company limited by guarantee which provides social, cultural, outdoor education and leisure facilities to communities within West Lothian.

On 13 August 2024, Council Executive agreed that the Interim Head of Finance and Property Services would issue a letter of comfort to WLL which confirms that the council will continue to undertake cashflow management with WLL to allow it to meet its everyday cash activities over the financial year 2024/25.

- **Associate - Lothian Valuation Joint Board**

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

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

The council also has a joint venture in relation to the health and social care partnership in the form of the West Lothian Integration Joint Board (IJB). The IJB has a statutory responsibility for the strategic planning of future health and social care delivering with NHS Lothian.

The IJB has in place a five year strategic plan covering 2023/24 to 2027/28 and an updated budget plan for 2024/25 and 2025/26 agreed on 26 March 2024. The budget plan includes agreed updated saving measures of £11.415 million across the two years, with £4.822 million related to council delivered social care services.

On 9 August 2021, the Scottish Government launched the consultation, a National Care Service for Scotland, which sought the public's views ahead of the proposed creation of a National Care Service (NCS). The National Care Service Bill was published on 21 June 2022 and makes provision for the establishment of new care boards with Scottish Ministers becoming accountable for adult social care in Scotland. A proposed model of shared accountability between Scottish Ministers, local government and NHS Boards is being developed. A number of forums were held in 2023. The position will continue to be kept under review to understand the potential implications for the council and the IJB.

8 Risk and Uncertainty

At present, there are no confirmed Scottish Government grant funding for local government beyond 2024/25. The uncertainty around the financial implications of various risks will continue to be significant issues for local government and the wider economy going forward, especially if the revenue and grant funding allocations for councils in 2024/25 sets the tone for future funding. The Scottish Government response to this will be ongoing. Any further budget and expenditure changes resulting for the council emerging from these risks materialising, along with associated policy decisions, will be fully incorporated into the council's established approach financial planning.

The council's agreed financial plans are based on a number of short, medium and long term financial assumptions which are subject to significant risks and uncertainties. Whilst acknowledging that the council's planning assumptions are subject to uncertainty due to the planning time horizon, there are a number of risks, uncertainties and potential cost pressures that could impact on the council's ability to balance the revenue budget and ensure capital investment programmes remain prudent, affordable and sustainable.

MANAGEMENT COMMENTARY

The 2024/25 local government finance settlement deviated from previously announced Scottish Government plans, particularly in relation to capital where funding was substantially less than anticipated. In addition to constrained financial settlements, Scottish Government policy decisions and commitments place additional demands on local government. The continuing financial crisis facing councils is of a magnitude never experienced before. Interventions, such as the Verity House Agreement, have not supported local discretion and flexibility with effective ringfencing of resources continuing. The position on the Scottish funding envelope allocated to local government will continue to be kept under close review especially with continuing inflation risks and the performance of the wider UK and Scottish economy.

It is important that the council continues to reflect on a fast changing position where there are fundamental areas of risk, including wider economic risks that could have a range of impacts on the council's achievement of objectives. Recognising this there are regular reports to the council's Governance and Risk Committee on the following:

- High Risks – an update on the council's high risks is provided to each committee meeting, providing an update on all high risks and setting out actions being taken to manage these risks. This includes current controls in place and further additional risk actions being progressed to further mitigate potential impacts. The council's high risks are also reported on a regular basis to both the Governance and Risk Board, an officer group that exercises oversight over the council's governance and risk management arrangements, and the Executive Management Team (EMT).
- Strategic Risks – the council's strategic risks are defined as those risks which, if they occur, could have a major impact on the ability of the council to achieve its objectives. This includes serious failures of a regulatory or compliance nature. The strategic risks fall into a small number of categories including those relating to economic uncertainties or financial constraints or pressures, those relating to health and safety including statutory compliance and those relating to business continuity. These risks are regularly reviewed by the Governance and Risk Committee, Governance and Risk Board and EMT.
- Business Continuity Planning – the Corporate Business Continuity Plan and the outcome of desktop testing this covers all elements of service delivery including potential cyber-attacks.

Although the council approved balanced budgets for 2024/25 and 2025/26, albeit with the use of £5.743 million of one-off funding, a recurring budget gap remains across the four year period to 2027/28. There are also a number of risks that could increase current anticipated budget gaps further. Key risks in relation to funding and overall financial planning assumptions include:

- Future levels of Scottish Government grant funding, especially for non-protected areas, and policy changes which restrict flexibility to deliver service locally through effective ringfencing (e.g. education restrictions and the National Care Service). This also includes inadequate funding for new legislation and national commitments, especially where previously provided funding is not uplifted to reflect inflationary pressures.
- General economic uncertainty, where economic growth is not in line with forecasts due to worldwide market conditions, and how these risks impact on public spending levels, especially as the overall Scottish funding envelope is now highly contingent on economic performance.
- Increases to pay award above the rates assumed in the council's financial plan. At this stage there is no agreed pay settlement for all staffing groups for 2024/25. The council's planning assumptions for pay for 2024/25 is 3% however it is likely based on recent developments that the agreed pay award will be higher than 3% which would result in a budget pressure. There is also a risk associated with the pay costs for the period of the overall five year financial plan.
- Increase in costs in demand led services is greater than financial planning assumptions. Continued and accelerated increases, greater than forecasts, will create additional pressures.
- Inflation that is in excess of budget assumptions and funding made available by the Scottish Government. The council's inflationary assumptions for future years are closely monitored and updated as necessary taking account of various sources of information including specific inflationary indices for utilities, fuel and food. Contract inflation, for areas such as transport, and market price increases following procurement exercises remain an area of concern.
- The council's ability to meet its statutory homeless duty and maintain spend on housing need within budget despite providing substantial resources to support this priority in recent budgets. The council is taking action to manage pressures in this area, as outlined in a report to Council Executive on 7 November 2023, in addition to expanding the supply of social housing through the new build housing programme and market acquisitions, however demand continues to markedly outstrip supply. Construction will also commence on the new young persons homeless unit in Livingston in 2024/25.
- Recognising budgetary pressures within Operational Services as part of the 2024/25 budget setting process, significant actions will have to be implemented to ensure overall pressures in this area can be brought back within the revised budget.

MANAGEMENT COMMENTARY

- House building assumptions used for financial planning are not realised resulting in changes to council tax and school demographic assumptions.
- Full delivery of approved budget reduction measures for the period 2024/25 to 2025/26.
- Full exhaustion of one-off resources before the end of the current four year financial planning period due to in-year overspends and pressures in the budget model not funded by recurring budget saving measures.
- Inability to consolidate the council's asset base sufficiently to ensure that remaining assets can be appropriately and safely maintained to support ongoing service delivery within the context of severely restricted capital funding.

9 Future Work and Ongoing Developments

The council has made good progress in securing its ongoing financial sustainability through the approval of the corporate plan, revenue strategy and capital investment programme. The revenue strategy to 2027/28 provides a framework for the continued delivery of balanced budgets however officers will continue to focus on reviewing and updating financial planning assumptions and monitoring the delivery of approved savings over 2024/25 and 2025/26.

The updated financial plan highlighted a number of risks over the period that will be closely monitored. In addition, an assessment of the risk to deliverability of each of the proposed budget saving measures was included in the budget report to assist councillors in the scrutiny aspect of their budget setting role. There will be further regular monitoring of progress towards the deliverability of approved savings over 2024/25 and 2025/26 with the results reported to Council Executive on a quarterly basis.

The council continues to face unprecedented challenges and risks, including the impact of a number of risks which together are contributing to very significant financial pressures that present a challenge to the council's ongoing financial sustainability. The council is continuing to see significant cost increases in a number of areas such as pay, energy, fuel and in a wide range of services and materials. Construction costs are also increasing, along with demand for services particularly within social care and homelessness provision. One of the most significant risks facing the council is the affordability of future pay awards, with concerns that these could be considerably in excess of available budgeted resources.

Taking account of these pressures and risks, and that for the first time, excluding 2022/23 where the overspend was a direct result of an unfunded pay award, the council incurred a substantial overspend in 2023/24, the 2024/25 budget will be closely monitored. Where budget pressures emerge, or continue from previous years, early mitigating actions will be identified and implemented as necessary to ensure spend can be contained within available resources. The ongoing impact of risks and additional costs or reduced funding assumptions will be incorporated into the annual update of financial planning assumptions for future years. It will be important that ongoing updates to budget assumptions assist elected members and officers in effectively focusing on medium term sustainability and ensuring budgets are balanced, priority outcomes are met and performance in key areas of service delivery is maintained or maximised within available resources for key areas of service delivery.

Acknowledging that the council has a remaining budget gap over the period to 2027/28, and the decision by Council that officers consider options to balance the gap, work will be undertaken over the course of the coming year on identifying potential recurring budget saving measures for future years. This exercise will be undertaken within the context of growing financial constraints and the risks faced by the council. It will consider the efficient delivery of statutory functions, potential changes to non-statutory service delivery and review of options around income generation, shared services and digital transformation. Council tax assumptions for future years will also be reviewed. A commitment has been made to undertake a Phase 3 consultation on budget saving options for future years and timescales and approach to this consultation was reported to Council Executive on 26 June 2024. Any potential recurring saving options that could be deployed to balance 2025/26 on a recurring basis would be reported to policy development and scrutiny panels in advance of the 2025/26 budget process in line with the council's approach to the consideration of new savings.

Despite the pressures facing the council's revenue financial position, the pressures in the resourcing of capital investment is even more acute and pronounced. As noted in the updated capital programme approved by Council on 22 February 2024, a review of the programme will be required to ensure its ongoing affordability and sustainability. The level of available funding to support the council's existing asset base is severely constrained with the currently approved limited capital investment potentially subject to further reductions in grant funding. This is further constrained by sharp increases in prices for agreed projects and unexpected costs in keeping assets, particularly buildings, operational. Officers will consider potential options for managing reduced capital spend or increasing income ahead of the local government finance settlement for 2025/26 to allow options to be deployed as necessary to reflect revised funding levels when they are announced.

MANAGEMENT COMMENTARY

The council has an established risk based approach to budget monitoring which ensures that effective action is taken to manage risks. During 2024/25, officers will continue to provide updates on risks as part of the quarterly budget monitoring to Council Executive. The Audit, Risk and Counter Fraud Manager also monitors and oversees financial and non-financial risks through updates provided by managers on the council's performance management system. Regular updates are provided to the officer Governance and Risk Board and to elected members and the public through the Governance and Risk Committee. Reports and minutes for the Governance and Risk Committee are available on COINS, the council's committee information system on the link:

[West Lothian Council Committee Information Pages](#)

There remains significant uncertainty for local government regarding future funding levels and the longer term increases in the costs of service delivery particularly in relation to demand for services. Risks and the overall budget position and assumptions will continue to be closely monitored during 2024/25 with further updates provided to Council Executive and policy development and scrutiny panels as appropriate.

The nature of medium to long term financial planning means that identifying expenditure and funding growth for future years is challenging and uncertain under any circumstance. The current cost and funding risks, and wider risks to the economy, only increases uncertainty at this point in time. However, it is widely acknowledged by bodies such as Audit Scotland and CIPFA that a short term budgeting process is not conducive to achieving the aims consistent with planning to meet future service delivery demands and prioritising resources to achieve this. The council has revenue financial plans to 2027/28 and capital investment plans to 2032/33 and is committed to the ongoing review and development of financial plans during 2024/25 to support the council's ongoing financial sustainability.



Graham Hope
Chief Executive

25 September 2024



Councillor Lawrence Fitzpatrick
Leader of the Council

25 September 2024



Lynda Ferguson CPFA
Depute Head of Finance and Property Services (under delegated appointment)

25 September 2024

THE AUTHORITY'S RESPONSIBILITIES

The authority is required to:

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

I confirm that these Annual Accounts were approved for signature by West Lothian Council at its meeting on 24 September 2024.

Signed on behalf of West Lothian Council



Councillor Lawrence Fitzpatrick
Leader of the Council
 25 September 2024

THE HEAD OF FINANCE AND PROPERTY SERVICES' RESPONSIBILITIES

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

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

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

The Depute Head of Finance and Property Services has also:

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

I certify that the financial statements give a true and fair view of the financial position of the local authority (and its group) at the reporting date and the transactions of the local authority (and its group) for the year ended 31 March 2024.



Lynda Ferguson CPFA
Depute Head of Finance and Property Services (under delegated appointment)
 25 September 2024

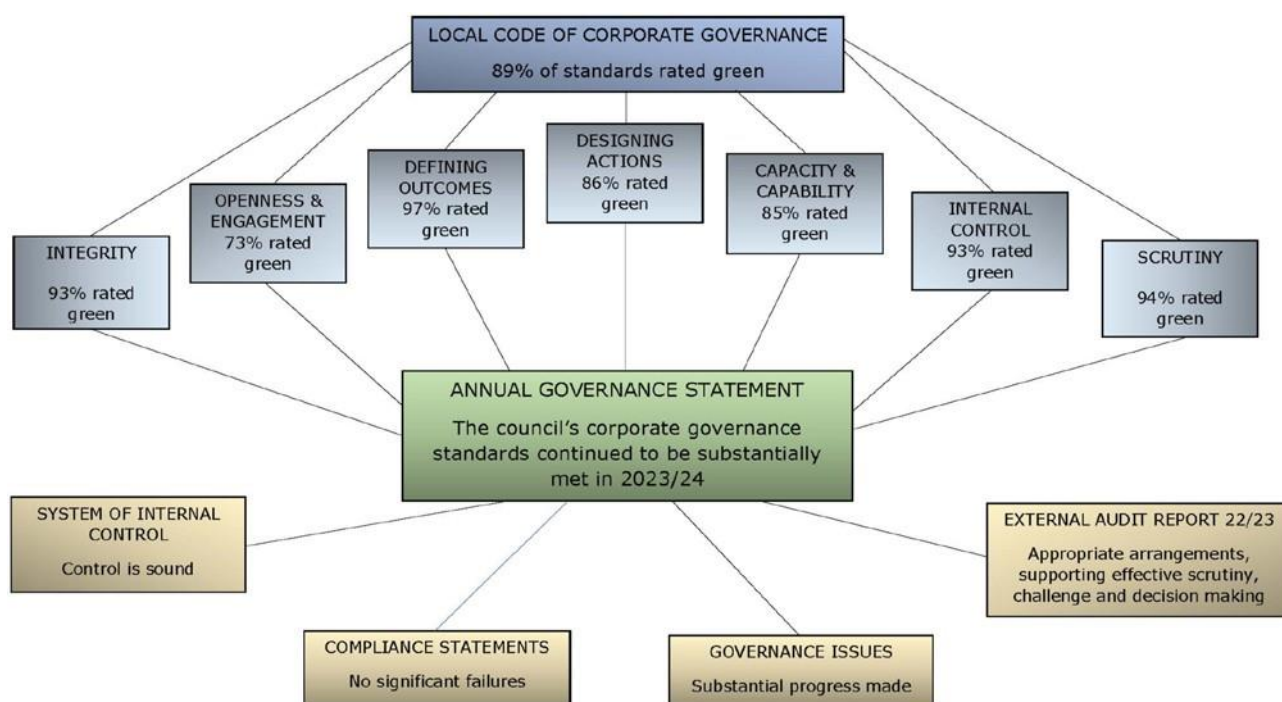
1. Introduction

- 1.1 The corporate governance framework comprises the systems, processes, culture and values by which the council is directed and controlled. It guides how the council engages with and is accountable to the West Lothian community. The council's governing bodies (full council and committees), individual councillors and members of staff must try to achieve its objectives while acting in the public interest at all times. That involves primary consideration of the benefits for society, which should result in positive outcomes for stakeholders.
- 1.2 The council, through all of its members, has overall responsibility for good governance arrangements. In practice, the council entrusts those tasks to committees and to appropriate council officers but subject to monitoring and scrutiny arrangements. Those include the provision of evidence-based assurance on the governance framework's effectiveness and completeness.
- 1.3 The council's new Corporate Plan 2023/24 to 2027/28 was adopted in May 2023 (the Corporate Plan). In November 2023 a suite of corporate strategies was approved to deliver the Corporate Plan's objectives and priorities. Those strategies included for the first time a Corporate Governance Strategy. It draws together the most significant elements of the corporate governance framework. It supports the values, vision and priorities of the Plan. Its performance will be assessed against its agreed performance indicators and reported to elected members and the public each year. The adoption of the strategy acknowledges the wide understanding that good governance promotes good decisions and good performance.
- 1.4 The statement is presented in these sections. They summarise relevant responsibilities, roles, controls and activities during the reporting year: -
1. Introduction
 2. Summary and assurance
 3. Political structure and administration
 4. Management structure
 5. Decision-making and scrutiny arrangements
 6. Local Code of Corporate Governance
 7. Annual internal audit opinion
 8. Annual compliance statements
 9. Audit Committee
 10. Governance & Risk Committee
 11. Other internal scrutiny arrangements
 12. Officer roles and activity
 13. External scrutiny
 14. Past and current governance issues
 15. Governance issues ahead
 16. Conclusion and assurance

2. Summary and assurance

- 2.1 The conclusion and assurance in this statement draws on the evidence found or described in: -
- the internal audit opinion by the Audit Risk & Counter Fraud Manager on the effectiveness of the framework of governance, risk management and control (section 7)
 - annual compliance statements and associated stand-alone reports in relation to significant statutory regimes and corporate policies and procedures (section 8)
 - the refreshed evidence-based Local Code of Corporate Governance (section 6)
 - the progress made in the reporting year on areas of governance concern (section 14)
 - the external audit reports and opinion for 2022/23 (section 13)

2.2 Information and conclusions from those sources are summarised in the illustration below.



2.3 In a large and complex organisation, especially under significant funding and financial pressures, there are inevitably issues on which future work is required. However, based on the sources and evidence described in this statement, the council and the West Lothian community can be assured that the council's corporate governance standards continue to have been substantially met in 2023/24. That assurance was reported to and accepted by Governance & Risk Committee in June 2024 when this statement was approved. The statement was included in the council's unaudited accounts and financial statements when they are published at the end of June 2024 for inspection and objection.

3. Political structure and administration

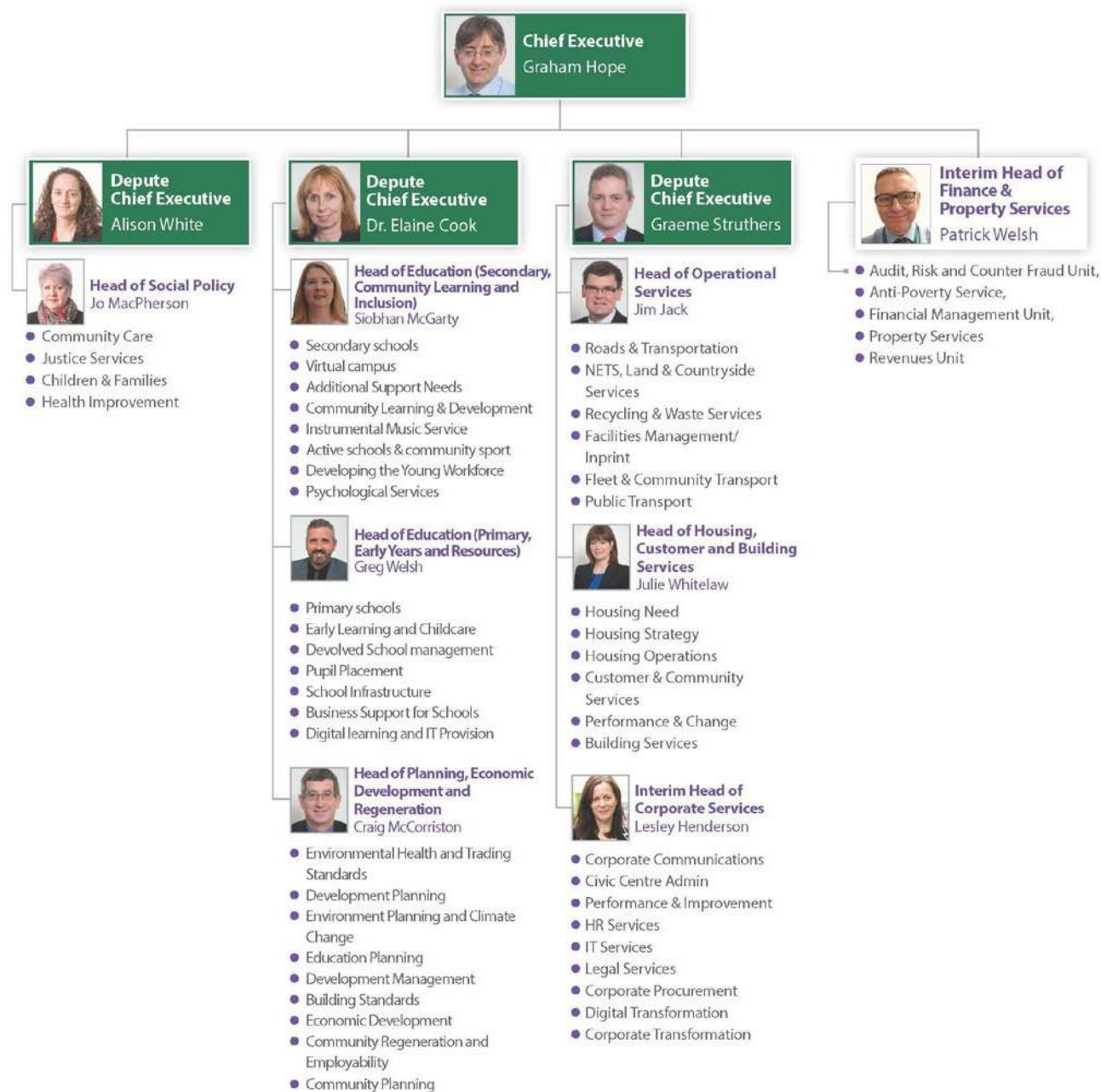
3.1 West Lothian Council has nine electoral wards and thirty-three councillors. At the end of the reporting year there were fifteen SNP members, twelve Labour members, four Conservative members, one Liberal Democrat member, and two Independent members. One of the Independent members passed away in May 2024. A by election was held in August 2024. A minority Labour administration remains in place. Political leadership positions were filled in May and June 2022 after the local government elections. The committee structure in place before the elections continued in place, but with changes to political composition and a reduction in numbers and realignment of the remits of Executive Councillors and their Policy Development & Scrutiny Panels (PDSPs). There has been a high degree of consistency in decision-making arrangements for many years. That helps an understanding of governance and decision-making processes. It promotes consistency of approach. Both have positive impacts on scrutiny and performance.

3.2 The political leadership positions comprised the Provost (and Depute), the Council Leader (and Depute), six Executive Councillors (portfolio holders in relation to council services) and chairs and vice-chairs of other committees. Senior councillor payments were agreed in June 2022 and have been renewed each year. Since November 2023, one elected member in receipt of a senior councillor payment has had leave of absence due to ill-health. That leave, and the consequent acting-up arrangements and payment, were approved unanimously at committee through the Family Leave Scheme for Elected Members adopted in June 2023. The statutory annual report for 2023/24 on elected members' remuneration, allowances, expenses and training was presented to Council Executive in May 2023. Arrangements for elected members' training and development were singled out as an example of good practice in the Accounts Commission's "Local Government in Scotland Overview 2023".

4. Management structure

4.1 The council's services are managed through its Executive Management Team (EMT) (Chief Executive, three Deputy Chief Executives and the Head of Finance & Property Services). Those officers and seven Heads of Service and the Governance Manager form the Corporate Management Team (CMT). The interim appointments made in 2021/22 of Head of Housing, Customer & Building Services and Head of Corporate Services remained in place at the year end. An interim appointment was also made in May 2023 to the post of Head of Finance & Property Services (the council's Chief Financial Officer) which became vacant. Arrangements to make permanent appointments to these positions were started in March 2024 with the Senior Officer Appointments Committee being convened to meet from April 2024. A permanent appointment has now been made to the post of Head of Housing, Customer & Building Services. The Head of Operational Services retired at the start of August 2024. An interim appointment has been made to that post, pending a later permanent appointment. Each service has a Senior Management Team and other service managers, team leaders and teams within its structure. The service structure, staffing, priorities, outcomes and actions are set out in Service Improvement Plans (which this year replaced the former Management Plans) published and presented to members each year for scrutiny. They are aligned with the new Corporate Plan.

4.2 The service management structure is as follows: -



4.3 The council has had a Corporate Transformation Team in place since 2018. It sits apart from service areas. It provides all services with expertise and support in taking forward the ongoing digital and other transformation of council services and delivery of budget reduction measures. It will continue to play a significant role in delivering on budget savings, transformation projects, and supporting delivery on the Corporate Plan's priorities and objectives. The Team's outputs were reported at full council in November 2023. Its work supports outcomes set out in the Performance and Transformation Strategy approved in February 2024. Work is underway to develop Digital Transformation Principles to support delivery of the Corporate Plan.

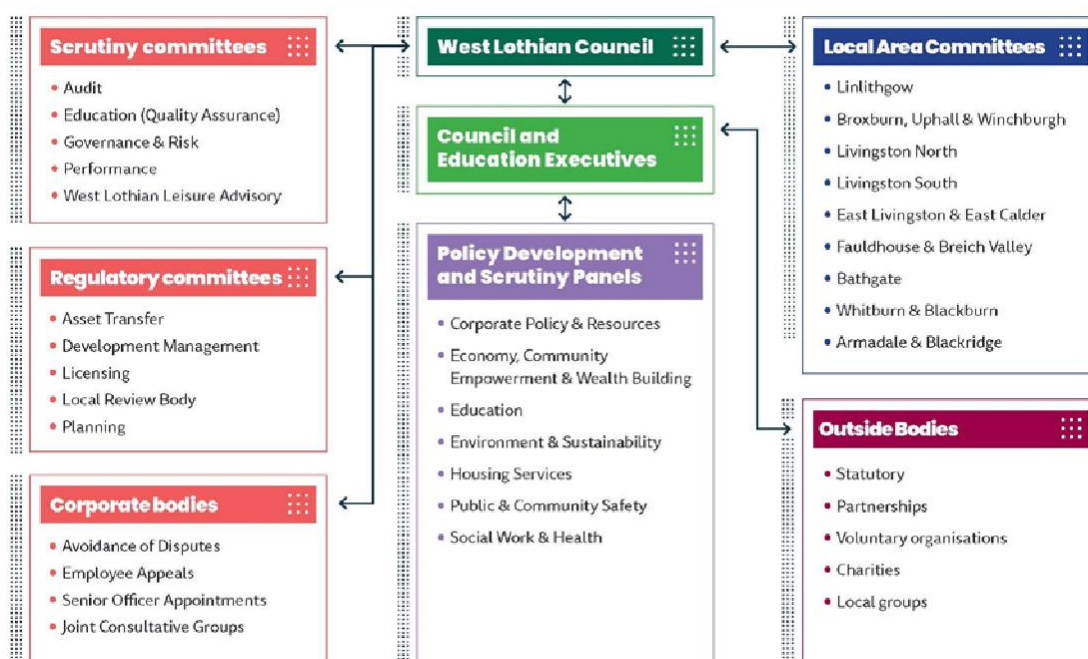
4.4 Internal cross-service working amongst officers is enabled by a network of boards and working groups. They have defined remits and membership from appropriate service areas and staff grades across the council. Some have representation from partner organisations, such as NHS Lothian and Police Scotland. The structure, remits and membership of the boards and working groups were reviewed in 2023/24. Changes were made with effect from June 2024 to ensure their alignment with and effective support for the outcomes and priorities in the new Corporate Plan. The structure and remits will be kept under annual review. The main officer group dealing with the council's risk, control and governance arrangements has been the Governance & Risk Board. With effect from May 2024 it has become the Corporate Governance Board with an updated remit tied to the Corporate Governance Strategy.

5. Decision-making and scrutiny arrangements

5.1 The council has a long-established framework of committees and working groups set out in its Scheme of Administration. The committee structure is supported by the statutory Scheme of Delegations to Officers. That sets out the authority and responsibilities which officers may exercise without recourse to elected members. That is updated every three months to reflect new and changed delegations agreed by council and its committees. More significant changes are reported separately where required, for example, in April 2024, arising from recent new legislation on the Local Development Plan and the creation of a new statutory officer role of Chief Planning Officer.

5.2 There are two main policy and decision-making committees, Council Executive and Education Executive. Proposed policy decisions are considered before committee decision-making at one of the seven PDSPs. There is one local area committee (LAC) for each ward to help focus ward issues and provide a link from local areas and concerns to the decision-making function at the corporate centre. Scrutiny is carried out through Audit Committee, Governance & Risk Committee, Performance Committee, Education (Quality Assurance) Committee, and West Lothian Leisure Advisory Committee. The seven PDSPs receive quarterly performance reports for the services in their remits focusing on service performance indicators and financial performance. Full council meets every 8 weeks to deal with reserved matters and political debate and scrutiny. Council established two less formal cross-party working groups in 2022 and 2023, sitting outside the formal arrangements recorded in the Scheme of Administration. One was established to consider and make recommendations to committee or council about the barriers to participation as elected members related to the Equality Act's protected characteristics, and equality aspects of the Scottish Government's National Planning Framework 4 (NPF4) and associated guidance. The other looked into potential solutions to homelessness problems through the use of modular housing units. Recommendations on the first of those three areas of work were accepted by Council Executive and work continues on the other two.

DECISION MAKING STRUCTURE



5.3 Standing Orders for the Regulation of Meetings and the Scheme of Administration can only be changed by full council on notice being given. That helps ensure stability, continuity and careful consideration of proposed changes. Hybrid meeting arrangements and the live audio-visual webcasting and recording of meetings continue. Members of the public may observe meetings physically or online and may participate, where appropriate, in the same ways. A substantial and growing library of recordings is available to the public online. Due to legal rules restricting political publicity by the council, live webcasting was suspended during the period before the UK Parliament general Election on 4 July 2024. The right of public access to meetings and meeting papers was maintained. The recordings were uploaded shortly after 5 July 2024.

6. Local Code of Corporate Governance

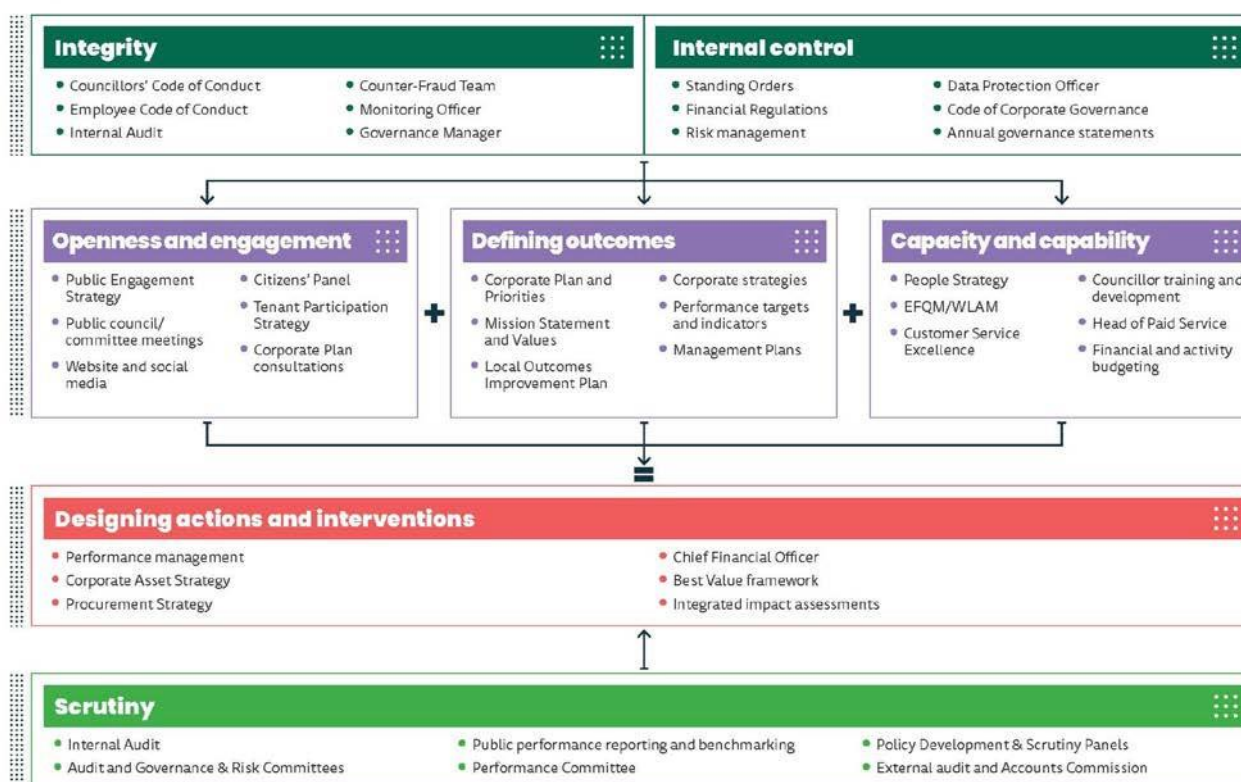
6.1 The council's governance arrangements are monitored, reviewed and reported under a Framework and Guidance called "Delivering Good Governance in Local Government", produced by CIPFA/SOLACE in 2016 (the Framework). The current Local Code of Corporate Governance was adopted in April 2018. Its operation is considered each year by officers and members in approving the annual governance statement. Its contents and operation were reviewed in 2023/24. The Framework has not changed. The Local Code has been an effective tool to gather evidence and demonstrate corporate governance standards. Officers and elected members are familiar with it. Year-on-year progress and comparison are significant. Some changes to terminology have been made, for example, replacing references to Management Plans to Service Improvement Plans. No substantial changes are required or have been recommended. Governance and Risk Committee accepted the position in June 2024.

6.2 The Code adopts the seven over-arching principles of the Framework: -

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

6.3 Each of those principles is broken down into sub-principles and then into a hierarchy of separate elements to allow a focused approach to the assembly of evidence for the standards listed against them. The diagram below shows the seven principles and their interaction. There is a list for each of them of the most significant sources of evidence used to assess compliance against the standards.

PRINCIPLES AND COMMON SOURCES OF EVIDENCE



- 6.4 The gathered evidence and the product of scrutiny arrangements are used to assess compliance and performance over the year to determine whether the council exceeds, meets or fails to meet the required standards. Areas of concern are picked out, actions are identified and allocated, and progress is monitored through officer oversight and the Governance & Risk Committee.
- 6.5 The Code is used to inform the drafting and approval of the annual governance statement through the Governance & Risk Board, Corporate Management Team and Governance & Risk Committee. It is reported in full and in detail to that committee when it approves the annual governance statement in June each year. It is then summarised in a report to full council in September, alongside the annual reports by the external auditor and the council's annual accounts. Deficiencies are identified and are translated into actions which are monitored throughout the following reporting year by Governance & Risk Board and Governance & Risk Committee.
- 6.6 Compliance in 2023/24 with the standards in the Code remains high. Under a red/amber/green assessment system there are no red scores. That has been the case since the current Code was adopted. A small number will require attention in the coming year to avoid them slipping into the red category. There are 231 standards out of 258 assessed as green, representing 89% of the total entries. Comparable figures from previous 5 years for green scores under the same assessment process were 81%, 84%, 84%, 85% and 86% (last year).

7. Annual internal audit opinion

- 7.1 A significant element in the council's governance arrangements is the system of internal control. That is designed and reviewed to identify risks to the achievement of the council's objectives; to evaluate the likelihood of those risks occurring; to consider the potential impact of the risks; and to manage them effectively. It includes financial regulations and the system of management supervision, delegation and accountability. It is supported by regular information, administrative procedures and segregation of duties. Its key elements include an internal control framework relating to financial processes, procedures and regulations; a comprehensive budgeting and monitoring framework; scrutiny of periodic and annual financial and operational performance reports; performance management information; and project management disciplines.
- 7.2 As required under statutory regulations and the Public Sector Internal Audit Standards (PSIAS), the Audit Risk & Counter Fraud Manager in his role as "chief audit executive" provides an annual opinion to members on the adequacy and effectiveness of the system of internal control. That opinion is considered by Governance & Risk Committee before approval of the annual governance statement. It is then approved at Audit Committee. The annual governance statement then in turn requires approval by the council through the Governance & Risk Committee before incorporation into the unaudited annual accounts and financial statements published in June each year for inspection before being submitted for audit.
- 7.3 Following his review for 2023/24, his conclusion and assurance to members is that the framework of governance, risk management and control is sound. That conclusion was based on internal audit and counter fraud work carried out during the year and had regard to the work of the Governance & Risk Board, an officer group which has oversight of risk and governance arrangements. No areas were identified where control was considered to be unsound. Where improvements were required actions were agreed with managers. Recommendations and actions ranked as being of high importance were logged as risk actions for progress to be monitored and reported back to committee. Actions ranked as of medium importance are followed up separately. The conclusions and assurances from his reports have been accepted by Audit Committee. The outcome of the review was accepted by Governance & Risk Committee and Audit Committee in June 2024.

8. Annual Compliance Statements

- 8.1 The council's Monitoring Officer arranges the production of a suite of annual compliance statements. They sit alongside the Code and feed into this annual governance statement. They deal with compliance with the law, with significant legal and regulatory regimes, and with the council's most important corporate policies and procedures. They are prepared by responsible officers after consultation with Service Managers and Heads of Service. They take into account oversight by external regulatory and inspection bodies. They include conclusions and an assurance of compliance by the relevant senior officer. They are designed to summarise compliance arrangements and bring to the attention of elected members and the public any incidents of non-compliance which are significant to the council's operations. Those may or may not already have been reported elsewhere during the year. The statements identify significant developments, issues of concern and issues to be addressed going forward.
- 8.2 A new compliance statement has been added this year, in relation to statutory counter terrorism duties. Those are the duty to address radicalisation (known as the "prevent duty") and the new "protect duty".

8.3 The now 14 statements cover the following areas of activity: -

- Anti-Fraud and Corruption - Head of Finance & Property Services
- Best Value Framework - Head of Finance & Property Services
- Councillors' Code of Conduct - Monitoring Officer
- Counter-Terrorism Duties – Depute Chief Executive (Corporate, Operational and Housing Services)
- Discipline and Grievances - Head of Corporate Services
- Employee Whistleblowing - Head of Corporate Services
- Information Governance - Head of Corporate Services
- Information Security - Head of Corporate Services
- Occupational Health & Safety - Head of Corporate Services
- Procurement - Head of Corporate Services
- Protection of Vulnerable Groups (PVG) - Head of Corporate Services
- Public Sector Equality Duty - Head of Corporate Services
- Regulation of Investigatory Powers (RIPSA) – Depute Chief Executive (Corporate, Operational and Housing Services)
- Breaches of the Law - Monitoring Officer

8.4 Areas of concern covered in the compliance statements are reflected in the assessment of evidence in the Local Code of Corporate Governance. They may lead to inclusion in the annual governance statement's list of governance issues to be addressed in the next reporting year. The statement by the Monitoring Officer is particularly important. The Monitoring Officer holds a statutory post and is responsible for ensuring the council's compliance with its statutory duties and responsibilities. They are to report on and address any breaches of the law which are significant to the operations of the council.

8.5 The Monitoring Officer secured information from service managers and consulted with the Corporate Management Team, the Chief Solicitor and the Audit, Risk and Counter Fraud Manager. His opinion is that there have been no material or significant breaches of the law by the council in 2023/24 which have or will have a material or significant impact on the operations of the council. He has certified that the council is complying in all material respects with its statutory obligations.

8.6 He did identify a number of instances (reduced from previous years) where improvements to the council's compliance with legislation were required. None of those breaches was considered to present significant risk to the continuing operation and effective delivery of council services and control. Not all breaches are material to the council's operations or its finances. Those issues are described in the annual compliance statement. They concerned the council's homeless accommodation duty, full recovery of charges for council care home places, and breaches of procurement legislation. The last were also identified in the Procurement compliance statement. The causes have been identified and appropriate actions have been and are being taken to ensure lessons are learned.

9. Audit Committee

9.1 Audit Committee operates in compliance with PSIAS. It undertakes a corporate overview of the council's control environment, develops an anti-fraud culture to ensure the highest standards of probity and public accountability. It evaluates the arrangements in place for securing the economical, efficient and effective management of resources. It considers an annual review of the overall adequacy and effectiveness of the council's control framework. It monitors the independence and effectiveness of the Audit, Risk & Counter Fraud Team.

9.2 The Chair of the committee must be appointed from councillors who are not in the ruling administration political group. The majority of members are from outwith that group. The committee includes one non-councillor member to bring a different perspective and expertise to the work of the committee. The non-councillor member's appointment was renewed at full council in March 2023 for a further three-year period.

9.3 The committee meets four times each year. It operates through an annual work plan approved by the committee. It carries out an annual self-assessment exercise to identify improvements in the way it operates. The outcome of internal audit and counter-fraud investigations judged to be significant are reported individually. Summaries of other audit reports are reported bi-annually. Reports are presented and considered in public unless there is clear legal justification for excluding the public. They express an opinion as to whether control is effective, satisfactory, requires improvement or is unsound. Sixteen out of eighteen planned audits were completed with the two others in progress.

Overall, the audit conclusions were positive. No areas were identified where control was considered to be unsound. Findings from audit and inspection reports ranked as of high importance are entered into the council's risk management system as risk actions. They are followed up formally by Internal Audit. Medium importance findings are followed up informally. Risk actions of high importance which remain outstanding after their target dates are reported to the Governance & Risk Board during the year and to the Audit Committee twice yearly. The up-to-date position for this reporting year was confirmed at Audit Committee in June 2024. Internal Audit also carried out unplanned work at the request of senior officers. This year, that concerned financial control over the Housing Need Homelessness budget and the invoicing system in Fleet Management. All of those feed into the annual review of the system of internal control, which in turn informs this statement.

- 9.4 The committee also deals with reports from the council's external auditor. It considers the External Audit Annual Plan in March each year which informs the council of the audit work to be undertaken in the course of the year by the external auditor. The external auditor's annual reports on the council's accounts, financial statements and best value arrangements are considered by full council in September each year. They are referred to the Governance & Risk Committee and Audit Committee for further scrutiny. Any actions identified are noted and are followed up through periodic reporting to committee on progress or completion. Satisfactory progress on the four actions identified in the external audit report for 2022/23 was reported to Audit Committee in June 2024.
- 9.5 The committee also considers reports issued by the Accounts Commission and/or Audit Scotland in relation to the council or local government as a whole. Examples are the Local Government in Scotland Overview and the Local Government in Scotland Financial Bulletin. It can consider those reports from the councillors' perspective and recommend any action which it considers should be taken in response.

10. Governance & Risk Committee

- 10.1 The committee takes a corporate overview of the council's corporate governance and risk management arrangements. It develops a culture of good corporate governance and risk awareness. It reviews the council's strategy and systems for the management of risk. It considers regular reports from the Governance Manager and the Audit, Risk & Counter Fraud Manager. Other reports are brought forward by other senior officers as requested by the committee through its work plan. It can consider external reports relevant to its remit.
- 10.2 The committee meets at least four times each year. It operates through a work plan presented to and updated after every meeting. The Chair of the committee must be drawn from members who are not in the ruling administration political group. The majority of members are from outwith that group. In March 2020 its membership was formally expanded to include a non-councillor member to bring different expertise, experience and perspective to the work of the committee. The appointment was renewed for three years at full council in May 2024, until September 2027.
- 10.3 The committee carries out an annual self-assessment exercise to identify improvements that might be made to the way it operates. It receives reports from services on their risk management arrangements. It considers reports at every meeting on the council's high risks and on health and safety incident reporting. It considers strategic risks bi-annually. It examines ad hoc risk and governance issues, such as information governance, business continuity, and compliance with the Councillors' Code of Conduct. It considers annual reports on themed groups of risks, such as fire, asbestos and legionella in operational buildings, and insurance risks and arrangements. It considers risk reports from the council's external risk advisers. It is responsible for approving the annual governance statement after considering the findings of the annual review of the system of internal control. It monitors progress against governance areas of concern through bi-annual monitoring reports.

11. Other internal scrutiny arrangements

- 11.1 The council deals with the remainder of its scrutiny function by members in four other places – Policy Development & Scrutiny Panels (PDSPs), Performance Committee, Education (Quality Assurance) Committee and West Lothian Leisure Advisory Committee. Except for the last of those, the majority of members on each of these bodies is from outwith the ruling administration political group.
- 11.2 PDSPs are working groups of members and representatives from external community bodies and the recognised trade unions. Their remits were updated and realigned following the local government elections in May 2022. Their scrutiny role involves considering quarterly performance reports from the service areas included in their remit. Members and external representatives are able to question officers on service performance and failures and make recommendations to them about improvement actions. Members receive information on both service and financial performance measured against agreed indicators and outcomes. In 2022/23 and 2023/24 PDSPs also considered fresh revenue budget savings measures being reported to council at its February budget-setting meetings and the responses to public consultation on those savings measures. They also consider Service Improvement Plans for each service, which are replacements for the Management Plans produced under the previous Corporate Plan. Corporate Policy & Resources PDSP and Education PDSP will in autumn 2024 receive annual reports on performance against the outcome and indicators contained in the suite of corporate strategies approved in November 2023 to support the Corporate Plan.

11.3 Performance Committee is established to consider the performance of service units against the council's performance appraisal system, the West Lothian Assessment Model (WLAM). Services are divided into WLAM units which report on an agreed cycle to a panel chaired by the Chief Executive. It considers the evidence presented and allocates a score. The service unit then reports to the Performance Committee on its appraisal. The WLAM programme was reviewed in 2021/22 and a new approach implemented across the council in 2022/23. Reports on progress on the updated programme was presented to Performance Committee in May 2023 and 2024. The committee's Chair is from outwith the ruling administration group. It receives written reports presented at public committee meetings by senior service managers and can question them and make recommendations to them about improvement actions. The committee also scrutinises quarterly and annual reports on the council's complaints handling policy and performance. It considers Factfile (the main vehicle for external performance reporting) each year prior to publication. It considers the results of the local authority benchmarking review carried out annually in conjunction with the Improvement Service. In addition to performance reporting to members, management teams routinely monitor their performance through Ideagen. That system contains the high-level performance indicators and service standards which are reported publicly as well as lower level management performance indicators.

11.4 The Education (Quality Assurance) Committee carries out a scrutiny role solely in relation to internal and external assessment and inspection reports of educational establishments. Its Chair is from outwith the ruling administration group. The committee includes non-councillor members appointed by the council in relation to its education functions. Representatives from the relevant school's Parent Council are invited to attend and take part in the committee's meetings, as is the establishment's Head Teacher. It provides a dedicated and specialised forum for scrutiny of performance in education establishments.

11.5 Leisure and culture services are delivered almost entirely through an arms' length external organisation (ALEO) called West Lothian Leisure Ltd (WLL). The council is its sole shareholder. There is a dedicated advisory committee called the West Lothian Leisure Advisory Committee, attended by senior officers of both council and West Lothian Leisure. It deals with scrutiny of service delivery and financial performance. A review is ongoing of the relationship between the council and WLL, a best practice requirement reflected in the council's Scheme of Administration. Completion of the review is overdue. Its conclusion was expected to be reported in 2023/24. It is highlighted again in this statement as a governance issue of concern.

12. Significant officer roles

12.1 The council is required by law to appoint an officer to be its Head of Paid Service. The statutory duties of the post are to co-ordinate the discharge of the council's functions, to determine the number and grades of staff required, and to appoint, manage and organise its staff. The Head of Paid Service has both a power and a duty to make a statutory report to full council where considered appropriate. The law does not require specific qualifications but they are expected to have appropriate standing, leadership, communication and interpersonal skills, and qualities of integrity and impartiality in order to deliver the objectives of the post. The statutory responsibilities and duties of the post point to the post-holder being at the highest level of senior management. The Chief Executive holds this position. The statutory role description in the Scheme of Delegations was revised and approved in an amended form in February 2023.

12.2 Legislation requires the council to appoint a Chief Financial Officer. That role is to be performed in accordance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) and in the CIPFA Financial Management Code (2019). They set out the non-statutory requirement for the Chief Financial Officer to be professionally qualified and the criteria for qualification. The council's Interim Head of Finance & Property Services is the council's Chief Financial Officer. He operates in accordance with the council's Financial Regulations, Capital Strategy and Treasury Management Plan. He reports regularly to members on economic, financial and funding pressures as well as revenue and capital budgetary performance and compliance. The role is undertaken in accordance with the relevant statutory rules, guidance and standards. Treasury Management reports and capital asset management strategy reports are made to full Council twice each year. The statutory role description in the Scheme of Delegations was revised and approved in an amended form in February 2023.

12.3 The council is legally required to appoint a Monitoring Officer. The statutory function of the Monitoring Officer is to take action where it appears that a decision may give rise to a contravention of legislation or other rule of law, or maladministration, or other injustice. The law does not require the Monitoring Officer to hold any specific qualifications but they are expected to have appropriate seniority, standing, leadership, communication and interpersonal skills, and qualities of integrity and impartiality in order to fulfil the post's statutory responsibilities. They have a specific role in relation to ethical standards and the Councillors' Code of Conduct. The statutory role description in the Scheme of Delegations was revised and approved in an amended form in February 2023. The Governance Manager holds this position. The council's Chief Solicitor is the Deputy Monitoring Officer.

12.4 As required by statute, the council has appointed a Chief Social Work Officer who has statutory professional responsibility for the oversight of specified social work functions. The Scheme of Delegations states that in relation to those statutory functions the Chief Social Work Officer's decisions are not subject to change by more senior officers, but are, subject to council or committee decisions, final and binding on the council. An annual report is made to members through full council and to the Scottish Government. The statutory role description in the Scheme of Delegations was revised and approved in an amended form in February 2023. The Head of Social Policy holds the position.

- 12.5 The council is required to operate a professional and objective internal audit service. It sits in the Audit, Risk and Counter Fraud Team. It performs an independent appraisal function which examines and evaluates systems of financial and non-financial control. Internal audit operates in accordance with the PSIAS. The organisational status and independence of internal audit required by PSIAS is also set out in the Internal Audit Charter. The Charter was reviewed and approved again in June 2023. An external assessment of compliance with PSIAS was carried out in 2022/23 and reported to Audit Committee in January 2023. It was found to fully conform in twelve of fourteen areas of assessment and to generally conform in the remaining two. Informal benchmarking against four other councils was carried out in the reporting year. The outcome was considered to be satisfactory.
- 12.6 An annual audit work plan is prepared based on an assessment of risk and is approved by Audit Committee. Internal audit reports are issued to the committee in relation to the outcome of significant proactive and reactive reports. Reports are issued in the name of the Audit, Risk and Counter Fraud Manager. Also, as required by PSIAS, Financial Regulations state that the internal audit function is free from interference in determining the scope of internal auditing, performing work, and communicating results. They state that the Audit, Risk and Counter Fraud Manager has the right of direct access to the Chair of the Audit Committee and to the Chief Executive. The Audit, Risk and Counter Fraud Manager reports annually on compliance with PSIAS, particularly the requirement of independence and ready access to the Chief Executive and elected members. An interim report is brought to committee during each year to advise of progress towards completion of the annual plan.
- 12.7 Risk Management is overseen by the Audit, Risk & Counter Fraud Manager. It is embedded at Executive and Corporate Management Team level as well as in service management teams across the council. Management teams monitor, assess and mitigate service risk as a matter of routine at their meetings. The Risk Register is maintained in Ideagen, a database which records risks and their scoring and associated controls and actions. Service areas report on a rota basis to Governance & Risk Committee on their management of risks in their service areas. The former Risk Management Strategy has been superseded by the incorporation of risk management into the new Corporate Governance Strategy.
- 12.8 The council's counter fraud activities are managed within the Audit, Risk & Counter Fraud Team. The service is operated in accordance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014). The unit manages the council's whistleblowing hotline. It also administers the council's participation in the National Fraud Initiative. An annual plan is approved at Audit Committee each year. An annual report and an interim report are brought to committee to demonstrate progress towards completion of the plan. The review and approval of a revised Anti-Fraud & Corruption Policy was completed in June 2021. An annual compliance statement is provided and published each year as part of the evidence informing the annual governance statement.
- 12.9 The Data Protection Act 2018 and the UK General Data Protection Regulation require the appointment of a Data Protection Officer. A statutory role description was developed and adopted for the first time through committee in February 2023, and is now included in the Scheme of Delegations. The statutory role is concerned with personal data and not, in terms of law and guidance, with complementary information governance regimes, such as freedom of information and records management. The holder of the post may however have roles (contractual rather than statutory) to play in those other regimes as well. The statutory duties include informing and advising the council and its staff of their data protection obligations, providing advice on carrying out data protection impact assessments, and monitoring compliance with relevant council policies and with the law. As required by statute the Scheme of Delegations reflects the right to have direct access to senior management and elected members when required, and guarantees independence from line management over-ride in relation to the post's statutory duties. The post was formerly held on an interim basis by the Head of Corporate Services. Following the approval of a much-revised Information Governance Policy and Special Category Data Policy in January 2024, the role has been assigned to the Systems and Information Manager in the reformed Business Support and Information Team in Corporate Services.
- 12.10 Since March 2024, the council is under a legal duty to appoint a Chief Planning Officer. The council must have regard to statutory guidance in designing the role and appointing to it. A formal role description reflecting the requirements of law and guidance was approved in April 2024. It has been added to the Scheme of Delegations alongside the role descriptions for the other statutory officer positions. The statutory guidance indicates that the Chief Planning Officer will be the council's head of its planning profession, and will be the senior officer responsible for the planning service. The Chief Planning Officer is to advise the council about functions conferred by the Planning Acts, and, more widely, all other statutory functions where they relate to development.

13. External scrutiny

- 13.1 The external auditor's annual report for 2022/23 was considered at council in September 2023. It was accompanied for the first time by a separate themed Best Value Report. That is part of the new approach by the Accounts Commission to the audit of councils' achievement of their statutory best value duty. The reports were referred on to Audit Committee (on the accounting and financial aspects) and Governance & Risk Committee (on the wider-scope audit work) for further scrutiny. An unqualified audit opinion was issued. The auditor found appropriate and effective financial management in place with regular budget monitoring reports to members. It concluded that medium and longer-term plans and budget monitoring arrangements were appropriate. The council was found to have effective and appropriate arrangements in place to plan the use of its resources to sustain delivery of services into the medium term.

13.2 On the wider-scope aspects, concerned with the governance and control framework, the council was again found to have effective and appropriate governance arrangements in place that support effective scrutiny of decisions taken, challenge and informed decision making. Overall, governance arrangements were found to be appropriate and effective. The auditor also found there to be an effective performance management framework in place, with performance measures aligned to key priorities and outcomes. The report concluded that there was regular performance reporting to elected members and the necessary arrangements for collecting, recording and publishing statutory performance information were in place.

13.3 The audit of the accounts for 2022/23 was the first year of Audit Scotland's five-year appointment as external auditor. Its external audit plan for 2023/24 was considered by Audit Committee in April 2024. It set out its approach to the wider-scope aspect of the annual audit and the way in which it planned to approach the audit of best value in the context of a renewed cycle of best value audit reports on councils started in 2022/23. The council's Best Value audit is scheduled for 2025/26.

14. Past and current governance issues

14.1 Issues of governance concern identified in previous years' statements were aggregated and reported to Governance & Risk Committee in December 2023 and June 2024 for monitoring and scrutiny. Progress is considered at the Governance & Risk Board before reports are presented to committee. Starting in 2023/24 those reports have been standing items at all Governance & Risk Board meetings, rather than twice each year.

14.2 In June 2023 there were eleven remaining issues from the previous year for committee to consider. Of those eleven issues, five were accepted to have been completed. The other six were carried forward for progress and monitoring in 2023/24. Last year's annual governance statement identified just two new issues to add. In December 2023, committee was informed that none of the resulting eight issues had been completed. It accepted that work was still needed on all eight of them. As reported last year, progress on three of those eight issues was still dependent on the Scottish Government advancing legislation (the National Care Service and the UN Charter on the Rights of the Child) or progressing its local governance review (Democracy Matters 2). Those three were marked as completed for the year when reported to Governance & Risk Committee in June 2024. The council had done what it has had to do and what it has been able to do. Committee was therefore informed in June 2024 that five of those eight issues have been fully addressed, leaving three outstanding and to be carried forward for attention in 2024/25 (see 15.2, below).

14.3 The three being carried forward are as follows: -

- The full (triennial) review of the council's relationship with its ALEO, West Lothian Leisure (WLL) again remains incomplete. It is a best practice requirement written into Standing Orders when new constitutional arrangements were put in place for West Lothian Leisure in 2018. Little progress has been made. The pandemic did cause a delay. Last year it was explained that progress would be made after a resolution was found to the request by WLL to close four of its leisure and cultural premises. That resolution was found some time ago but no progress has yet been made. Unless the root and branch review of that ALEO relationship is concluded, council cannot be assured about WLL's contribution to service delivery and best value, and cannot demonstrate that to be the case
- A historic problem had been identified in relation to low monetary value leases of community centres to management committees. Work had been instructed by the council to review the community centres in the council's estate as a budget-savings measure. Delivery of that measure was postponed by council in February 2024. Engagement with community centre management committees is underway, until February 2025. A decision has been made to delay work on the historic problem with leases until that budgetary review is completed and decisions are made. The risk of delaying the work further on the leases has been assessed as low
- The council has in the past run a Citizen Led Inspection Programme. It features in the Local Code of Corporate Governance as evidence of compliance with a number of the Code's governance principles. Its resumption was an action identified in the external audit annual report for 2022/23. It is to be taken forward between January 2024 and March 2026. A report was presented to Corporate Policy & Resources PDSP in June 2024 on the resumption of the programme. The first is planned for quarter 3 of 2024/25. Until the actual programme commences the action cannot be taken to have been completed

15. Governance issues ahead

15.1 The bi-annual reports on outstanding governance issues have included a schedule of significant corporate policies, procedures and protocols requiring review at least once in each administrative term. That approach will continue. Completion of the reviews scheduled each year is now a performance indicator in the new Corporate Governance Strategy. The process will be aided by a new approach to these reviews agreed by elected members in May 2024. That allows minor changes identified by a review process to be made by officers under delegated powers. Only significant issues and changes will be reported to elected members for approval. Governance & Risk Board and Governance & Risk Committee will monitor the use of the procedure.

15.2 The three issues outstanding from this current year will be carried forward (see 14.2, above). The following new governance issues will be added. The resulting list will be monitored and reported to Governance & Risk Board as a standing item at its quarterly meetings and bi-annually to Governance & Risk Committee.

- Subsidy Control – corporate guidance and controls are required to ensure compliance with the Subsidy Control Act 2022, which regulates the giving of subsidies out of public resources
- Armed Forces Duty – there has been no reporting since December 2022 on compliance with the council's statutory duty under the Armed Forces Act 2021 to have due regard to the circumstances of members of the armed forces in service provision
- Consumer Duty – procedures will be required to ensure compliance with duties (already in force under the Consumer (Scotland) Act 2020) to have regard to the impact of strategic decisions on consumers and to reduce harm to them
- Common Good Funds – a long-outstanding instruction to report to Council Executive on the involvement of Local Area Committees in determining the use of Common Good Funds should be closed off. A report is planned to PDSP in June 2024 with a report after that to committee later in the year
- Scottish Local Authorities Remuneration Committee (SLARC) – an agreement has been reached between the Scottish Government and COSLA concerning implementation of SLARC's recommendations. The full details are not yet known. Some of the actions will fall to councils although which are to be taken forward is not yet known
- Corporate report template and report-writing guidance – finalisation of the template and guidance are overdue and should be concluded in the coming year
- Misuse of Alcohol, Drugs and Other Substances Policy – full implementation of the policy was delayed through a now expired moratorium on random testing. Steps should be taken to fully implement the policy or seek other instructions from members about its terms or operation. A report was presented to the Corporate Policy & Resources PDSP in June 2024 as the first step towards resolving the issue
- Fair Work First – Scottish Government guidance calls for fair work criteria to be applied to grants, other funding and contracts being awarded by and across the public sector. Steps are required to ensure compliance, including the adoption and publication of a Fair Work Statement

15.3 There are three other areas affecting the council's business which carry significant risk and governance implications. These issues are all in hand and so will not be included at this stage in the list of governance issues ahead. However, all of them will raise issues to address to ensure that the principles of the corporate governance framework are upheld: -

- A new Local Development Plan is needed to regulate the location, pace and nature of development across West Lothian. It must be progressed in accordance with new legislation and guidance which involve significant innovations, including compatibility with the Scottish Government's own development plan policies in NPF4, and the introduction of local place plans as factors to take into account in finalising the Plan
- The use of artificial intelligence (AI) offers benefits to the council but carries risks and the need for effective controls and governance procedures. The council will look at AI through its digital transformation projects under the Performance and Transformation Strategy. As those develop, work will be necessary to identify and address the risk and governance issues it will bring
- Funding, financial, economic, social and demographic pressures on councils and council services mean that councils across Scotland must look for new and innovative ways of working. Those may involve service restructure. More fundamental is the imperative to remodel and re-invent councils and their relationship with their communities, and the need to consider where it is going to be possible to carry on delivering discretionary (optional, not statutory) services. Work has started nationally through the Improvement Service, COSLA and SOLACE and the council is engaging in that work. The council's own plans will carry risk and governance implications. As work progresses, governance issues will have to be identified and resolved to help ensure the success of that work

16. Conclusion and assurance

In a large and complex organisation, especially one under significant funding and financial pressures, there are inevitably issues on which future work is required. However, based on the sources and evidence described in this statement, the council and the West Lothian community can be assured that the council's corporate governance standards continue to have been substantially met in 2023/24.

Graham Hope

Graham Hope
Chief Executive

25 September 2024

Lawrence Fitzpatrick

Councillor Lawrence Fitzpatrick
Leader of the Council

25 September 2024

1. INTRODUCTION

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

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

2. COUNCIL LEADER, PROVOST AND SENIOR COUNCILLORS

2.1 Remuneration Policy

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended. The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Provost, Senior Councillors or Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the council's political management structure.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2023/24 the salary for the Leader of West Lothian Council was £40,205 (£39,148 2022/23). The Regulations permit the council to remunerate one Provost and set out the maximum salary that may be paid to the Provost. For 2023/24 the salary of the Provost of West Lothian Council was £30,154 (£29,361 2022/23). The council's Scheme of Elected Members Remuneration, Allowances and Reimbursement of Expenses 2023/24 sets the level of payment in accordance with the regulations at the national maximum.

The Regulations also set out the remuneration that may be paid to senior councillors and the total number of senior councillors the council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the council for remuneration of all of its Senior Councillors for 2023/24 shall not exceed £351,769 (£342,524 2022/23). The council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits.

In 2023/24 West Lothian Council had 12 (12 2022/23) senior councillors and the basic salary paid to these councillors totalled £351,769 (£327,521 2022/23). The Regulations also permit the council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

The Scheme of Elected Members Remuneration, Allowances and Reimbursement of Expenses which sets out details of the salary parameters for all elected members including the Leader, Provost and Senior Councillors was agreed at a meeting of the Council Executive on 21 March 2023 and is available on the following link: [Scheme of Elected Members Remuneration 2023/24](#)

2.2 Remuneration Policy - Convenors and Vice Convenors for Police and Fire Functions and Joint Boards

In addition to the Senior Councillors of the council the Regulations also set out the remuneration payable to councillors with the responsibility of a convener or a vice-convener of a Joint Board. The Regulations require the remuneration to be paid by the council of which the convener or vice-convener is a member. The council is also required to pay any pension contributions arising from the convener or vice-convener being a member of the Local Government Pension Scheme.

In 2023/24 there no recharge (£698 2022/23) to Lothian Valuation Joint Board for Councillor T Conn, in respect of his convener position of the Board as a result of his existing Senior Councillor status.

2.3 Total Councillors Remuneration

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

Type of Remuneration

Salaries
Allowances
Expenses

Total

2023/24 £'000	2022/23 £'000
808	771
3	2
13	7
824	780

The annual return of Councillors' salaries and expenses for 2023/24 is available for any member of the public to view at all Council Information Services Offices and Libraries during normal working hours and is also available on the council's website at the following link: [Elected Member Remuneration 2023/24](#)

REMUNERATION REPORT

STATEMENT 3

2.4 Council Leader, Provost and Senior Councillors Remuneration

The following table provides details of the remuneration paid to the Council's Senior Councillors and remuneration paid to councillors with the responsibility of a convenor or vice-convenor of a Joint Board during 2023/24.

Name	Post Title	Total Remuneration 2023/24 £	Total Remuneration 2022/23 £
Councillor Leader, Provost and Senior Councillor Payments			
L Fitzpatrick	Leader of the Council	40,205	37,254
C Muldoon	Provost	30,154	27,861
K Sullivan	Executive Councillor for Economy, Community Empowerment & Wealth Building	29,314	27,163
P Heggie	Chair of Performance Committee and Education (Quality Assurance) Committee	29,314	27,163
A McGuire	Executive Councillor for Education	29,314	27,861
T Conn ^{1 2}	Executive Councillor for Environment & Sustainability, Convenor Lothian Valuation Joint Board	31,198	27,163
G Paul ³	Executive Councillor for Housing Services	30,284	28,263
D Doran-Timson	Chair of Governance and Risk Committee	29,314	27,163
A Doran-Timson	Chair of Audit Committee	29,314	27,163
C Meek	Executive Councillor for Public & Community Safety	29,314	24,400
A McMillan	Executive Councillor for Social Work & Health	29,314	24,400
D Logue	Chair of Local Review Body	29,314	24,400
S Borrowman ⁴	Chair of Development Management Committee	29,314	24,400
T Pearson	Chair of Licensing Committee	29,314	24,400
C Horne	Former Chair of Audit Committee	-	2,686
T Kerr	Former Provost (Civic Head)	-	2,762
CJ Kennedy	Former Chair of Development Management Committee	-	2,686
H Cartmill	Former Executive Councillor for Health and Care	-	2,762
D Dodds	Former Executive Councillor for Education	-	2,686
Total		424,981	392,636

1. West Lothian appointee on Lothian Valuation Joint Board. There was no recharge to Lothian Valuation Joint Board in 2023/24 (£698 2022/23) in respect of Councillor T Conn as a result of his Senior Councillor status.
2. T Conn remuneration in 2023/24 includes payment of £1,884 for duties associated with role of Chair of Transport and Mechanical Services, Association for Public Service Excellence (APSE).
3. G Paul remuneration in 2023/24 includes payment of £970 for duties associated with role of Chair of Building and Housing Services, Association for Public Service Excellence (APSE).
4. During May 2024 Councillor S Borrowman sadly passed away. A by-election will be held in due course for his ward.

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

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

3. SENIOR EMPLOYEES

3.1 Remuneration Policy

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish Local Authorities. Circulars 2023 IR 11-23 and 2023 IR 11-23(b) set the amount of salary for the Chief Executive of West Lothian Council for the period 2023/24.

REMUNERATION REPORT

STATEMENT 3

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

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

The West Lothian Integration Joint Board was legally established on 21 September 2015. The Depute Chief Executive / Chief Officer West Lothian Integration Joint Board is a joint appointment and the terms and conditions, including pay for the post, are set by the body, which employs the post holder directly.

32 Senior Employees Remuneration

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

- Who has responsibility for management of the council to the extent that the person has power to direct or control the major activities of the council,
- Who holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989, or
- Whose annual remuneration is £150,000 or more.

The full year equivalent salary has been provided for senior employees who have been in post for part year during 2023/24.

Name and Post Title	Full Year Equivalent Salary £	Total Remuneration ¹ 2023/24 £	Restated Total Remuneration 2022/23 £
G Hope Chief Executive		162,270	153,013
A White Depute Chief Executive / Chief Officer West Lothian Integration Joint Board (NHS) contributes 50% of the total cost of employment		141,934	129,793
R G Struthers Depute Chief Executive		141,934	133,837
E Cook Depute Chief Executive		141,934	133,837
D Forrest Head of Finance and Property Services (until 25 August 2023)	116,223	46,552	109,593
P Welsh Interim Head of Finance and Property Services (from 25 August 2023)	111,929	67,097	-
J Jack Head of Operational Services		107,647	101,506
C McCorriston Head of Planning, Economic Development and Regeneration (part time from 17 October 2022)	107,647	65,784	83,467
J Whitelaw Interim Head of Housing, Customer and Building Services		116,223	107,006
L Henderson Interim Head of Corporate Services		107,647	98,918
S McGarty Head of Education (Secondary Schools) from 16 May 2022		114,065	92,593
G Welsh Head of Service (Primary Schools) from 1 April 2022		114,065	105,644
J MacPherson Head of Social Policy		116,223	109,593
J Cameron² Head of Education (Learning, Policy and Resources) until 11 May 2022		-	12,373
C Hatch Acting Joint Head of Education (Secondary Schools) until 15 May 2022		-	13,852
Total		1,443,375	1,385,025

REMUNERATION REPORT

STATEMENT 3

Subsidiary – West Lothian Leisure Name and Post Title	Full Year Equivalent Salary £	Total Remuneration 2023/24 £	Total Remuneration 2022/23 £
Subsidiary			
T P J Dent³ Chief Executive, West Lothian Leisure Ltd until 30 June 2022		-	20,960
B A Lamb³ Chief Executive, West Lothian Leisure Ltd from 3 October 2022		91,606	42,766
Total		91,606	63,726

- There were no compensation payments for loss of employment or annual compensation payments in 2023/24 or 2022/23.
- J Cameron's 2022/23 remuneration has been restated to reflect a £589 payment made during 2023/24 in respect of backpay.
- The Chief Executive of West Lothian Leisure Ltd is remunerated by the council's subsidiary company, West Lothian Leisure Ltd

33 Employee Information by Pay Band

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

-

Remuneration Bands	Number of Employees	
	2023/24	2022/23
£50,000 - £54,999	856	183
£55,000 - £59,999	203	177
£60,000 - £64,999	96	61
£65,000 - £69,999	124	66
£70,000 - £74,999	47	36
£75,000 - £79,999	65	14
£80,000 - £84,999	36	5
£85,000 - £89,999	15	2
£90,000 - £94,999	3	5
£95,000 - £99,999	5	1
£100,000 - £104,999	4	1
£105,000 - £109,999	6	4
£110,000 - £114,999	2	1
£115,000 - £119,999	2	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	1
£130,000 - £134,999	-	2
£135,000 - £139,999	-	-
£140,000 - £144,999	3	-
£145,000 - £149,999	-	-
£150,000 - £154,999	-	1
£155,000 - £159,999	-	-
£160,000 - £164,999	1	-
Total	1,468	560

The number of officers whose remuneration was £50,000 or more during 2023/24 increased by 908 from 2022/23 for a number of reasons: -

- Following finalisation of the 2022/23 Teachers pay award negotiations in March 2023 teachers were paid the backdated full year effect of the 7% pay award in April 2023.
- From 1 April 2023 teachers were paid a further 5% nationally agreed pay award.
- From 1 January 2024 teachers were paid a further 2% nationally agreed pay award.
- Incremental salary progression for all staff
- Nationally agreed pay award for all other staff groups during 2023/24

A combination of the 2023/24 salary paid and the 2022/23 backpay paid during 2023/24 has effectively increased the remuneration of some teachers into the greater than £50,000 bracket for the first time.

34 Employee Exit Packages

The number of employee exit packages with total cost per band is set out in the table below. There were no compulsory redundancies in 2023/24 or 2022/23.

Exit package Cost Range	Number of employee exit packages agreed		Total cost of employee exit packages in each band	
	2023/24	2022/23	2023/24 £'000	2022/23 £'000
£0 - £20,000	13	2	161	21
£20,001 - £40,000	4	2	111	61
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	1	-	64	-
£80,000 - £100,000	1	-	85	-
Total	19	4	421	82

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

4. PENSIONS

4.1 Local Government Pension Scheme Details (LGPS)

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

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is adjusted by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

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

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

The members contribution rates for 2023/24 remain at the 2022/23 rates, however the ranges have changed as follows:

Whole time pay	Range 2023/24	Range 2022/23	Contribution rate 2023/24	Contribution rate 2022/23
On earnings up to and including	£25,300	£23,000	5.5%	5.5%
On earnings above	£25,301 and up to £31,000	£23,001 and up to £28,100	7.25%	7.25%
On earnings above	£31,001 and up to £42,500	£28,101 and up to £38,600	8.5%	8.5%
On earnings above	£42,501 and up to £56,600	£38,601 and up to £51,400	9.5%	9.5%
On earnings above	£56,601	£51,401	12.0%	12.0%

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

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

REMUNERATION REPORT

STATEMENT 3

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

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

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

The pension entitlements of Senior Councillors for the year to 31 March 2024 are shown in the table below, together with the contribution made by the council to each Senior Councillor's pension during the year.

Name ¹	Post Title ²	In-year pension contributions		Accrued pension benefits			
		For year to 31 March 2024	For year to 31 March 2023	As at 31 March 2024		Difference from 31 March 2023	
		£	£	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000
Council Leader, Provost and Senior Councillor Contributions							
L Fitzpatrick	Leader of the Council	8,765	8,328	12	3	1	1
K Sullivan	Executive Councillor for Economy, Community Empowerment & Wealth Building	6,390	6,128	4	-	-	-
C Muldoon	Provost	6,574	6,280	10	2	1	-
P Heggie	Chair of Performance Committee and Education (Quality Assurance) Committee	6,390	6,128	4	-	-	-
A McGuire	Executive Councillor for Education	6,390	6,280	1	-	1	-
T Conn	Executive Councillor for Environment & Sustainability	6,390	6,128	10	2	1	-
D Doran-Timson	Chair of Governance and Risk Committee	6,390	6,128	4	-	-	-
A Doran-Timson	Chair of Audit Committee	6,390	6,128	4	-	-	-
C Meek	Executive Councillor for Public & Community Safety	6,390	5,526	-	-	-	-
A McMillan	Executive Councillor for Social Work & Health	6,390	5,526	1	-	-	-
D Logue	Chair of Local Review Body	6,390	5,526	1	-	-	-
S Borrowman	Chair of Development Management Committee	5,907	6,422	7	2	-	-
T Pearson	Chair of Licensing Committee	6,390	5,526	-	-	-	-
C Horne	Former Chair of Audit Committee	-	585	-	-	-	-
CJ Kennedy	Former Chair of Development Management Committee	-	585	-	-	-	-
H Cartmill	Former Executive Councillor for Health and Care	-	4,456	-	-	-	-
D Dodds	Former Executive Councillor for Education	-	585	-	-	-	-
Total		85,146	86,265	58	9	4	1

1. All senior Councillors, under the age of 75, shown in the tables are members of the LGPS.
2. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, including any service with a council subsidiary body, and not just their current appointment.
3. Councillor G Paul is not a member of the LGPS. All Councillors under 75 years of age are eligible for participation in the LGPS.

REMUNERATION REPORT

STATEMENT 3

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

The pension entitlements of Senior Employees who are members of the LGPS for the year to 31 March 2024 are shown in the table below, together with the contribution made by the council to each Senior Employee's pension during the year.

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

Name	Post Title	In-year pension contributions		Accrued pension benefits			
		For year to 31 March 2024	For year to 31 March 2023	As at 31 March 2024		Difference from 31 March 2023	
		£	£	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000
G Hope ¹	Chief Executive	35,375	33,357	91	131	6	7
A White	Depute Chief Executive	30,942	28,295	39	15	34	15
R G Struthers	Depute Chief Executive	30,942	29,176	75	104	5	6
E Cook	Depute Chief Executive	30,942	29,176	88	-	6	-
D Forrest	Head of Finance and Property Services (until 25 August 2023)	10,148	23,891	59	83	2	2
P Welsh	Interim Head of Finance and Property Services (from 25 August 2023)	21,731	16,724	37	37	7	9
J Jack	Head of Operational Services	23,467	22,128	61	91	4	5
C McCorrison	Head of Planning, Economic Development and Regeneration (part time from 17 October 2022)	14,341	18,565	2	-	-	-
J Whitelaw	Interim Head of Housing, Customer and Building Services	25,337	23,327	50	54	5	4
L Henderson	Interim Head of Corporate Services	23,467	21,564	48	62	5	5
S McGarty	Head of Education (Secondary Schools) from 16 May 2022	24,866	20,163	-	-	-	-
G Welsh	Head of Service (Primary Schools)	24,866	23,009	5	-	5	-
J Cameron	Head of Education (Learning, Policy and Resources) until 11 May 2022	-	2,569	-	-	-	-
Subsidiary							
T P Dent	Chief Executive, West Lothian Leisure Ltd until 30 June 2022	-	3,291	-	-	-	-
B A Lamb	Chief Executive, West Lothian Leisure Ltd from 3 October 2022	14,253	6,714	14	-	13	-
Total		310,677	301,949	569	577	92	53

1. The Chief Executive's accrued pension totals include benefits for Returning Officer duties.

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

44 Facility Time Report 2023/24

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

The information for 2023/24 is summarised in the following table:

		Non-Teacher	Teacher
Number of employees who were relevant union officials during 2023/24		34	10
Number of FTE employees who were relevant union officials during 2023/24		33.2	9.41
Percentage of time spent on facility time	0%	14	3
	1% - 50%	15	6
	51% - 99%	4	-
	100%	1	1
Percentage of pay bill spend on facility time	Total cost facility time	£152,837	£71,364
	Total pay bill	£162,523,782	£196,198,325
	Percentage of total pay bill on facility time	0.09%	0.04%
Paid trade union activities		5%	1.2%

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

Graham Hope

Graham Hope
Chief Executive

25 September 2024

Lawrence Fitzpatrick

Councillor Lawrence Fitzpatrick
Leader of the Council

25 September 2024

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

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

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2023/24			Restated 2022/23		
		Gross Expend £'000	Gross Income £'000	Net Expend £'000	Gross Expend £'000	Gross Income £'000	Net Expend £'000
Schools, Education Support		223,322	30,022	193,300	311,709	30,444	281,265
Planning, Economic Development and Regeneration		15,602	9,181	6,421	17,055	6,634	10,421
Operational Services		92,841	6,512	86,329	98,375	5,856	92,519
Housing, Customer and Building Services		23,672	7687	15,985	26,645	7,209	19,436
Corporate Services		2,466	776	1,690	1,941	644	1,297
Social Policy – IJB, Adult and Elderly Services		207,377	118,770	88,607	202,745	117,598	85,147
Social Policy – non-IJB Children's Services		50,522	6,459	44,063	48,188	6,010	42,178
Chief Executive, Finance and Property		132,021	10,481	121,540	56,080	7,913	48,167
Joint Boards		1,251	-	1,251	1,259	-	1,259
Other Services		45,371	43,263	2,108	42,210	42,258	(48)
Net Cost of General Fund Services		794,445	233,151	561,294	806,207	224,566	581,641
Housing Revenue Account		75,949	62,380	13,569	85,069	59,397	25,672
Net Cost of Services		870,394	295,531	574,863	891,276	283,963	607,313
Other Operating Expenditure	9	(844)	-	(844)	(131)	-	(131)
Finance and Investment Income and Expenditure	10	102,728	77,021	25,707	74,459	44,946	29,513
Taxation and Non-Specific Grant Income	11	-	521,596	(521,596)	-	489,760	(489,760)
Deficit on Provision of Services	5	972,278	894,148	78,130	965,604	818,669	146,935
Items that will not be reclassified to the Deficit on the Provision of Services							
Surplus on revaluation of property, plant and equipment				(38,375)			(18,660)
Remeasurement of the net defined benefit (gain) / loss				2,382			(160,438)
Items that may be reclassified to the Deficit on the Provision of Services				(35,993)			(179,098)
(Surplus) / deficit from investments in equity instruments designated at fair value through other comprehensive income				-			(74)
Other Comprehensive Income and Expenditure				(35,993)			(179,172)
Total Comprehensive Income and Expenditure				42,137			(32,237)

MOVEMENT IN RESERVES STATEMENT

STATEMENT 5

PURPOSE

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

**MOVEMENT IN RESERVES STATEMENT
AS AT 31 MARCH 2024**

	Note	General Fund £'000	Housing Revenue Account £'000	Capital Fund £'000	Insurance Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2022		52,827	926	38,640	7,307	99,700	1,079,616	1,179,316
Restated Movement in Reserves during 2022/23								
Total comprehensive income and expenditure		(109,690)	(37,245)	-	-	(146,935)	179,172	32,237
Adjustments between accounting basis and funding basis under regulations	13	124,921	37,245	(14,893)	-	147,273	(147,273)	-
Net increase (decrease) before transfers to other statutory funds		15,231	-	(14,893)	-	338	31,899	32,237
Transfers (to) / from other statutory funds	12	(10,933)	-	11,182	(249)	-	-	-
Increase (decrease) in year		4,298	-	(3,711)	(249)	338	31,899	32,237
Restated Balance at 31 March 2023		57,125	926	34,929	7,058	100,038	1,111,515	1,211,553
General Fund analysed over:								
Amounts Earmarked	34	54,905						
Amounts Uncommitted		2,220						
Total General Fund Balance at 31 March 2023		57,125						
Movement in Reserves during 2023/24								
Total comprehensive income and expenditure		(52,694)	(25,436)	-	-	(78,130)	35,993	(42,137)
Adjustments between accounting basis and funding basis under regulations	13	42,506	25,436	(16,627)	-	51,315	(51,315)	-
Net increase (decrease) before transfers to other statutory funds		(10,188)	-	(16,627)	-	(26,815)	(15,322)	(42,137)
Transfers (to) / from other statutory funds	12	(9,769)	-	10,004	(235)	-	-	-
Increase (decrease) in year		(19,957)	-	(6,623)	(235)	(26,815)	(15,322)	(42,137)
Balance at 31 March 2024		37,168	926	28,306	6,823	73,223	1,096,193	1,169,416
General Fund analysed over:								
Amounts Earmarked	34	35,168						
Amounts Uncommitted		2,000						
Total General Fund Balance at 31 March 2024		37,168						

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

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

		As at 31 March 2024 £'000	Restated As at 31 March 2023 £'000
LONG TERM ASSETS	Note		
Property, Plant and Equipment			
- Council Dwelling		447,958	458,754
- Other Land and Buildings		1,164,530	1,175,264
- Vehicles, Plant, Furniture and Equipment		11,647	13,282
- Infrastructure Assets		254,068	251,612
- Community Assets		196	326
- Assets under construction		40,738	27,925
- Surplus Assets, not yet held for disposal		33,438	28,583
- Intangible Assets		3,389	4,464
	14.1 / 14.8	1,955,964	1,960,210
Heritage Assets		861	861
Long Term Investments	15.1	573	577
TOTAL LONG TERM ASSETS		1,957,398	1,961,648
CURRENT ASSETS			
Short Term Investments	15.1	173	35,532
Inventories		1,978	1,797
Short Term Debtors	16	48,264	39,700
Cash and Cash Equivalents	26	28,195	32,579
TOTAL CURRENT ASSETS		78,610	109,608
CURRENT LIABILITIES			
Short Term Borrowing	15.1	(79,337)	(69,205)
Short Term Creditors	17	(87,968)	(92,703)
Provisions	18	-	(374)
Capital Grant Receipts in Advance	33	(21,948)	(25,310)
TOTAL CURRENT LIABILITIES		(189,253)	(187,592)
NET CURRENT LIABILITIES		(110,643)	(77,984)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,846,755	1,883,664
LONG TERM LIABILITIES			
Long Term Creditors	19	(242)	(362)
Long Term Borrowing	15.1	(588,641)	(578,641)
Defined Benefit Scheme Liability	20.3	(20,040)	(20,672)
Other Long Term Liabilities	19	(68,416)	(72,436)
TOTAL LONG TERM LIABILITIES		(677,339)	(672,111)
TOTAL NET ASSETS		1,169,416	1,211,553
Financed by:			
USABLE RESERVES			
General Fund Balance	34	37,168	57,125
Housing Revenue Fund Balance		926	926
Capital Fund	21.2	28,306	34,929
Insurance Fund	21.1	6,823	7,058
TOTAL USABLE RESERVES		73,223	100,038
UNUSABLE RESERVES	22	1,096,193	1,111,515
TOTAL RESERVES		1,169,416	1,211,553

The unaudited accounts were considered by the Audit Committee on 28 June 2024 and the audited accounts were authorised for issue on 24 September 2024.

Lynda Ferguson

LYNDA FERGUSON CPFA,
Depute Head of Finance and Property Services (under delegated appointment)

25 September 2024

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

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

	Note	2023/24 £'000	2022/23 £'000
Net Deficit on the provision of services		(78,130)	(146,935)
Adjustments to net deficit on the provision of services for non-cash movements		119,227	212,988
Adjustments for items included in the deficit on the provision of services that are Investing and Financing Activities		(1,379)	(189)
Net cash flows from Operating Activities	23	39,718	65,864
Net cash flows from Investing Activities	24	(60,038)	(89,676)
Net cash flows from Financing Activities	25	15,936	7,436
Net (decrease) / increase in cash and cash equivalents		(4,384)	(16,376)
Cash and cash equivalents at the beginning of the reporting period		32,579	48,955
Cash and cash equivalents at the end of the reporting period	26	28,195	32,579

1. ACCOUNTING POLICIES

The council is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (The Code) supported by International Financial Reporting Standards (IFRS).

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

Basis of Preparation Statement

The council financial statements for 2023/24 have been prepared on a going concern basis. The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future, and in particular for the period of at least 12 months from the approval of these financial statements to the end of September 2025. The provisions in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. In accordance with the CIPFA Code of Local Government Accounting (2023/24), the council is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the council will continue in operational existence for the foreseeable future.

West Lothian Council approved an updated four year revenue budget strategy to 2027/28, a detailed General Fund revenue budgets for 2024/25 and 2025/26 (including proposed savings measures) and updated capital investment programme to 2032/33 at the Council meeting on 22 February 2024.

In order to maintain a balanced budget for 2024/25 the council is required to deliver recurring budget savings of £13.5 million in addition to using £3.2 million of one-off resources. The budget highlighted a number of risks that continue to be closely monitored.

Following the approval of the 2024/25 budget, the council continues to face unprecedented challenges in delivering essential services whilst resources are constrained. Officers are continuing to work to understand the impact of increased costs on the council's 2024/25 budget with a specific focus on known areas of budget pressure as a direct result of increased demand or increased costs. The position will be closely monitored as part of the council's risk based approach to budget monitoring.

The council's minimum uncommitted general fund balance is £2 million. The uncommitted general fund balance at 31 March 2024 is £2 million. Although the council's minimum uncommitted balance is low compared to other authorities in Scotland, the council has a high level of general services committed usable reserves, totalling £70.3 million at 31 March 2024 (£96.9 million at 31 March 2023). This position is further supported by the Risk & Inflation Reserve and retention of £6.7 million of one-off resources in contingency to support the ongoing deliverability of the five year revenue strategy and ten year capital investment programme. The value of earmarked reserves is subject to ongoing monitoring and review. The HRA balance at 31 March 2024 (2023) is £0.926 million (£0.926 million).

The council has balances of cash and cash equivalents, totalling £28.195 million at 31 March 2024 (£32.579 million at 31 March 2023). The council's cash flow is monitored weekly by management and the council does not forecast any cash flow shortage.

The council continues to regularly monitor its financial position and provide full financial updates to Council Executive and the Council as appropriate, including options on addressing any new budget gaps and spending pressures. Management is continuing to liaise with Scottish Government and COSLA on ensuring sustainable funding going forward.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

Revenue Transactions

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

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

Intangible Assets

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

Property, Plant and Equipment - Valuation

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

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

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

Plant, furniture and computer equipment costing below £10,000 (2022/23 £6,000) are not treated as long term assets but are charged to the revenue account. This de minimis limit does not apply where certain categories of these assets are grouped together and form part of the approved capital programme.

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

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

Information on the accounting for and disclosure around infrastructure assets held by the council can be found at note 14.8 on page 65.

Property, Plant and Equipment - Capital Receipts

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

Property, Plant and Equipment - Depreciation

Under International Accounting Standard 16 (IAS 16), where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately over the useful economic life of the component. Significance is determined by comparing the cost of components against the overall cost of the asset. The significance threshold is set at £100,000 on assets with a value in excess of £1.5 million (2022/23 £1 million).

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

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

No depreciation is provided on Community Assets, Assets Under Construction, Surplus Assets not yet available for sale and Heritage Assets. No depreciation is charged on assets acquired in year, depreciation is charged from 1 April following year of acquisition.

During 2023/24, all properties subject to material change in valuation and the council's cemetery land, grass pitches, non-grass pitches, golf courses, bowling greens, running tracks, tennis courts, pavilions, OAP pavilions, landfill sites and civic amenity sites were revalued. As a result, £17.7 million was charged to the Comprehensive Income and Expenditure Account and £38.8 million credited to the Revaluation Reserve resulting in a net upward revaluation of £21.1 million. The revaluation charge has no impact on the General Fund Balance carried forward.

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

The current policy of quinquennial revaluation will remain. However, in line with the requirements of the Code, only assets which were acquired, enhanced or revalued in 2023/24 had their useful lives updated. The council undertakes an annual review to ensure assets are valued with sufficient regularity to be fairly stated.

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

Property, Plant and Equipment - Revaluation

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

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

Property, Plant and Equipment - Impairment

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

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

Property, Plant and Equipment - Charges to Revenue

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

Heritage Assets

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

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

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

There have been no acquisitions, donations, disposals, or council owned additions to the Heritage Asset portfolio during the financial year 2023/24.

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

Improvement Grants

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

Government Grants and Contributions

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

Grant income has been accounted for on the basis that the council is acting either as principal or agent based on the Code. Definitions and treatment of grants are as follows: -

Agency

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

Principal

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

Note 33 on page 83 of the financial statements provides an analysis of grants where the council has acted as principal for grant funding.

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

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

Redemption of Debt

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

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

Cash and Cash Equivalents

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

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

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

FINANCIAL INSTRUMENTS**Financial Liabilities**

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

Borrowing

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

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

Creditors

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

Financial Assets - Investments

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

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

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

Financial Assets Measured at Amortised Cost

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

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

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

Debtors

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

Expected Credit Loss Model

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

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

Fair Value Measurement

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

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

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

Level 3 – unobservable inputs for the asset or liability.

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

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

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

The council holds no assets under this classification.

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

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

External Interest Payable and Loans Fund Interest

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

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

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

Reserves

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

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

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

Capital Fund – established to ensure that, following the introduction of the CIPFA Prudential Code for Capital Finance in Local Authorities in April 2004, borrowing decisions and capital programme management are based on Best Value considerations. General Fund treasury management balances in any given year will normally be transferred to or from the Capital Fund. The balance in the Capital Fund at 31 March 2024 was £28.306 million.

Revaluation Reserve

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

Financial Instrument Revaluation Reserve (FIRR)

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

Capital Adjustment Account

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

Inventories

Stocks and stores held by the council are recorded at average cost, with the exception of Deer and Highland Cows in 2022/23 which were valued at net realisable value. The valuation was in accordance with IAS 41 - Agriculture. The use of average cost rather than lower of cost and net realisable value is a departure from the Code but was not considered material.

In 2023/24 the council had no stock of Deer and Highland Cows.

Central Support Services

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

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

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

Revenue from Contracts with Customers

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

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

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

Finance Leases

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

Finance Leases (continued)

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

Employee Benefits

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by an officer, in agreement with the council, to terminate their employment before the normal retirement date, or an officer's decision to accept voluntary severance. The costs are charged on an accruals basis to the Other Services line in the Comprehensive Income and Expenditure Statement. Where the termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund or pensioners and any such amounts payable but unpaid at the year-end.

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

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

Service Concessions

The Scottish Government considered fiscal flexibilities for local authorities to help mitigate the costs associated with Covid-19 recovery. One of these flexibilities was a change to accounting treatment for existing service concession arrangements. Following the publication of the Scottish Government's Resource Spending Review in May 2022, the Cabinet Secretary for Finance and the Economy wrote to councils confirming that the statutory guidance for service concession arrangements, leases and similar arrangements would be updated to allow councils to recognise principal debt repayments over asset life and that this could be applied retrospectively for existing service concession arrangements.

Finance Circular 10/2022 allows councils to apply flexibility to accounting treatment for service concession arrangements in place prior to 1 April 2022.

Where statutory adjustments are aligned to asset life, the Finance Circular allows two options, reprofiling principal in equal instalments or using the annuity method. The Council agreed on 24 January 2023 that the annuity method be used, as it better reflects the consumption of an asset over its useful life as it is not consumed on equal instalments as maintenance and planned improvements tend to increase useful life in later years. The calculation of the revised repayment charges using an asset life of 50 years on an annuity basis was compared to current charges due over the contract life and resulted in a retrospective adjustment of £27.603 million in 2022/23 and an in year adjustment of £3.277 million in 2023/24.

This does not change what the council pays each year, it is simply a change to accounting transactions related to these assets. The existing contractual term for PPP and DBFM will remain, with no increase in the period over which the council pays the contractor. It does not release any cash (the amount paid to the contractor is unchanged) however it does result in an increase in the council's General Fund Reserve balance due to changes in accounting treatment for usable and unusable reserves.

Given the magnitude of the financial pressures facing the council, representing the most severe financial position ever faced by the council, Council Executive agreed on 6 December 2022 that the retrospective adjustment should be earmarked for the purposes of supporting the continued sustainability of the revenue budget for 2023/24 to 2027/28.

The reprofiling of debt liability repayments increases the council's financing requirement (CFR), however this will reduce as repayments are made. The service concession flexibility has been assessed to be prudent, affordable and sustainable within the parameters of the council's revenue, capital and treasury management plans.

Operating Leases

Current annual operating lease rentals have been charged to revenue.

Non-Domestic Rates (NDR)

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

Pension Costs

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

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

Pension Costs (continued)

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

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

The IAS 19 actuarial valuation involves the actuary reviewing the most recent triennial actuarial valuation, updating it to reflect current conditions at the balance sheet date and apportioning assets and liabilities amongst employers. Assets are valued at fair value, principally bid value for investments. Liabilities are valued using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The 2023/24 discount rate was 4.8% (4.75% 2022/23). The inclusion of attributable scheme assets and liabilities in the balance sheet represents an authority's commitment to increase contributions to make up any shortfall, or its ability to benefit, via reduced contributions, from a surplus in the scheme.

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

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

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

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

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

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

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

Pension Net Asset Restriction Calculation

The actuary has calculated the council's IAS19 defined benefit plan surplus for 2023/24 to be £311.841 million as detailed in notes 20.2 to 20.10 to the accounts.

For IFRIC 14 accounting purposes, the actuary has calculated that the net present value of the future contributions of £2.790 billion exceeds the future service costs of £2.653 billion by £136.7 million, a negative contribution. As a result of this calculation, IFRIC 14 advises that no defined benefit plan asset should be recognised in the council's balance sheet and there is no requirement to recognise the £136.7 million difference as a liability. The council therefore has reported no long term asset or long term liability in the balance sheet for Pensions in 2023/24 or 2022/23.

Contingent Liabilities

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

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

Provisions

Provisions are made where an event has taken place that gives the council a Legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the obligation. Provisions are charged as an expense to the appropriate service revenue account in the Comprehensive Income and Expenditure Statement in the year the council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and appropriate adjustments made to the level of provision. The council's liabilities on the balance of the provision held in 2022/23 have been fully discharged during 2023/24. Details of the movement in year is detailed in note 18.

VAT

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

Prior Period Adjustments

Prior Period Adjustments arise as a result of a change in accounting policy. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts. There have been no prior period adjustments in 2023/24.

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

For 2023/24 the following accounting policy changes require to be reported as issued but not yet adopted by the code.

- **Lease Liability in a Sale and Leaseback** (Amendments to IFRS16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED (Cont)

- 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.
- 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.
- 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

The date of application of the standards is 1 April 2024. There is no impact of these changes on the accounts covering the 2023/24 financial year and the amendments are not expected to have a significant impact on the amounts reported in the financial statements for 2024/25.

IFRS 16 Leases

The application of IFRS 16 Leases will be mandatorily implemented in the Code of Practice on Local Authority Accounting in the United Kingdom for 2024/25. The council will implement IFRS 16 Leases from 1 April 2024.

This standard will replace IAS 17 Leases, and will result in the majority of leases where the council acts as lessee coming onto the balance sheet with lessor accounting effectively unchanged.

The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as liability), a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value (under £10,000) and leases that expire on or before 31 March 2024 are exempt from the new arrangements.

IFRS 16 will be applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities are calculated as if IFRS 16 had always applied but will be recognised in 2024/2025 without the requirement to adjust the prior year.

The council has decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

It is anticipated that the application of the Code's adaptation of IFRS16 will result in the following additions to the balance sheet:

- £9.2 million Property, plant and equipment – land and buildings (right-of-use assets)
- £5.0 million Non-current creditors (lease liabilities)
- £3.6 million Current creditors (lease liabilities)

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in note 1, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the annual accounts are:

PPP / DBFM - The council is deemed to control the services provided under the PPP and DBFM agreements for the provision of educational establishments in accordance with IFRC12. Details of the partnership agreements to which this judgement applies are included in Note 35. The council controls the services provided under the scheme and ownership of the schools will pass to the council at the end of the contract. The council therefore applies the accounting policies for public private partnerships and these schools are recognised on the council's balance sheet at a net book value of £185.9 million (note 14.2), with a corresponding liability in relation to future payments to be made under the scheme of £275.8 million (note 35).

Uncertainty over future funding - There is a high degree of uncertainty around future levels of funding for local government, which may significantly impact the council's ability to maintain its property, plant and equipment assets. This uncertainty is not yet sufficient to provide an indication that the assets might be impaired as a result of a reduction in funding and subsequently require changes to investment and capital strategies. The council has agreed a ten year capital investment strategy to 2032/33 which will continue to consider this on an annual basis. In addition to the impact on income streams and the impact of increased operating costs, there remains uncertainty over the medium term.

In particular in relation to the funding from Scottish Government to meet the additional inflationary cost increases in areas such as energy, fuel and in a wide range of other services and materials. Although inflation rates are on a downward trend, they remain above the government's target inflation rate of 2%, resulting in further increases to costs.

The council's approved revenue budget assumes a 3% pay award for all staff, from August 2024 for teaching staff and April 2024 for all other staff groups in line the current pay agreements. Negotiations continue between COSLA and Trade unions to agree the pay award for 2024/25. Any increase in the pay award above this would result in an unfunded cost pressure for local government.

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

The annual accounts contain estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain.

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

However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

PENSIONS ASSET / LIABILITY

Uncertainties: Estimation of the net asset or liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied by the council in estimating these values at the balance sheet date.

The actuarial inputs into the pension valuation are subject to annual review, and have a significant impact on the potential valuation. Historically it is common for small changes in the discount rate, salary assumption rate and pension increase rate to have material impacts on the year end valuations on a year to year basis. The potential impact of future changes is detailed below. The council's pension asset at 31 March 2024, following the updated actuarial valuation, was £311.8 million, a movement of £14 million from the 2022/23 asset of £325.8 million as at 31 March 2023. This was driven by a 0.05% increase in the discount rate and a 0.15% decrease in the pension inflation rate. The council has reported £20.040 million as a long term liability in respect of the unfunded pension obligations for 2023/24 (£20.672 million 2022/23).

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

Sensitivities at 31 March 2024	Approx % increase to Employer Liability	Approx monetary amount £'000
0.1% decrease in Real Discount Rate	2%	19,998
0.1% increase in the Salary Increase Rate	0%	1,264
0.1% increase in the Pension rate	2%	19,072
1 year increase in member life expectancy	4%	43,615

For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3 - 5%, increasing it by approximately £32 million - £55 million. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

More information on the key assumptions used in the actuarial valuation of the estimates is available in note 20 to the accounts, including information on the key assumptions, risks, sensitivities and restrictions on the amount on the balance sheet arising from IFRIC 14. An update is also included in note 20 on the latest developments around a number of equalisation adjustments to pension liabilities which have occurred in LGPS and may continue to materially impact the valuation of the council's liability going forward.

FAIR VALUE MEASUREMENTS

Uncertainties: At the 31 March 2024 the council held assets totalling £0.337 billion related to surplus assets not yet available for sale, Level 2 and 3 Financial Instruments and Pension Plan Assets. These are outlined in more detail in note 20.7 to the financial statements. The fair value of these assets is subject to greater estimation uncertainty than other assets as they cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs). Their fair value is instead measured using Level 2 – quoted prices for similar assets or liabilities in active markets at the balance sheet date.

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

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

DEBTORS

Uncertainties: At 31 March 2024, the council had a balance of debtors of £45.7 million - Accounts Receivable debtors of £13 million, Council Tax debtors of £26 million and Housing Rent debtors of £6.7 million. In 2023/24 a total of £25.1 million was written off or provided for by the council.

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

DEBTORS (Continued)

The council reviewed all debtors' balances at 31 March 2024 and determined that a total allowance for doubtful debts of £25.1 million was appropriate. This is based on historic assessment of recoverability, review of individual balances, correspondence with third parties, professional assessments of likely recovery and ageing analysis of debt at year end.

The provision for doubtful debts consists of Accounts Receivable £0.6 million, Council Tax £18.7 million and Housing Rent and Homeless Debtors of £5.8 million. This results in an increase in outstanding debt not provided for of £2.8 million, increasing from £8.1 million in 2022/23 to £10.9 million in 2023/24, primarily as a result of the reduction in the provision for bad debt for council tax reducing from 2.25% to 2% to reflect collection rates.

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

Effect if actual results differ from assumptions: If collection rates were to deteriorate, a 10% increase in the amount of doubtful debts would require an additional £2.1 million to be set aside as an allowance. Given the uncertainty around the ongoing financial environment the council is unable to fully assess the likelihood of such an increase occurring.

VALUATION OF PROPERTY

Uncertainties: The valuation of the council's property, plant and equipment which are subject to revaluation are subject to significant estimation due to a number of factors, such as ongoing changes to estimates around the costs of replacing existing assets, the market value fluctuation of comparable assets used for valuation, the current condition and future maintenance costs of assets, changes to regulatory standards, the remaining useful economic lives of the assets. Given the material nature of the council's assets, there is a high likelihood that changes in these estimates will result in material changes in the valuation of assets on the balance sheet. The total value of the council's assets at 31 March 2024 is outlined and broken down by asset category at note 14.1.

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

2023/24 revaluations

In 2023/24, valuations were undertaken for the council's cemetery land, grass pitches, non-grass pitches, golf courses, bowling greens, running tracks, tennis courts, pavilions, OAP pavilions, landfill sites and civic amenity sites. The asset valuations were based on a depreciated replacement cost (DRC) basis and resulted in a net upwards revaluation of assets of £21.1 million (10.7% from previous revaluation).

A valuation movement of £17.7 million was charged to the Comprehensive Income and Expenditure Account and £38.8 million credited to the Revaluation Reserve, resulting in the net upward revaluation of £21.1 million.

The changes in valuation in assets in 2023/24, compared to 2022/23, represent updated information around the assets since the most recent full valuation.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £2.6 million for every year that useful lives reduced.

Ongoing assessment of asset valuation

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

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

The council's Property Services Manager has determined in his professional opinion that, at 31 March 2024, there has been no material change in the assets not subject to revaluation in the year that would require an earlier revaluation.

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

Effect if actual results differ from assumptions: The value of all council property, plant and equipment subject to revaluation through the 5 year revaluation cycle is £2 billion.

Assets revalued in 2023/24, totalled £196.7 million before revaluation. The impact of a 5% change in valuation would be a total of £9.8 million. This would either result in an increase or decrease in the council's revaluation reserve or an additional impairment charge. There would be no impact on the council's general fund.

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

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

5. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on page 42.

**EXPENDITURE AND FUNDING ANALYSIS
FOR THE YEAR ENDED 31 MARCH 2024**

	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments Between the Funding and Accounting Basis (Note 6) £'000	Net Expenditure In the Comprehensive Income and Expenditure Statement £'000
2022/23			
Schools, Education Support	188,201	93,064	281,265
Planning, Economic Development and Regeneration	6,979	3,442	10,421
Operational Services	70,660	21,859	92,519
Housing, Customer and Building Services	8,900	10,536	19,436
Corporate Services	12,321	(11,024)	1,297
Social Policy – IJB, Adult and Elderly Services	85,147	-	85,147
Social Policy – non-IJB, Children's Services	29,144	13,034	42,178
Chief Executive, Finance and Property	37,226	10,941	48,167
Joint Boards	1,259	-	1,259
Other Services	12,123	(12,171)	(48)
Net Cost of General Fund Services	451,960	129,681	581,641
Housing Revenue Account	-	25,672	25,672
Net Cost of Services	451,960	155,353	607,313
Other Income and Expenditure	(456,258)	(4,120)	(460,378)
(Surplus) / Deficit	(4,298)	151,233	146,935

	General Fund	HRA Fund	Total
Opening General Fund and HRA Balance	(52,827)	(926)	(53,753)
Net increase before transfers to other statutory reserves	(15,231)	-	(15,231)
Transfers to other statutory reserves	10,933	-	10,933
Closing General Fund and HRA Balance as at 31 March	(57,125)	(926)	(58,051)

2023/24			
Schools, Education Support	186,985	6,315	193,300
Planning, Economic Development and Regeneration	4,987	1,434	6,421
Operational Services	73,609	12,720	86,329
Housing, Customer and Building Services	10,272	5,713	15,985
Corporate Services	13,178	(11,488)	1,690
Social Policy – IJB, Adult and Elderly Services	88,607	-	88,607
Social Policy – non-IJB, Children's Services	37,808	6,255	44,063
Chief Executive, Finance and Property	48,928	72,612	121,540
Joint Boards	1,251	-	1,251
Other Services	15,273	(13,165)	2,108
Net Cost of General Fund Services	480,898	80,396	561,294
Housing Revenue Account	-	13,569	13,569
Net Cost of Services	480,898	93,965	574,863
Other Income and Expenditure	(460,941)	(35,792)	(496,733)
(Surplus) / Deficit	19,957	58,173	78,130

	General Fund	HRA Fund	Total
Opening General Fund and HRA Balance	(57,125)	(926)	(58,051)
Net increase before transfers to other statutory reserves	10,188	-	10,188
Transfers to other statutory reserves	9,769	-	9,769
Closing General Fund and HRA Balance as at 31 March	(37,168)	(926)	(38,094)

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

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

Adjustments between Funding and Accounting Basis 2022/23

	Adjustments for Capital Purposes (Note 6.1) £'000	Net change for the Pensions Adjustments (Note 6.2) £'000	Other Differences (Note 6.3) £'000	Total Adjustments £'000
Schools, Education Support	79,148	8,884	5,032	93,064
Planning, Economic Development and Regeneration	563	1,303	1,576	3,442
Operational Services	11,633	7,269	2,957	21,859
Housing, Customer and Building Services	(60)	4,742	5,854	10,536
Corporate Services	4,745	1,764	(17,533)	(11,024)
Social Policy – non-IJB, Children's Services	109	8,478	4,447	13,034
Chief Executive, Finance and Property	10,590	2,362	(2,011)	10,941
Other Services	(1,631)	(1,703)	(8,837)	(12,171)
Net Cost of General Fund Services	105,097	33,099	(8,515)	129,681
Housing Revenue Account	39,697	-	(14,025)	25,672
Net Cost of Services	144,794	33,099	(22,540)	155,353
Other income and expenditure from the Expenditure and Funding Analysis	(46,165)	4,334	37,711	(4,120)
Difference between General Fund deficit and Comprehensive Income and Expenditure Statement deficit on the Provision of Services	98,629	37,433	15,171	151,233

Adjustments between Funding and Accounting Basis 2023/24

Schools, Education Support	1,487	(322)	5,150	6,315
Planning, Economic Development and Regeneration	(285)	(40)	1,759	1,434
Operational Services	9,663	(259)	3,316	12,720
Housing, Customer and Building Services	(3)	(165)	5,881	5,713
Corporate Services	6,798	(59)	(18,227)	(11,488)
Social Policy – non-IJB, Children's Services	(297)	(302)	6,854	6,255
Chief Executive, Finance and Property	76,987	(84)	(4,291)	72,612
Other Services	(197)	(1,679)	(11,289)	(13,165)
Net Cost of General Fund Services	94,153	(2,910)	(10,847)	80,396
Housing Revenue Account	30,443	-	(16,874)	13,569
Net Cost of Services	124,596	(2,910)	(27,721)	93,965
Other income and expenditure from the Expenditure and Funding Analysis	(55,188)	(104)	19,500	(35,792)
Difference between General Fund deficit and Comprehensive Income and Expenditure Statement deficit on the Provision of Services	69,408	(3,014)	(8,221)	58,173

6.1. Adjustments for Capital Purposes

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

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

6.2. Net Change for the Pensions Adjustments

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

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

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

6.3 Other Differences

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

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

7. EXPENDITURE AND INCOME ANALYSED BY SEGMENT AND NATURE

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

2022/23	Schools with Education Support £'000	Planning, Economic Development and Regeneration £'000	Operational Services £'000	Housing, Customer and Building Services £'000	Corporate Services £'000	Social Policy - IJB, Adult and Elderly Services £'000	Social Policy - non IJB, Children's Services £'000
Expenditure							
Employee Expenses	192,194	8,993	42,843	14,903	3,064	39,044	21,461
Other Services Expenses	32,979	5,659	38,053	5,882	211	163,684	22,123
Support Services	6,028	1,811	5,580	5,860	(6,079)	-	4,475
Depreciation, Amortisation, Impairment	80,508	592	11,899	-	4,745	17	129
Interest Payments	-	-	-	-	-	-	-
Gain on the disposal of non-current assets	-	-	-	-	-	-	-
Total Expenditure	311,709	17,055	98,375	26,645	1,941	202,745	48,188
Income							
Fees, Charges and Other Service Income	7,782	6,634	5,856	7,209	644	117,598	2,502
Interest and Investment Income	-	-	-	-	-	-	-
Income from Council Tax	-	-	-	-	-	-	-
Government Grants and Contributions	22,662	-	-	-	-	-	3,508
Total Income	30,444	6,634	5,856	7,209	644	117,598	6,010
Deficit on Provision of Services	281,265	10,421	92,519	19,436	1,297	85,147	42,178

	Chief Executive, Finance and Property £'000	Joint Boards £'000	Other Services £'000	Housing Revenue Account £'000	Cost of Services £'000	Not included in Cost of Services £'000	Total £'000
Expenditure							
Employee Expenses	8,532	-	57	5,161	336,252	-	336,252
Other Services Expenses	34,246	1,259	42,000	30,679	376,775	992	377,767
Support Services	3,049	-	153	-	20,877	567	21,444
Depreciation, Amortisation, Impairment	10,253	-	-	49,229	157,372	1,819	159,191
Interest Payments	-	-	-	-	-	71,081	71,081
Gain on the disposal of non-current assets	-	-	-	-	-	(131)	(131)
Total Expenditure	56,080	1,259	42,210	85,069	891,276	74,328	965,604
Income							
Fees, Charges and Other Service Income	7,913	-	42,258	59,397	257,793	4,919	262,712
Interest and Investment Income	-	-	-	-	-	40,027	40,027
Income from Council Tax	-	-	-	-	-	83,769	83,769
Government Grants and Contributions	-	-	-	-	26,170	405,991	432,161
Total Income	7,913	-	42,258	59,397	283,963	534,706	818,669
Deficit on Provision of Services	48,167	1,259	(48)	25,672	607,313	(460,378)	146,935

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

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

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

2023/24	Schools with Education Support £'000	Planning, Economic Development and Regeneration £'000	Operational Services £'000	Housing, Customer and Building Services £'000	Corporate Services £'000	Social Policy - IJB, Adult and Elderly Services £'000	Social Policy - non IJB, Children's Services £'000
Expenditure							
Employee Expenses	195,092	7,175	38,108	10,506	1,322	33,620	20,024
Other Services Expenses	19,378	6,450	38,980	7,275	900	173,573	23,631
Support Services	6,334	1,977	5,665	5,891	(6,554)	-	6,900
Depreciation, Amortisation, Impairment	2,518	-	10,088	-	6,798	184	(33)
Interest Payments	-	-	-	-	-	-	-
Gain on the disposal of non-current assets	-	-	-	-	-	-	-
Total Expenditure	223,322	15,602	92,841	23,672	2,466	207,377	50,522
Income							
Fees, Charges and Other Service Income	6,717	9,181	6,512	7,687	776	118,770	2,956
Interest and Investment Income	-	-	-	-	-	-	-
Income from Council Tax	-	-	-	-	-	-	-
Government Grants and Contributions	23,305	-	-	-	-	-	3,503
Total Income	30,022	9,181	6,512	7,687	776	118,770	6,459
Deficit on Provision of Services	193,300	6,421	86,329	15,985	1,690	88,607	44,063

	Chief Executive, Finance and Property £'000	Joint Boards £'000	Other Services £'000	Housing Revenue Account £'000	Cost of Services £'000	Not included in Cost of Services £'000	Total £'000
Expenditure							
Employee Expenses	7,428	-	152	5,369	318,796	-	318,796
Other Services Expenses	45,307	1,251	45,007	32,553	394,305	1,016	395,321
Support Services	557	-	212	-	20,982	438	21,420
Depreciation, Amortisation, Impairment	78,729	-	-	38,027	136,311	1,486	137,797
Interest Payments	-	-	-	-	-	99,788	99,788
Gain on the disposal of non-current assets	-	-	-	-	-	(844)	(844)
Total Expenditure	132,021	1,251	45,371	75,949	870,394	101,884	972,278
Income							
Fees, Charges and Other Service Income	10,481	-	43,263	62,380	268,723	4,889	273,612
Interest and Investment Income	-	-	-	-	-	72,132	72,132
Income from Council Tax	-	-	-	-	-	90,534	90,534
Government Grants and Contributions	-	-	-	-	26,808	431,062	457,870
Total Income	10,481	-	43,263	62,380	295,531	598,617	894,148
Deficit on Provision of Services	121,540	1,251	2,108	13,569	574,863	(496,733)	78,130

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

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

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

	2023/24			2022/23		
	Gross Expend £'000	Gross Income £'000	Net Expend £'000	Gross Expend £'000	Gross Income £'000	Net Expend £'000
Schools, Education Support	223,322	30,022	193,300	311,709	30,444	281,265
Planning, Economic Development and Regeneration	15,637	9,216	6,421	17,093	6,672	10,421
Operational Services	101,533	15,204	86,329	107,036	14,517	92,519
Housing, Customer and Building Services	58,874	42,889	15,985	60,562	41,126	19,436
Corporate Services	23,960	22,270	1,690	22,809	21,512	1,297
Social Policy – IJB, Adult and Elderly Services	207,377	118,770	88,607	202,745	117,598	85,147
Social Policy – non-IJB Children's Services	50,522	6,459	44,063	48,188	6,010	42,178
Chief Executive, Finance and Property	155,882	34,342	121,540	78,011	29,844	48,167
Joint Boards	1,251	-	1,251	1,259	-	1,259
Other Services	45,371	43,263	2,108	42,210	42,258	(48)
Cost of General Fund Services	883,729	322,435	561,294	891,622	309,981	581,641
HRA	75,949	62,380	13,569	85,069	59,397	25,672
Net Cost of Services	959,678	384,815	574,863	976,691	369,378	607,313

**9. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
- OTHER OPERATING EXPENDITURE**

Gain on disposal of non-current assets

2023/24 £'000	2022/23 £'000
844	131

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

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

2023/24 £'000	2022/23 £'000
36,209	31,586
(104)	4,334
(8,449)	(4,866)
(1,949)	(1,541)
25,707	29,513

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

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

2023/24 £'000	2022/23 £'000
90,534	83,769
87,928	79,491
307,347	294,020
35,787	32,480
521,596	489,760

**12. MOVEMENT IN
RESERVES STATEMENT -
TRANSFERS TO OR (FROM)
OTHER STATUTORY
RESERVES - 2022/23**

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

General Fund £'000	HRA £'000	Capital Fund £'000	Insurance Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
249	-	-	(249)	-	-	-
(11,182)	-	11,182	-	-	-	-
(10,933)	-	11,182	(249)	-	-	-

**TRANSFERS TO OR (FROM)
OTHER STATUTORY
RESERVES - 2023/24**

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

235	-	-	(235)	-	-	-
(10,004)	-	10,004	-	-	-	-
(9,769)	-	10,004	(235)	-	-	-

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

**13. MOVEMENT IN RESERVES
STATEMENT - ADJUSTMENTS
BETWEEN ACCOUNTING BASIS
AND FUNDING BASIS UNDER
REGULATIONS
2022/23**

Depreciation and impairment of non-current assets

108,297 49,337 - - 157,634 (157,634) -

Amortisation of intangible assets

1,557 - - - 1,557 (1,557) -

Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement

(32,480) - - - (32,480) 32,480 -

Gain on disposal of non-current assets

(131) - - - (131) 131 -

Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements

- adjustment for interest on stepped interest rate loans

(38) - - - (38) 38 -

- annual recharge of deferred discounts from refinancing of debt

(394) - - - (394) 394 -

Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under pension scheme regulations

37,325 108 - - 37,433 (37,433) -

Statutory provision for repayment of debt

(10,890) (2,665) - - (13,555) 13,555 -

Statutory charge for lifecycle capital (PFI)

(687) - - - (687) 687 -

Capital expenditure charged to the General Fund and HRA

(4,177) (9,532) - - (13,709) 13,709 -

Net transfer to / (from) earmarked reserves required by legislation (i.e. holiday pay accrual)

(1,064) (3) - - (1,067) 1,067 -

Capital receipts transferred to the Capital Fund

- - (14,893) - (14,893) 14,893 -

Service concessions

27,603 - - - 27,603 (27,603) -

124,921 37,245 (14,893) - 147,273 (147,273) -

2023/24

Depreciation and impairment of non-current assets

97,670 38,143 - - 135,813 (135,813) -

Amortisation of intangible assets

1,984 - - - 1,984 (1,984) -

Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement

(35,787) - - - (35,787) 35,787 -

Gain on disposal of non-current assets

(844) - - - (844) 844 -

Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements

- adjustment for interest on stepped interest rate loans

(40) - - - (40) 40 -

- annual recharge of deferred discounts from refinancing of debt

(393) - - - (393) 393 -

Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under pension scheme regulations

(3,015) 1 - - (3,014) 3,014 -

Statutory provision for repayment of debt

(13,438) (5,119) - - (18,557) 18,557 -

Statutory charge for lifecycle capital (PFI)

(74) - - - (74) 74 -

Capital expenditure charged to the General Fund and HRA

(5,543) (7,584) - - (13,127) 13,127 -

Net transfer to / (from) earmarked reserves required by legislation (i.e. holiday pay accrual)

(1,291) (5) - - (1,296) 1,296 -

Capital receipts transferred to the Capital Fund

- - (16,627) - (16,627) 16,627 -

Service concessions

3,277 - - - 3,277 (3,277) -

42,506 25,436 (16,627) - 51,315 (51,315) -

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Movements in 2022/23

Cost or Valuation

At 1 April 2022

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, ¹ Plant, Furniture and Equipment £'000	Community Assets £'000
At 1 April 2022	483,036	1,260,846	72,621	501
Additions	22,522	25,150	6,905	-
Revaluation increase / (decreases) recognised in the Revaluation Reserve	(728)	(6,253)	-	(330)
Revaluation increases / (decreases) recognised in the Deficit on the Provision of Services	(29,216)	(31,538)	-	(32)
Derecognition - disposals	-	(59)	-	-
Other movements in cost or valuation ²	20,873	63,817	-	187

At 31 March 2023

Accumulated Depreciation and Impairment

At 1 April 2022

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, ¹ Plant, Furniture and Equipment £'000	Community Assets £'000
At 1 April 2022	18,745	92,639	56,264	-
Depreciation charge	18,988	65,512	5,516	-
Depreciation written out to the Revaluation Reserve	-	(20,503)	-	-
Depreciation written out to the Deficit on the Provision of Services	-	(937)	-	-
Derecognition - disposals	-	-	-	-
Other movements in depreciation and impairment	-	(12)	-	-

At 31 March 2023

Net Book Value At 31 March 2023

At 31 March 2023	496,487	1,311,963	79,526	326
At 31 March 2022	464,291	1,168,207	16,357	501

	Assets Under Construction £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
At 1 April 2022	88,006	23,134	1,928,144
Additions	25,730	-	80,307
Revaluation increase / (decreases) recognised in the Revaluation Reserve	-	5,586	(1,725)
Revaluation increases / (decreases) recognised in the Deficit on the provision of Services	-	(614)	(61,400)
Derecognition - disposals	-	(129)	(188)
Other movements in cost or valuation ²	(85,811)	606	(328)
At 31 March 2023	27,925	28,583	1,944,810

Cost or Valuation

At 1 April 2022

	Assets Under Construction £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
At 1 April 2022	88,006	23,134	1,928,144
Additions	25,730	-	80,307
Revaluation increase / (decreases) recognised in the Revaluation Reserve	-	5,586	(1,725)
Revaluation increases / (decreases) recognised in the Deficit on the provision of Services	-	(614)	(61,400)
Derecognition - disposals	-	(129)	(188)
Other movements in cost or valuation ²	(85,811)	606	(328)

At 31 March 2023

Accumulated Depreciation and Impairment

At 1 April 2022

	Assets Under Construction £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
At 1 April 2022	-	-	167,648
Depreciation charge	-	-	90,016
Depreciation written out to the Revaluation Reserve	-	(12)	(20,515)
Depreciation written out to the Deficit on the Provision of Services	-	-	(937)
Derecognition - disposals	-	-	-
Other movements in depreciation and impairment	-	12	-

At 31 March 2023

Net Book Value At 31 March 2023

At 31 March 2023	27,925	28,583	236,212
At 31 March 2022	88,006	23,134	1,708,598
At 31 March 2022	88,006	23,134	1,760,496

- Intangible Assets are included under Vehicles, Plant, Furniture and Equipment
- Other movements in cost or valuation relates to both transfers from Assets under Construction to various operational assets (including infrastructure note 14.8) and to transfers between Other Land and Buildings and Surplus Assets per note 14.1.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

14.1 Movements in 2023/24	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, ¹ Plant, Furniture and Equipment £'000	Community Assets £'000
Cost or Valuation				
At 1 April 2023	496,487	1,311,963	79,526	326
Additions	23,441	26,113	4,845	-
Revaluation increase / (decreases) recognised in the Revaluation Reserve	-	34,393	-	(130)
Revaluation increases / (decreases) recognised in the Deficit on the Provision of Services	(17,695)	(15,545)	-	-
Derecognition - disposals	-	(2,213)	(1,498)	-
Other movements in cost or valuation ²	2,863	(5,204)	-	-
At 31 March 2024	505,096	1,349,507	82,873	196
Accumulated Depreciation and Impairment				
At 1 April 2023	37,733	136,699	61,780	-
Depreciation charge	19,405	66,329	7,555	-
Depreciation written out to the Revaluation Reserve	-	(9,086)	-	-
Depreciation written out to the Deficit on the Provision of Services	-	(1,039)	-	-
Derecognition - disposals	-	(2,213)	(1,498)	-
Other movements in depreciation and impairment	-	(5,713)	-	-
At 31 March 2024	57,138	184,977	67,837	-
Net Book Value At 31 March 2024	447,958	1,164,530	15,036	196
At 31 March 2023	458,754	1,175,264	17,746	326
	Assets Under Construction £'000	Surplus Assets £'000		Total Property, Plant and Equipment £'000
Cost or Valuation				
At 1 April 2023	27,925	28,583		1,944,810
Additions	30,036	-		84,435
Revaluation increase / (decreases) recognised in the Revaluation Reserve	-	(7,259)		27,004
Revaluation increases / (decreases) recognised in the Deficit on the provision of Services	-	(6,102)		(39,342)
Derecognition - disposals	-	(1,065)		(4,776)
Other movements in cost or valuation ²	(17,223)	19,281		(283)
At 31 March 2024	40,738	33,438		2,011,848
Accumulated Depreciation and Impairment				
At 1 April 2023	-	-		236,212
Depreciation charge	-	-		93,289
Depreciation written out to the Revaluation Reserve	-	(2,691)		(11,777)
Depreciation written out to the Deficit on the Provision of Services	-	(2,899)		(3,938)
Derecognition – disposals	-	(123)		(3,834)
Other movements in depreciation and impairment	-	5,713		-
At 31 March 2024	-	-		309,952
Net Book Value At 31 March 2024	40,738	33,438		1,701,896
At 31 March 2023	27,925	28,583		1,708,598

- Intangible Assets are included under Vehicles, Plant, Furniture and Equipment
- Other movements in cost or valuation relates to both transfers from Assets under Construction to various operational assets (including infrastructure note 14.8) and to transfers between Other Land and Buildings and Surplus Assets per note 14.1.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

14.2 Property, Plant and Equipment - PPP and DBFM Schools

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

Cost or Valuation

Value as at 1 April

Additions

Revaluation increase / (decreases) recognised in the Revaluation Reserve

Value as at 31 March

Aggregate Depreciation

Value as at 1 April

Charge for year

Depreciation written out to the Revaluation Reserve

Value as at 31 March

Net Book Value

As at 31 March

2023/24 £'000	2022/23 £'000
222,672	221,985
74	687
-	-
222,746	222,672
24,502	12,240
12,318	12,262
-	-
36,820	24,502
185,926	198,170

14.3 Financial Liabilities - PPP and DBFM Schools

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

As at 1 April

Additions / Adjustments

Principal repayments

As at 31 March

Split

Short term Creditors

Long term Creditors

2023/24 £'000	2022/23 £'000
76,667	79,247
(4)	(22)
(4,232)	(2,558)
72,431	76,667
4,015	4,231
68,416	72,436
72,431	76,667

14.4 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed.

Scottish Government Finance Circular 10/2022 allows councils to apply flexibility to accounting treatment for service concession arrangements in place prior to 1 April 2022. The calculation of the revised repayment charges using an asset life of 50 years on an annuity basis was compared to current charges due over the contract life and resulted in a retrospective adjustment of £27.603 million in 2022/23, an amount of £3.277 million was accounted for in 2023/24. The reprofiling of this debt liability repayments increases the council's CFR however this will reduce as repayments are made. The service concession flexibility has been assessed to be prudent, affordable and sustainable within the parameters of the council's revenue, capital and treasury management plans.

	2023/24		2022/23	
	£'000	£'000	£'000	£'000
Opening Capital Financing Requirement		810,049		763,286
Capital Investment				
Property, Plant and Equipment and Intangible Assets		95,712		94,673
		905,761		857,959
Sources of Finance				
Capital Receipts	(18,006)		(15,082)	
Government Grants	(22,485)		(25,584)	
Contributions from Other Bodies	(13,302)		(6,896)	
Capital Financed from Current Revenue	(13,201)		(13,709)	
Service Concessions	3,277		27,603	
Finance Lease Principal (incl. PPP)	(4,232)		(3,248)	
Loans Fund Principal	(14,325)	(82,274)	(10,994)	(47,910)
Closing Capital Financing Requirement		823,487		810,049
(Decrease) / Increase in Capital Financing Requirement		13,438		46,763

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

14.5 Fixed Asset Valuation

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

Date of Valuation	Council Dwellings £'000	Other Property, Plant and Equipment £'000	Surplus Assets £'000	Total £'000
1 April 2019	400	125,930	641	126,971
1 April 2020	465	78,275	660	79,400
31 March 2021	468,494	832,469	-	1,300,963
1 April 2021	-	102,357	468	102,825
1 April 2022	768	185,274	28,438	214,480
1 April 2023	-	206,564	7,916	214,480
	470,127	1,530,869	38,123	2,039,119
Net historical cost alterations	34,969	(98,293)	(4,685)	(68,009)
Gross Valuation	505,096	1,432,576	33,438	1,971,110

The Other Property Plant and Equipment category includes Other Land and Buildings, Vehicles Plant and Equipment and Community Assets but excludes Assets Under Construction which are not subject to revaluation.

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

In 2023/24, valuations were undertaken for the council's cemetery land, grass pitches, non-grass pitches, golf courses, bowling greens, running tracks, tennis courts, pavilions, OAP pavilions, landfill sites and civic amenity sites. The asset valuations were based on a depreciated replacement cost (DRC) basis and resulted in a net upwards revaluation of assets of £21.1 million. More information about the valuation process and the estimates made in the financial statements is available on page 55 in the estimates and judgements section of the accounting policies.

14.6 Depreciation

No depreciation is charged on community assets, heritage assets, assets under construction and surplus assets not yet available for sale. No depreciation is charged on assets acquired in year, depreciation is charged from 1 April following year of acquisition.

The total depreciation charge for 2023/24 was £102.393 million (£98.728 million 2022/23). Amortisation of intangible assets for 2023/24 accounted for £1.984 million (£1.557 million 2022/23).

14.7 Capital Commitments

At 31 March 2024, the council has no commitments on capital contracts for the Housing Programme (£2.958 million 2022/23) and £12.556 million (£29.612 million 2022/23) for the Composite Programme.

The first year of the new five year Housing Capital programme commenced in 2023/24 and includes both the completion of new build projects from the previous five year programme and mobilisation at new build sites which include Houston Road, Simpson Parkway and Almondvale Crescent in Livingston, which are due to commence in 2024/25. Contracts for these projects were not formally finalised and as a consequence there are no capital commitments that relate to these projects.

The committed expenditure of £12.556 million in the Composite Programme is a consequence of several significant capital investment projects namely East Calder Primary School (£2.787 million), St Paul's Primary School (£2.576 million), Calderwood Primary School (£2.127 million), St Kentigern's Academy (£2.060 million), Eastertoun Primary School (£1.216 million) and Lanthorn Community Centre (£0.826 million). The remaining £0.964 million commitment is spread over a number of roads and bridge infrastructure projects and property projects.

14.8 Infrastructure Assets

The council's infrastructure assets have been recognised on the Balance Sheet at depreciated historic cost in line with the council's established accounting policy. A useful life of 40 years is applied to these assets and used in the calculation of the annual depreciation charge, based on the council's assessment of the average useful economic life of these assets, with the exception of where the useful life is known to be different from this amount as a consequence of a council decision. No depreciation is charged on assets acquired in year, depreciation is charged from 1 April following year of acquisition.

On 29 August 2022 the Scottish Government confirmed in Local Government Finance Circular 09/2022 that it has provided a temporary statutory override to the accounting and disclosure requirements related to infrastructure assets in local government financial statements, whilst more permanent updates are developed within the CIPFA/LASAAC Code of Practice for Local Authority Accounting ("the Code"). The allowed changes are applicable for the 2022/23 financial year through to the 31 March 2024 financial year. The council has applied both available statutory overrides for infrastructure assets:

- Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.
- Statutory Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

The value of Infrastructure assets is as follows: -

	2023/24 £'000	2022/23 £'000
Net carrying amount at 1 April	251,612	245,630
Depreciation	(9,104)	(8,712)
Additions	11,277	14,366
Other Movements in Cost (transfers from Assets under Construction)	283	328
Balance outstanding at 31 March	254,068	251,612

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

15. FINANCIAL INSTRUMENTS

15.1 Types of Financial Instruments

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

	Non-Current				Current			
	Investments		Other Assets		Cash and Investments		Debtors	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
Financial Assets								
Amortised Cost								
Investments	281	285	-	-	173	35,532	-	-
Debtors	-	-	-	-	-	-	14,563	8,069
Cash and Cash Equivalent	-	-	-	-	28,195	32,579	-	-
Assets Held at FVOCI								
Equity	292	292	-	-	-	-	-	-
Total Financial Assets	573	577	-	-	28,368	68,111	14,563	8,069
Assets not defined as financial instruments	-	-	-	-	-	-	33,701	31,631
Total	573	577	-	-	28,368	68,111	48,264	39,700

	Non-Current				Current			
	Borrowing		Other Liabilities		Borrowing		Creditors	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	Restated 31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
Financial Liabilities								
Amortised Cost								
Borrowing	(588,641)	(578,641)	-	-	(79,337)	(69,205)	-	-
Creditors	-	-	-	-	-	-	(2,633)	(4,916)
PFI and Financial Lease Liabilities	-	-	(68,416)	(72,436)	-	-	(4,015)	(4,232)
Total Financial Liabilities	(588,641)	(578,641)	(68,416)	(72,436)	(79,337)	(69,205)	(6,648)	(9,148)
Pensions Assets and Liabilities recognised in the Balance Sheet	-	-	(20,040)	(20,672)	-	-	-	-
Short-term Creditors	-	-	-	-	-	-	(81,320)	(83,555)
Total	(588,641)	(578,641)	(88,456)	(93,108)	(79,337)	(69,205)	(87,968)	(92,703)

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

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

	25,000 Nominal Shares @ £1 £'000	Fair Value £'000	Change in Fair Value during 2023/24 £'000	Dividends £'000
Lothian Buses	25	292	-	13

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

15.1 Types of Financial Instruments (Continued)

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

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

The shares in this company are not traded in an active market and therefore the fair value of £0.292 million (£0.292 million 2022/23) is based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on the current calculated share price of £11.70 multiplied by the council's shareholding. The council has no current intention to dispose of the shareholding. Lothian Buses Ltd paid a dividend in 2023/24 of £0.013 million, no dividend was paid in 2022/23.

Items of income, expense, gains and losses

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

	2023/24 Other Comprehensive Income and Expenditure £'000	2022/23 Other Comprehensive Income and Expenditure £'000
Gain / Loss on:		
Amortised Costs	-	-
Interest Expense		
Amortised Cost	32,158	27,346
PFI and finance lease liabilities	4,051	4,240
Total Interest Expense	36,209	31,586
Interest Income		
Amortised Cost	(8,449)	(4,866)
Total	27,760	26,720

15.2 Fair Value of Assets and Liabilities carried at Amortised Cost

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

Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instrument, using the following assumptions: -

- Interest rates at 31 March 2024 for PWLB vary from 1.26% to 8.25% depending on the maturity profile of the loans and for other market loans (LOBO's) from 3.75% to 4.85% again based on the maturity profile of the loans.
- No early repayments or impairment are recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is assumed to be the invoiced or billed amount.

For both assets and liabilities, the valuation basis adopted by Link Asset Services uses Level 2 inputs i.e. inputs other than quoted prices that are observable for the financial asset / liability. The accounting policy for the Fair Value Measurement is included in Statement 8 note 4 on page 54.

The fair values are calculated as follows: -

	31 March 2024		31 March 2023	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Assets				
Loans and receivables – Bonds				
The bond valuation is made by the prevailing benchmark rates	281	234	285	254
Loans and receivables - Cash				
The loans and receivables valuation is calculated using the prevailing benchmark rates	25,201	25,201	30,200	30,266
Loans and receivables - Fixed Term Deposits				
The fixed term deposit valuation is made by comparison of the fixed term investment with a comparable investment with the same / similar lender for the remaining period of the deposit	173	173	35,532	35,449
	25,655	25,608	66,017	65,969

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

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

The fair value on Bonds is less than in 2022/23 as market rates on 31st March 2024 are higher than last year. The carrying amount and fair value amount includes accrued interest receivable on the loans of £0.171 million.

Financial Liabilities**Financial liabilities - PWLB**

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

Financial liabilities - LOBO's and Temporary borrowing

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

31 March 2024		31 March 2023	
Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
604,529	480,493	584,379	499,476
63,449	56,675	63,467	61,915
667,978	537,168	647,846	561,391

The fair value is less than the carrying amount because the council's borrowing figure includes a number of loans where the interest rate payable is lower than the rates available for similar loans at the balance sheet date. The commitment to pay interest below current market rates reduces the amount that the council would have to pay if the lender requested or agreed to early repayment of the loans.

15.3 Nature and Extent of Risks arising from Financial Instruments

The council's activities expose it to a variety of financial risks: -

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the council.
- **Liquidity risk** - the possibility that the council might not have funds available to meet its commitments to make payments.
- **Re-financing risk** - the possibility that the council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates and stock market movements.

The council's management of treasury risks actively works to minimise its exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit Risk

Credit risk arises from the short term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the council's customers.

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

The credit ratings of investments as at 31 March 2024 are: -

Investments

Money Market Funds

West Calder High School DBFM

Bank of Scotland Plc – Main Banking Provider

Santander UK Plc

Total

Credit Risk	Investment Value at 31 March 2024 £'000	%
AAA	8,820	35
AA	281	1
A+	7,381	29
A	9,000	35
Total	25,482	100

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

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

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

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

The council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the council's deposits, but there was no evidence at 31 March 2024 that this was likely.

The Treasury Management Plan for 2023/24 was approved by Council on 21 February 2023 and is available on the council's website link: [Treasury Management Plan for 2023/24](#)

Amounts Arising from Expected Credit Losses

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

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited / credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. During 2023/24 the credit losses recognised related only to receivables (debtors) and was based on a lifetime basis.

	Amount at 31 March 2024 £'000	Historical experience of non- payment adjusted for market conditions at 31 March 2024 %	Estimated maximum exposure to default and uncollectability £'000
Deposits with banks and building societies	25,655	0%	-
Customers (other income)	45,717	2%	914

The council does not generally allow credit for customers, however, £34.778 million of the £45.717 million balance is past its due date for payment. The past due amount can be analysed by age as follows:

	Debtors - Local Taxation £'000	Other Debtors £'000	Total £'000
Less than three months	-	2,362	2,362
Three to six months	-	1,576	1,576
Six months to one year	5,752	1,970	7,722
More than one year	20,218	2,900	23,118
	25,970	8,808	34,778

The council has provided £25.125 million against possible bad debts at 31 March 2024 (£25.428 million at 31 March 2023), providing for approximately 72% (78%) of all debt outstanding at 31 March 2024 (2023).

Liquidity Risk

The council's main source of borrowing is the Treasury's Public Works Loan Board. There is no significant risk that the council will be unable to raise finance to meet its commitments under financial instruments. The council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of possible uncertainty over interest rates. The council's policy is to ensure that not more than 15% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments. LOBO Loans are classified as maturing at the date of the next rate review but are unlikely to be repaid at that point.

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

	31 March 2024 £'000	31 March 2023 £'000
Less than one year	79,337	69,205
Between one and two years	873	-
Between two and five years	22,500	13,373
Between six and ten years	92,500	67,500
More than ten years	472,768	497,768
	667,978	647,846

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

Refinancing and Maturity Risk

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

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

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

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

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

Market risk

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

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

The council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the council.

- It is the policy of the council to ensure its variable rate borrowing is limited to a maximum of 35% of total borrowing. At 31 March 2024 the council had no debt subject to variable rates.
- During periods of falling rates and where it is economically advantageous to do so, the council will consider the repayment and restructuring of fixed interest rate debt.

The council takes daily advice from its specialist treasury adviser and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructuring of existing borrowings.

To illustrate the impact of changes in interest rates upon the council, the following table shows the financial effect if rates had been 1% higher for the financial year 2023/24, with all other variables held constant.

Impact on tax-payer and rent-payers

Increase in interest payable on variable rate borrowings

Increase in interest receivable on variable rate lending

Net effect on Income and Expenditure Account

Housing Revenue Account's Share

£'000

-

(660)

(660)

(266)

Price Risk

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

Foreign Exchange Risk

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

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

16. SHORT TERM DEBTORS	2023/24		2022/23	
	£'000	£'000	£'000	£'000
Central Government Bodies		14,498		18,767
Other Local Authorities		1,136		974
NHS Bodies		4,098		713
Public Corporations and Trading Funds		467		449
Other Entities and Individuals				
• Council Tax Debtors	25,970		24,624	
• Provision for Council Tax Debtors	(18,694)		(19,563)	
• Trade Debtors	11,299		7,807	
• Provision for Trade Debtors and Other Debtors	(6,431)		(5,865)	
• Other Entities and Individuals	15,921		11,794	
		28,065		18,797
Total Short Term Debtors		48,264		39,700
Analysed as follows: -			2023/24 £'000	2022/23 £'000
Trade Receivables			8,591	5,340
Prepayments			5,972	2,729
Other Receivables			18,925	19,769
			33,488	27,838
Debtors for Local Taxation			14,776	11,862
Total Short Term Debtors			48,264	39,700
17. SHORT TERM CREDITORS			2023/24 £'000	2022/23 £'000
Central Government Bodies			14,933	13,525
Other Local Authorities			3,986	3,717
NHS Bodies			211	-
Public Corporations and Trading Funds			788	594
Other Entities and Individuals			68,050	74,867
Total Short Term Creditors			87,968	92,703
Analysed as follows: -			2023/24 £'000	2022/23 £'000
Trade Payables			6,648	9,148
Other Payables			81,320	83,555
Total Short Term Creditors			87,968	92,703
18. PROVISIONS	Balance at 31 March 2023 £'000	Increase / (Reduction) in Provision in Year £'000	Payment / (repayment) in year £'000	Balance at 31 March 2024 £'000
Equal pay settlements	374	(165)	(209)	-
Equal Pay Provision				
The council's equal pay claims are fully settled, the remaining balance of £0.165 million has been written back to the General Fund Balance during 2023/24 as there are no further liabilities on the provision.				
19. LONG TERM CREDITORS			Sum Outstanding 2023/24 £'000	Sum Outstanding 2022/23 £'000
Open Space Agreements			191	201
Economic Development Business Gateway			51	161
			242	362
OTHER LONG TERM LIABILITIES				
PPP1 Schools			7,025	8,397
PPP3 Schools			38,015	39,702
DBFM School			23,376	24,337
			68,416	72,436

20. PENSION SCHEMES

20.1 Pension Schemes

As part of the terms and conditions of employment of its officers, the council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make payments and to disclose them at the time that employees earn their future entitlement.

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

- **Local Government Pension Scheme**

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

- **Teachers' Pension Scheme**

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

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

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

In 2023/24 the council paid an employer's contribution of £25.886 million (£21.647 million 2022/23) at the prescribed rate of 23% (23% 2022/23) of pensionable pay to the Scottish Government in respect of teachers' pension costs. An actuarial valuation was carried out at 31 March 2005. In addition, the council is responsible for all pension payments relating to added years together with related increases. In 2023/24 (2022/23) these amounted to £0.320 million (£0.329 million) representing 0.18% (0.22%) of pensionable pay.

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

Guaranteed Minimum Pension (GMP)

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

The fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of West Lothian Council for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards. This increased liability has been fully reflected in the valuation results.

McCloud Judgement

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

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

In July 2020, following the UK Government consultation, the Lothian Pension Fund's actuary adjusted GAD's estimate to better reflect the council's local assumptions, particularly withdrawal rates and salary increases. The estimated impact of the McCloud judgement has been fully reflected in the valuation results.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

20.1 Pension Schemes (Continued)

Net Asset Restriction Calculation

The actuary has calculated the council's IAS19 defined benefit plan surplus for 2023/24 to be £311.841 million (£325.788 million 2022/23) as detailed in notes 20.2 to 20.10 to the accounts.

IAS 19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As there is no unconditional right to a refund, the actuaries have calculated whether there are economic benefits in the form of reductions in future contributions, in accordance with IFRIC 14.

For IFRIC 14 accounting purposes, the actuary has calculated that the net present value of the future contributions of £2.790 billion exceeds the future service costs of £2.654 billion by £136 million, a negative contribution. As a result of this calculation, IFRIC 14 advises that no defined benefit plan asset should be recognised in the council's balance sheet and there is no requirement to recognise the £136 million difference as a liability. The council has reported £20.040 million as a long term liability in the balance sheet in respect of unfunded pension obligations for 2023/24 (£20.672 million 2022/23 as restated to reflect current guidance).

20.2 Transactions Relating to Post-Employment Benefits

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

	2023/24		Restated 2022/23	
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current Service cost	33,738		67,416	
Past Service Costs	125		30	
Effect of Settlements	-	33,863	-	67,446
Financing and Investment Income and Expenditure				
Net Interest Expense		(104)		4,334
		33,759		71,780
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(18,339)		6,808	
Actuarial (gains) and losses arising on changes in demographic assumptions	(19,914)		(10,861)	
Actuarial (gains) and losses arising on changes in financial assumptions	(38,161)		(574,011)	
Elimination of prior year asset ceiling and interest effect	(361,935)		-	
Application of asset ceiling in current year	331,881		346,460	
Other experience	108,850	2,382	71,166	(160,438)
Total Post-employment Benefits Charged to Comprehensive Income and Expenditure Statement		36,141		(88,658)

	2023/24		Restated 2022/23	
	£'000	£'000	£'000	£'000
Movement in Reserves Statement				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with Code		3,014		(37,433)
Actual Amount charged against the General Fund Balance of pensions in the year				
Employer's contributions payable to the scheme	(34,866)		(32,549)	
Contributions in respect of unfunded benefits	(1,907)		(1,798)	
		(36,773)		(34,347)

The amount charged to taxation for the Lothian Pension Fund Scheme in 2023/24 (2022/23) was £36.371 million (£34.023 million).

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

20.3 Pension Assets and Liabilities Recognised in the Balance Sheet

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

Fair value of assets

Present value of funded liabilities

Share of net assets

Present value of unfunded liabilities

Net pension assets arising from defined benefit obligation

IFRIC 14 Adjustment - effect of asset ceiling

Net asset / (liability) arising from defined benefit obligation

2023/24 £'000	Restated 2022/23 £'000
1,402,216	1,336,254
(1,070,335)	(989,794)
331,881	346,460
(20,040)	(20,672)
311,841	325,788
(331,881)	(346,460)
(20,040)	(20,672)

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

Opening fair value of assets at 1 April

Interest income on plan assets

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

Remeasurement gain / (loss) – Other experience

Employer's contributions payable to the scheme

Contributions by scheme participants

Benefits paid

Interest on the effect of the asset ceiling

Elimination of prior year asset ceiling and interest effect

Closing fair value of assets at 31 March

Effect of asset ceiling

Adjusted closing balance of assets at 31 March

2023/24 £'000	Restated 2022/23 £'000
989,794	1,298,452
63,683	35,161
18,339	(6,808)
(19,371)	-
34,866	32,549
9,558	8,957
(41,113)	(32,057)
(15,475)	-
361,935	-
1,402,216	1,336,254
(331,881)	(346,460)
1,070,335	989,794

20.5 Reconciliation of the Present Value of Lothian Pension Fund Liabilities

Opening Balance at 1 April

Current Service costs

Interest cost

Contributions by scheme participants

Remeasurement gain / (loss):

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

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

- Other experience

Past service costs

Benefits paid

Unfunded benefits paid

Closing balance of liabilities at 31 March

2023/24 £'000	Restated 2022/23 £'000
(1,010,466)	(1,442,129)
(33,738)	(67,416)
(48,104)	(39,495)
(9,558)	(8,957)
19,914	10,861
38,161	574,011
(89,479)	(71,166)
(125)	(30)
41,113	32,057
1,907	1,798
(1,090,375)	(1,010,466)

20.6 Maturity Profile of Liabilities 2023/24

Active members

Deferred members

Pensioner members

Total for funded obligations

Unfunded pensioner liabilities

Total pension liability

Liability Split £'000	Liability Split %
(500,776)	47
(117,967)	11
(451,592)	42
(1,070,335)	100
(20,040)	
(1,090,375)	

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

20.7 Lothian Pension Fund Assets by Category

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

Equity Securities:

	2023/24		2022/23	
	£'000	%	£'000	%
*Consumer	165,616	12%	163,829	12%
*Manufacturing	192,572	14%	184,200	14%
*Energy and Utilities	76,175	5%	80,607	6%
*Financial Institutions	82,558	6%	80,383	6%
*Health and Care	90,612	6%	98,153	7%
*Information Technology	69,519	5%	55,496	4%
*Other	86,010	6%	91,242	7%

Private Equity:

All	7,169	1%	4,384	-
*All	5,708	-	836	-

Investment funds and unit trusts:

*Equities	-	-	17,790	1%
Equities	-	-	1,035	-
Commodities	15,538	1%	-	-
*Infrastructure	3,175	-	-	-
Infrastructure	208,223	15%	190,442	14%

Equity

1,002,875	71%	968,397	71%
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Debt Securities:

Corporate Bonds A (investment grade)	22,632	2%	20,840	2%
*UK Government	188,502	13%	154,912	12%
*Other	24,276	2%	27,908	2%

Investment funds and unit trusts:

*Bonds	-	-	-	-
Bonds	35,667	3%	38,691	3%

Derivatives:

*Foreign exchange	(223)	-	57	-
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Bonds

270,854	20%	242,408	19%
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Real Estate:

*UK Property	-	-	8,956	1%
UK Property	71,654	5%	51,238	4%
*Overseas Property	4,747	-	1,775	-
Overseas Property	13	-	370	-

Property

76,414	5%	62,339	5%
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Cash and cash equivalents

*All	52,073	4%	63,110	5%
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Cash and cash equivalents

52,073	4%	63,110	5%
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Total

1,402,216	100%	1,336,254	100%
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Assets marked with an asterisk (*) have quoted prices in active markets and equate to £1,065.413 million (£1,050.094 million 2022/23) with prices not quoted in active markets totalling £336.803 million (£286.160 million 2022/23).

20.8 Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit credit method which assesses the future liabilities of the fund discounted to their present value. The valuations are based on a valuation as of 31 March 2023 and updated for the following period by Hymans Robertson, the independent actuaries to the Lothian Pension Fund. The significant assumptions used in the calculations for both the Lothian Pension Fund and discretionary payments are:

Mortality Assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the Continuous Mortality Investigation (CMI) 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised on page 76.

Investment Returns

The return on the Fund in market value terms for the period to 31 March 2024 is estimated based on actual Fund returns. Index returns, where used, are based on employer asset holdings. Details are given below:

Actual Returns from 1 April 2023 to 31 March 2024

6.1%

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

20.8 Basis for Estimating Assets and Liabilities (Continued)

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

2023/24 Years	2022/23 Years
20.1	19.9
22.8	22.9
20.8	21.2
24.6	24.7

Financial Assumptions

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

2023/24 %	2022/23 %
2.8%	3.0%
3.5%	3.5%
2.8%	3.0%
4.8%	4.8%

20.9 Sensitivity Analysis

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

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

Approximate % Increase to Employer Obligation	Approximate Monetary Amount £'000
2%	19,998
0%	1,264
2%	19,072
4%	43,615

For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3 – 5%, increasing it by approximately £32 million – £55 million. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

20.10 Projected Pension Cost for period to 31 March 2025

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The most recent formal valuation date was 31 March 2023 with the subsequent results based on a new rollforward from the formal valuation.

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

- the corporate bond yield, which the discount rate is derived from, has risen over the period, which has led to a 0.05% increase in this assumption which has reduced the Employer's obligations and led to a gain on the balance sheet.
- investment returns greater than expected leading to a positive impact. The total investment return achieved by the Fund over the accounting period was 6.1%, compared to an expected accounting return of 4.75%.
- the demographic assumptions have changed from the previous accounting period to reflect the latest available longevity information and the results of the 2023 funding valuation exercise.
- the resulting increase in obligations resulting from applying the actual Pensions Increase Order for April 2024 of 6.7%, which was significantly higher than the pension increase rate assumption built into the obligations at the start of the accounting period.

The figures presented in the actuary's valuation are prepared only for the purposes of IAS 19 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes and have no impact on the employer's pension contribution rate. The net pensions asset for 2022/23 and 2023/24 does not impact on the council's usable reserves, however the requirement to recognise the net pensions unfunded liability in the balance sheet has decreased the reported net worth of the council in 2023/24 by 2%. (decrease of 2% 2022/23).

The following table sets out the projected amount to be charged to operating profit for the year to 31 March 2025, based on assumptions as at 31 March 2024: -

31 March 2025			
Assets £'000	Obligations £'000	Net £'000	% of pay
Current service cost	-	(34,506)	(21.6%)
Total Service Cost	-	(34,506)	(21.6%)
Interest income on plan assets	67,322	-	42.1%
Interest cost on defined benefit obligation	-	(52,457)	(32.8%)
Total Net Interest Cost	67,322	(52,457)	9.3%
Total included in Profit or Loss	67,322	(86,963)	(12.3%)

The estimated Employer's contributions for the year to 31 March 2025 will be approximately £28.146 million.

21. USABLE RESERVES

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

21.1 Revenue Statutory Funds

Insurance Fund
Balance at 1 April
Appropriation

Balance at 31 March

2023/24 £'000	2022/23 £'000
7,058	7,307
(235)	(249)
6,823	7,058

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

21.2 Capital Fund	2023/24 £'000	2022/23 £'000
Balance at 1 April	34,929	38,640
Transfer (to) / from Capital Adjustment Account	(16,627)	(14,893)
Appropriation	10,004	11,182
Balance at 31 March	28,306	34,929

22. UNUSABLE RESERVES	2023/24 £'000	Restated 2022/23 £'000
Revaluation Reserve	792,393	804,335
Financial Instruments Revaluation Reserve	267	267
Capital Adjustment Account	340,945	346,686
Financial Instruments Adjustment Account	(6,252)	(6,685)
Pensions Reserve	(20,040)	(20,672)
Employee Statutory Adjustment Account	(11,120)	(12,416)
Total Unusable Reserves	1,096,193	1,111,515

22.1 Revaluation Reserve	2023/24 £'000	2022/23 £'000
Balance at 1 April	804,335	834,066
Unrealised gains / (losses) on revaluation of fixed assets	38,375	18,660
Less: Depreciation on revaluations	(50,317)	(48,391)
Balance at 31 March	792,393	804,335

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

22.2 Financial Instruments Revaluation Reserve	2023/24 £'000	2022/23 £'000
Balance at 1 April	267	193
Revaluation of long-term Investments at fair value	-	74
Balance at 31 March	267	267

22.3 Capital Adjustment Account	2023/24 £'000	2022/23 £'000
Balance at 1 April	346,686	409,634
Depreciation and impairment	(135,813)	(157,634)
Amortisation of intangible assets	(1,984)	(1,557)
Loans fund principal repayments	18,557	13,555
Capital financed from grants (Government and other bodies)	35,787	32,480
Capital financed from current revenue (General Fund)	5,617	4,864
Capital financed from current revenue (HRA)	7,584	9,532
Gain/ (Loss) on disposal of non-current assets	844	131
Revaluation Reserve - Depreciation on revaluations	50,317	48,391
Transfer of Capital Receipts from Capital Fund	16,627	14,893
Service Concessions	(3,277)	(27,603)
Balance at 31 March	340,945	346,686

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

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

22.4 Financial Instruments Adjustment Account

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

Balance at 31 March

The Financial Instruments Adjustment Account is an accounting reserve arising from the re-measurement of financial instruments. It is a balancing account to allow for differences in statutory requirements and proper accounting practices for the council's lending and borrowing. The balance at 31 March 2024 represents: -

	2023/24 £'000	2022/23 £'000
Deferred Premiums less Discounts from Debt Rescheduling	(3,916)	(4,309)
Market LOBO loans restated - balance sheet value	(62,916)	(62,956)
- Deduct: actual loans outstanding	60,580	60,580
	(6,252)	(6,685)

22.5 Pension Fund Reserve

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

	2023/24 £'000	Restated 2022/23 £'000
Balance at 1 April	(20,672)	(143,677)
Net surplus / (deficit) for year	3,014	(37,433)
Actuarial (Losses) Gains in Pension Plan	329,499	506,898
Restriction adjustment under IFRIC 14	(331,881)	(346,460)
Balance at 31 March	(20,040)	(20,672)

22.6 Employee Statutory Adjustment Account

Balance at 1 April

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

Statutory adjustment for the year

Balance at 31 March

	2023/24 £'000	2022/23 £'000
	(12,416)	(13,483)
12,416		13,483
(11,120)		(12,416)
	1,296	1,067
	(11,120)	(12,416)

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave and maternity leave carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or (from) the Account.

23. CASH FLOW STATEMENT - OPERATING ACTIVITIES

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

Interest paid	28,848	25,847
Interest element of finance lease rental payments including PPP contracts	4,051	4,240
Interest received	(6,672)	(3,367)

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

Depreciation	100,409	97,171
Amortisation of intangible assets	1,984	1,557
Impairment and downward revaluations	35,404	60,463
Amortisation	(40)	(38)
Increase/(decrease) in creditors	(7,545)	2,014
(Increase)/decrease in debtors	(8,205)	14,382
(Increase)/decrease in short term intangible assets	-	-
(Increase)/decrease in inventories	(181)	(174)
Movement in pension liability	(3,014)	37,433
Carrying amount of non-current assets sold	535	58
Other non-cash items	(120)	122
	119,227	212,988

The deficit on the provision of services has been adjusted for the following items that are investing and financing activities: -

Proceeds from the sale of property, plant and equipment	(1,379)	(189)
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NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

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

2023/24 £'000	Restated 2022/23 £'000
(96,421)	(97,369)
1,379	189
35,004	7,504
(60,038)	(89,676)

25. CASH FLOW STATEMENT - FINANCING ACTIVITIES

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

2023/24 £'000	2022/23 £'000
24,000	10,000
(4,236)	(2,582)
(3,828)	18
15,936	7,436

26. CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

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

2023/24 £'000	2022/23 £'000
120	124
2,874	2,255
25,201	30,200
28,195	32,579

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Long term borrowing
Short term borrowings
Finance Lease Liabilities
On balance sheet PFI liabilities
Total liabilities from financing activities

1 April 2022 £'000	Financing Cash Flows £'000	Non-Cash Changes £'000	31 March 2023 £'000
568,641	10,000	-	578,641
69,225	18	(38)	69,205
2	(2)	-	-
79,247	(2,580)	-	76,667
717,115	7,436	(38)	724,513

Long term borrowing
Short term borrowings
Finance Lease Liabilities
On balance sheet PFI liabilities
Total liabilities from financing activities

1 April 2023 £'000	Financing Cash Flows £'000	Non-Cash Changes £'000	31 March 2024 £'000
578,641	10,000	-	588,641
69,205	10,172	(40)	79,337
-	-	-	-
76,667	(4,236)	-	72,431
724,513	15,936	(40)	740,409

28. CONTINGENT LIABILITIES**Municipal Mutual – Scheme of Arrangement**

The Municipal Mutual Scheme of Arrangement was triggered in November 2012. The scheme administrator announced that the initial levy rate was 15% of claims paid since 1993. In 2016 this was subsequently increased to 25%. The council has paid a total of £0.243 million in respect of West Lothian District Council and Livingston Development Corporation liability and £0.035 million in respect of the council's share of Lothian Regional Council liability. The council recognises that further levies will be imposed and therefore acknowledges a potential future liability.

Abuse Claims

The council recognises the potential for compensation claims deriving from the Scottish Government's Limitation (Childhood Abuse) (Scotland) Bill which has removed the three-year time limit on claims of child abuse. Some claims may be more historic and predate Local Government Reorganisation in 1996. As at 31 March 2024, twelve claims have been received with four closed including one settlement. No open claims have progressed to a stage where a possible payment can be reliably estimated and accounted for in the financial statements. The council will consider the funding of future claims according to the nature, materiality and applicable self-insured retention of claims as they are brought in future years.

Pension guarantees

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

29. TRADING OPERATIONS

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

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

	2023/24 £'000	2022/23 £'000
Turnover	4,889	4,919
Expenditure	2,940	3,378
Surplus for year	1,949	1,541
Budget Surplus for year	1,996	1,545

Included in turnover is internal income of £0.157 million (£0.152 million 2022/23).

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

	Surplus / (Deficit) £'000	Loan Interest £'000	Net Surplus / (Deficit) £'000
2021/22	2,282	399	1,883
2022/23	1,541	416	1,125
2023/24	1,949	681	1,268
Surplus over three year period	5,772	1,496	4,276

In the three years to 31 March 2024 the trading account achieved a statutory aggregate surplus of £4.276 million, therefore meeting the statutory financial requirement to breakeven over the three year period.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

30. AGENCY SERVICES

Expenditure**Local Bus Services**

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

2023/24
£'0002022/23
£'000

566

729

Residential Schools and other Social Work payments

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

737

898

Special School Placements

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

199

199

Community Testing Programme

Costs incurred in the provision of the Community Testing Programme.

-

144

Other

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

1,298

1,190

Non Domestic Rates

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

86,211

77,668

Total Expenditure

89,011

80,828

Income**Scottish Water Collection Services**

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

610

557

Social Work Services

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

2,088

1,678

Local Bus Services

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

215

263

Special School Placements

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

759

489

Business Gateway

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

323

407

Community Testing Programme

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

-

144

Other

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

191

135

Non Domestic Rates

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

88,987

80,337

Total Income

93,173

84,010

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

31. EXTERNAL AUDIT COSTS

The Accounts Commission for Scotland appointed Audit Scotland as the council's External Auditor for the financial years 2022/23 to 2026/27.

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

	2023/24 £'000	2022/23 £'000
Fees payable in respect of external audit services undertaken in accordance with the Code of Audit Practice.	407	384
Audit fee in respect of s106 Trust Funds	11	11
	418	395

32. POST REPORTING PERIOD EVENTS

The Interim Head of Finance and Property Services, Patrick Welsh CPFA, being the officer responsible for the council's financial affairs, authorised the issue of the unaudited annual accounts on 28 June 2024. Events after the balance sheet date have been considered up to 24 September 2024.

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

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

There are no events to consider, however the council continues to monitor and assess the financial impact of inflation and other cost pressures during 2024/25.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

33. GRANT INCOME

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24.

	2023/24 £'000	2022/23 £'000
Credited to Taxation and Non-Specific Grant Income		
Capital Grants and Contributions		
- General Capital Grant	19,293	16,310
- Other Scottish Government Grant	3,192	9,274
- Developers Contributions	10,296	5,405
- Other Capital Contributions	3,006	1,491
Total Capital Grants and Contributions	35,787	32,480
Revenue Support Grant	307,347	294,020
Distribution from Non-Domestic Rate Pool	87,928	79,491
Total Grants credited to Taxation and Non-Specific Grant Income	431,062	405,991
Credited to Services		
Ring Fenced Grants		
Criminal Justice Grant	3,503	3,507
Pupil Equity Funding	5,449	5,438
Early Learning Childcare	17,850	17,217
Gaelic	6	7
	26,808	26,169
Other grants		
Housing Benefits Grant	37,189	37,640
Ukraine Funding	1,083	1,609
No One Left Behind	2,683	1,412
Administration of Benefits Grant	614	625
DWP Discretionary Housing Payment	801	851
Integration Joint Board	10,133	10,133
Education Maintenance Allowance	519	479
Schools for the Future Programme	1,921	1,921
Children and Young People Mental Health and Wellbeing Grant	733	699
Care Experiences and Young People Fund	308	334
Scottish Milk and Healthy Snack Scheme	555	562
Sport Scotland	526	491
European Grants	1,069	591
Private Sector Housing Grant	732	732
Home Energy Efficiency Programme for Scotland	497	1,058
Other Grants	3,456	3,674
Scottish Attainment Challenge	762	245
Developing the Young Workforce	286	286
Shared Prosperity Fund Grant (Replacement for ESF)	2,256	250
Business Gateway	308	407
Scottish Government funding 2023/24 Pay Award	1,300	-
Contribution from Local Authorities	1,324	1,189
Contribution from NHS	13,014	6,969
Total Grants credited to Services	108,877	98,326
Capital Grants Received in Advance		
The council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the developer. The balances are as follows: -		
	2023/24 £'000	2022/23 £'000
Developer Contributions	21,948	25,310

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

34. GENERAL FUND BALANCE

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

	Balance at 1 April 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance at 1 April 2023 £'000	Transfers Out 2023/24 £'000	Transfers In 2023/24 £'000	Balance at 31 March 2024 £'000
General Fund Balance	52,827			57,125			37,168
Movement in Earmarked Reserves							
Balances held by schools under a scheme of delegation	1,933	(426)	-	1,507	-	205	1,712
Modernisation Fund	3,964	-	1,237	5,201	-	454	5,655
Government Grants	5,133	-	2,169	7,302	(1,322)	-	5,980
Time Limited Projects	588	-	3,557	4,145	(2,482)	-	1,663
Developer Contribution Fund	1,485	(599)	-	886	(63)	-	823
Anti-Poverty Investment and Support	303	-	353	656	(566)	-	90
Voluntary Organisations Fund	63	(63)	-	-	-	-	-
Committed Funds from Loans Fund Review	4,149	(3,324)	-	825	(363)	-	462
Lifetime Alcohol Licensing Fund	400	(110)	-	290	(110)	-	180
Council Resources Earmarked for Covid-19 Response	25,959	(25,959)	-	-	-	-	-
Winter Resilience Fund	1,000	(107)	-	893	(575)	-	318
Investment for Potholes	750	(290)	-	460	(400)	-	60
Whitburn Community Centre Works	1,750	(1,750)	-	-	-	-	-
Amounts to balance recurring revenue budgets on one-off basis	962	-	11,768	12,730	(6,987)	-	5,743
Homelessness Provision	450	-	950	1,400	(804)	-	596
Ash dieback	500	-	-	500	-	-	500
Energy Provision	609	(313)	-	296	-	-	296
Winchburgh High School Early Opening	748	(748)	-	-	-	-	-
Risk and Inflation Reserve	-	-	6,000	6,000	(4,116)	-	1,884
St Kentigern's Works	-	-	6,049	6,049	(8,277)	3,357	1,129
Revenue Budget Reserve	-	-	2,964	2,964	-	1,293	4,257
Green Investment	-	-	876	876	-	-	876
DSM Transitional Fund	-	-	1,232	1,232	-	-	1,232
Local Recovery Fund	-	-	693	693	(197)	-	496
Long Term Placement Care Home Reserve	-	-	-	-	-	1,216	1,216
Total Earmarked Reserves	50,746	(33,689)	37,848	54,905	(26,262)	6,525	35,168
Uncommitted General Fund Balance	2,081			2,220			2,000

In accordance with both the School Boards Delegation and Devolved School Management schemes, a net credit balance of £1.712 million (£1.507 million 2022/23) is held within the General Fund. This sum represents the amount by which schools underspent their delegated schemes and may be used to supplement their 2024/25 budgetary provision. This sum, although held within the General Fund, must be spent on Education Services and is not available to the council for general use.

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

35. LEASING, PPP AND DBFM PAYMENTS**OPERATING LEASES****Council as Lessee**

The council uses leased cars, street sweeping vehicles and occupies certain offices financed under the terms of various operating leases. The amounts paid under these leases has been charged to the Comprehensive Income and Expenditure Statement as follows: -

	2023/24 £'000	2022/23 £'000
Plant and Vehicles	981	1,135
Property	824	519
	1,805	1,654

The future cash payments required under operating leases are: -

	2023/24 £'000	2022/23 £'000
Not later than one year	1,647	1,542
Later than one year and not later than five years	3,231	3,545
Later than five years	4,406	5,911
	9,284	10,998

Council as Lessor

The council has a range of properties which it leases out under operating leases. The purpose of these Economic Development properties is to support the policy objective of the council by ensuring an adequate supply of property is available to meet the requirements of business needs in West Lothian, supporting growth and employability. The cumulative value of leases in 2023/24 where the Council is a lessor is £5.691 million for 738 units (£5.470 million for 738 units 2022/23).

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

	2023/24 £'000	2022/23 £'000
Payments due within one year	2,373	2,281
Payments due between two and five years	8,365	8,039
Payments due after five years	41,392	43,764
	52,130	54,084

In year £0.345 million contingent rents were receivable by the council (2022/23 £0.247 million).

FINANCE LEASES

The council is neither lessee or lessor in respect of any finance lease arrangements. The council does however have obligations in respect of PPP/PFI finance arrangements which are reported below.

Education Service PPP1 Schools Project

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

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

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

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

Education Service PPP3 Schools Project

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

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

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

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

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

35. LEASING, PPP AND DBFM PAYMENTS (CONTINUED)

Education Service DBFM West Calder High School Project

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

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

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

PPP and DBFM Payments

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

Range	Principal £'000	Interest £'000	Lifecycle Capital Costs £'000	Operating Costs £'000	Schools for the Future Revenue Funding £'000	2023/24 Total £'000	2022/23 Total £'000
Within one year	4,015	3,781	223	12,424	(1,867)	18,576	16,653
2 to 5 years	14,166	13,236	2,975	55,475	(7,468)	78,384	70,256
6 to 10 years	23,882	10,970	1,127	69,161	(9,335)	95,805	93,912
11 to 15 years	20,865	5,408	-	55,322	(9,335)	72,260	64,212
16 to 20 years	9,503	1,147	-	8,068	(7,928)	10,790	23,705
21 to 25 years	-	-	-	-	-	-	322
Total	72,431	34,542	4,325	200,450	(35,933)	275,815	269,060

The estimated future cash payments for 2024/25 onward have increased as a result of the inflationary impact on costs in 2023/24 over and above that already included in the financial model. This has increased the operating costs of PPP and DBFM arrangements.

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

PPP / DBFM Service concessions

Scottish Government Finance Circular 10/2022 allows councils to apply flexibility to accounting treatment for service concession arrangements in place prior to 1 April 2022. The calculation of the revised repayment charges using an asset life of 50 years on an annuity basis of £8.687 million was compared to current charges due over the contract life of £36.290 million and resulted in a retrospective adjustment of £27.603 million in 2022/23, £3.277 million in 2023/24. The reprofiling of this debt liability repayments increases the council's capital financing requirement (CFR), however this will reduce as repayments are made. The service concession flexibility has been assessed to be prudent, affordable and sustainable within the parameters of the council's revenue, capital and treasury management plans.

36. RELATED PARTIES

The council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council. The council has chosen a de-minimis level of £0.1 million as its threshold disclosure level for individual items of income and expenditure, but considers any identified related party transactions on a case by case basis for disclosure.

Scottish Government

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

Grants received from Government Departments on a principal basis, where council is acting on its own behalf, are set out in note 33 on page 83, whilst grants provided on an agency basis, where the council is an intermediary for Scottish Government, are detailed in note 30 on Page 81.

36. RELATED PARTIES (CONTINUED)**Councillors**

Members of the Council have direct control over the council's financial and operating policies.

The Councillors Code of Conduct requires elected members to complete a Register of Interest which contains a list of financial interests and important non-financial interests which each member is required to make public. Details of elected Members interests can be assessed from each councillor's page on the following link: [Register of Interests](#)

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

The total of Councillors Remuneration allowances paid in 2023/24 are shown in the Remuneration Report note 2.3 on page 34.

Officers

Officers have the responsibility to adhere to a Code of Conduct, which requires them to declare an interest in matters that may directly or indirectly influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms of any relevant parties, officers with declarations of interest would opt out of taking part in any discussion or decisions relating to transactions with these parties.

During 2023/24 there were no material transactions between the council and any company in which any officer had an interest.

The total remuneration paid to senior officers is detailed in the remuneration report note 3.2 on pages 36 and 37.

During the year, the council entered into a number of transactions with related parties which include Central Government, Other Local Authorities, the Joint Valuation Board and related companies. The council has interests in a number of companies over which it has significant influence or control as detailed in the Group Accounts note G2, G3, and G6 on pages 98 to 100.

	2023/24 £'000	2022/23 £'000
EXPENDITURE		
Government Payments		
PAYE and National Insurance	84,648	74,384
Superannuation – Teachers	25,886	21,647
Other Local Authority Payments		
Lothian Pension Fund - Superannuation	36,828	34,533
Other Payments	1,273	807
Other Related Party Payments		
Joint Valuation Board – Associate	1,147	1,155
West Lothian Integration Board – Joint Venture	88,607	85,147
West Lothian Leisure Ltd. - Subsidiary	2,007	3,340
Councillors Remuneration	824	780
Criminal Justice Authority	3,858	4,471
SESTRAN / CITY DEAL (formerly SESPLAN)	104	104
Scotland Excel	133	128
	245,315	226,496
INCOME		
Other Local Authority Receipts	1,324	1,189
Criminal Justice Authority	3,503	3,507
West Lothian Integration Board	88,607	85,147
	93,434	89,843
BALANCE SHEET		
The amounts due (to) or from related parties are detailed below: -		
Government departments	(435)	5,242
Other local authorities	(2,850)	(2,743)
Related companies		
West Lothian Leisure Ltd.	1,491	1,625
	(1,794)	4,124

HRA – INCOME AND EXPENDITURE STATEMENT		STATEMENT 9	
PURPOSE	The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.		
INCOME		2023/24 £'000	2022/23 £'000
	Dwellings Rent (gross)	(58,729)	(56,510)
	Non-Dwellings Rent (gross)	(529)	(502)
	Other Income	(3,122)	(2,385)
	TOTAL INCOME	(62,380)	(59,397)
EXPENDITURE			
	Repairs and Maintenance	24,555	22,502
	Supervision and Management	9,045	8,799
	Depreciation and Revaluation of non-current assets	38,143	49,337
	Bad or Doubtful Debts	1,112	1,189
	Other Expenditure	3,094	3,242
	TOTAL EXPENDITURE	75,949	85,069
	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	13,569	25,672
	HRA Services share of Corporate and Democratic Core (CDC)	116	108
	HRA Share of Employee Statutory Adjustment	(5)	(3)
	HRA share of Non-Distributed Costs	3	1
	Net Cost of HRA Services	13,683	25,778
	HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement		
	Profit on disposal of HRA assets	-	-
	Interest payable and similar charges	11,755	11,360
	Net interest on the net defined benefit liability	(2)	107
Deficit for the year on HRA Services	25,436	37,245	

MOVEMENT ON THE HRA STATEMENT

STATEMENT 10

PURPOSE		This statement summarises the differences between the outturn on the HRA Income and Expenditure Account and the HRA Balance.		
MOVEMENT		Note	2023/24 £'000	2022/23 £'000
		Balance on the HRA at the end of the previous year	(926)	(926)
		Deficit for the year on the HRA Income and Expenditure Statement	25,436	37,245
		Adjustments between accounting basis and funding basis under regulations	(25,436)	(37,245)
		(Increase) or decrease in year on the Housing Revenue Account	-	-
		Balance on the HRA at the end of the current year	(926)	(926)
NOTES	1.	Adjustments between accounting basis and funding basis under regulations		
		Depreciation and Revaluation	(38,143)	(49,337)
		Share of Employee Statutory Adjustment / Non distributed costs	5	3
		Amount by which pension costs calculated in accordance with IAS 19 are different from contributions due to the Lothian Pension Fund	(1)	(108)
			(38,139)	(49,442)
		Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
		Loans fund principal	5,119	2,665
		Capital expenditure funded by HRA	7,584	9,532
		Adjustments between accounting basis and funding basis under regulations	(25,436)	(37,245)
	2.	Housing Stock		
		The council's stock at 1 April 2023 was 14,243 houses, and at 31 March 2024 was 14,325 houses. As a result, the council was responsible for managing an average of 14,284 dwellings during 2023/24.		
		Stock movements can be summarised as follows: -		
		Stock as at 1 April	14,243	14,075
		New Build Completions	54	139
		Open Market Acquisitions	29	35
		Other Additions	-	-
		Demolitions	-	(2)
		Stock Reclassification	(1)	(4)
		Sales	-	-
		Stock as at 31 March	14,325	14,243
		Housing Stock Numbers by type are as follows: -		
		1 Bed	2,649	2,623
		2 Bed	6,764	6,727
		3 Bed	4,256	4,244
		4 Bed	501	494
		More than 4 Bed	155	155
			14,325	14,243
	3.	Rent Arrears at 31 March	2023/24 £'000	2022/23 £'000
		Current Tenant	3,786	3,828
		Former Tenant	1,896	1,702
	4.	Losses on Void Properties at 31 March	2023/24 £'000	2022/23 £'000
		Losses on void properties	988	697
	5.	Bad Debt Provision	2023/24 £'000	2022/23 £'000
		Bad Debt Provision for housing rent arrears and former tenant's debt.	4,954	4,837

PURPOSE	This statement shows the net income raised from Council Tax levied under the Local Government Finance Act 1992.										
INCOME	Gross council tax levied and contributions in lieu <u>Less:</u> Discounts Provision for bad debts Council Tax Reduction Scheme Other deductions Adjustments for previous years' Council Tax Transfers to General Fund	2023/24 £'000							2022/23 £'000		
		116,140							107,769		
		(9,220)							(8,525)		
		(2,074)							(2,169)		
		(11,698)							(10,621)		
		(4,036)							(4,375)		
		(27,028)							(25,690)		
89,112							82,079				
1,422							1,690				
90,534							83,769				
NOTES	1.	Calculation of the Council Tax base 2023/24									
		PROPERTY BANDS									
		A	B	C	D	E	F	G	H	Total	
	Properties	17,703	25,230	10,911	9,455	10,633	7,533	3,338	213	85,016	
	Exemptions	(921)	(773)	(284)	(153)	(110)	(60)	(27)	(11)	(2,339)	
	Disabled Relief	181	(68)	(11)	43	(33)	(69)	(40)	(3)	-	
	Discounts (25%)	(2,491)	(2,636)	(1,162)	(721)	(533)	(242)	(85)	(4)	(7,874)	
	Discounts (50%)	(114)	(80)	(36)	(11)	(17)	(6)	(4)	(1)	(269)	
	Empty Homes Premium	176	135	48	32	28	11	3	-	433	
	Council Tax Reduction Scheme	(4,729)	(4,316)	(1,359)	(611)	(287)	(95)	(27)	-	(11,424)	
	Effective Properties	9,805	17,492	8,107	8,034	9,681	7,072	3,158	194	63,543	
	Ratio to Band D	6/9	7/9	8/9	1	473/360	39/24	47/24	49/20		
	Band D Equivalents	6,533	13,605	7,206	8,034	12,720	11,492	6,184	475	66,249	
	Contributions in lieu										-
	Level of non-payment provided for										1,656
	COUNCIL TAX BASE										64,593
	2.	The level of council tax depends upon the value of the property. Certain prescribed dwellings are exempt and discounts are given to eligible taxpayers i.e. single occupants. A Council Tax Scheme Reduction is available to taxpayers on a low income. Other deductions include Disabled Relief. A bad debt provision for 2023/24 of 2% (2.25% 2022/23) of the net income from council tax has been provided, this represents a collection level of 98% (97.75% 2022/23).									
	3.	The council tax charge for each band is as follows: -									
		Band	2023/24 Council Tax £				2022/23 Council Tax £				
		A	927.31				876.47				
		B	1,081.86				1,022.55				
		C	1,236.41				1,168.63				
		D	1,390.96				1,314.71				
		E	1,827.57				1,727.38				
		F	2,260.31				2,136.40				
		G	2,723.96				2,574.64				
		H	3,407.85				3,221.04				

NON-DOMESTIC RATE INCOME ACCOUNT

STATEMENT 12

PURPOSE	This account shows the income from the rate levied on non-domestic property under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992.		
INCOME		2023/24 £'000	2022/23 £'000
	Gross rates levied and contributions in lieu	114,610	102,907
	<u>Less</u>		
	Reliefs and other deductions	(18,572)	(21,740)
	Payment of interest	-	-
	Provisions for bad and doubtful debts	(2,704)	(1,017)
		(21,276)	(22,757)
	Net non-domestic rate income	93,334	80,150
	Allocated:		
NOTES	1.	The amount distributed to West Lothian Council from the national non-domestic rate income pool in 2023/24 was £87.928 million (£79.491 million 2022/23).	
	2.	Occupiers of non-domestic property pay rates based on the valuation of the property within the valuation roll for Lothian area. The National non-domestic rate poundage is determined by the Scottish Government and was 49.8p per £ in 2023/24 (49.8p in 2022/23). The rate was 51.1p (51.1p in 2022/23) for properties with a rateable value between £51,001 and £100,000 and 52.4p for properties with a rateable value above £100,000. Properties with a rateable value of £20,000 or less are subject to a reduced charge if they meet the qualifying criteria under the small business bonus scheme.	
	3.	Rateable values at 1 April 2023	
		Number	Rateable Value £'000
	Shops, Offices and other Commercial Subjects	3,128	70,989
	Industrial Subjects	1,875	94,219
	Miscellaneous (Schools etc.)	1,705	60,030
	Total	6,708	225,238

TRUSTS AND MORTIFICATIONS

STATEMENT 13

PURPOSE	The council acts as sole trustee for 40 Trusts and Mortifications. The funds do not represent the assets of the council and therefore they have not been included in the Balance Sheet. The figures below summarise the Income and Expenditure arising during the year and the aggregate Assets and Liabilities of the Trusts at the year end.		
EXPENDITURE INCOME SURPLUS / (DEFICIT)	INCOME AND EXPENDITURE STATEMENT	2023/24 £'000	2022/23 £'000
	Beneficiaries	(12)	(4)
	Loans Fund and Dividend Interest	21	10
	For Year	9	6
	At 1 April	389	383
	At 31 March	398	389
	BALANCE SHEET		
	Current Assets		
	Investments	47	47
	Revenue Advances to Loans Fund	351	342
		398	389
	Current Liabilities	-	-
	TOTAL ASSETS	398	389
	Reserves		
	Capital Fund	165	165
	Revenue Fund	233	224
	TOTAL RESERVES	398	389
NOTES	1.	In order to preserve the capital value of Trust Funds, it is council policy to disburse only revenue income arising from them. This is done one year in arrears i.e. revenue income received during 2023/24 is disbursed in 2024/25.	
	2.	The main fund balances where the council is sole trustee at 31 March 2024 are: -	
		Capital £'000	Revenue £'000
	Irene Elizabeth Miller Trust	60	5
	West Lothian Trust for the Benefit of People with Disabilities	41	14
	Quarter Farm Trust	17	43
	James Wood Bequest	14	61
	Robert Turner of Armadale Trust	11	20
	3.	The council also administered five other trusts in 2023/24, which have external and council trustees. At 31 March 2024 the total assets of these trusts, valued at cost, was £0.227 million (£0.218 million at 31 March 2023).	

COMMON GOOD ACCOUNT

STATEMENT 14

PURPOSE

The Common Good Fund balance was inherited from West Lothian District Council and the former Linlithgow Town Council at the respective reorganisations of local government in 1996 and 1975 and is administered by the council. At this time three other Burghs, Armadale, Bathgate and Whitburn also transferred with no assets. The cash income in 2022/23 in the Fund may only be applied for the benefit of inhabitants of Linlithgow Burgh.

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

INCOME AND EXPENDITURE STATEMENT

2023/24
£'0002022/23
£'000

Expenditure

Maintenance and Utilities

151

-

Depreciation

98

-

Total Expenditure

249

-

Income

Interest

1

-

Local Authority Contribution to costs

227

-

Income

22

-

Total Income

250

-

Operating Surplus for the year

1

-

Surplus brought forward

24

24

Accumulated surplus at 31 March 2024

25

24

BALANCE SHEET

Non-Current Assets

Property, Plant and Equipment

2,867

-

Heritable Property

67

1

Furnishings

4

4

2,938

5

Current Assets

Revenue Advances to Loans Fund

20

19

TOTAL ASSETS

2,958

24

FINANCED BY:

Usable Reserves

Common Good Fund Balance

25

24

Unusable Reserves

2,933

-

TOTAL RESERVES

2,958

24

NOTES

1. Under the Community Empowerment (Scotland) Act 2015 and following Scottish Government Guidance, the council has a duty to publish a Common Good Register which lists all common good properties : - [Common Good Register](#)

A consultation exercise was undertaken to establish common good properties, resulting in strong community participation with representations across all Burghs. In 2023/24, as a result of the consultation exercise officers investigated 74 properties. Of which 30 properties are designated as common good, 26 are not common good and 18 remain under investigation.

After further consultation, 36 properties were subsequently identified, with 3 designated as common good and 33 under investigation.

The financial position above reflects the position as at 31 March 2024 with 33 properties identified as common good.

2. Interest received in 2023/24 amounted to £942 (£424 2022/23).

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - GROUP

STATEMENT 15

PURPOSE

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

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Group Note	2023/24			Restated 2022/23		
		Gross Expend £'000	Gross Income £'000	Net Expend £'000	Gross Expend £'000	Gross Income £'000	Net Expend £'000
Schools, Education Support		220,806	30,022	190,784	307,590	30,444	277,146
Planning, Economic Development and Regeneration		15,602	9,181	6,421	17,055	6,634	10,421
Operational Services		92,841	6,512	86,329	98,375	5,856	92,519
Housing, Customer and Building Services		23,672	7,687	15,985	26,645	7,209	19,436
Corporate Services		2,466	776	1,690	1,941	644	1,297
Social Policy – IJB, Adult and Elderly Services		207,377	118,770	88,607	202,745	117,598	85,147
Social Policy – non-IJB, Children's Services		50,522	6,459	44,063	48,188	6,010	42,178
Chief Executive, Finance and Property		132,021	10,481	121,540	56,080	7,913	48,167
Joint Boards		1,251	-	1,251	1,259	-	1,259
Other Services		45,371	43,263	2,108	42,210	42,258	(48)
West Lothian Leisure Ltd.		13,351	10,189	3,162	13,860	9,537	4,323
Net Cost of General Fund Services		805,280	243,340	561,940	815,948	234,103	581,845
Housing Revenue Account		75,949	62,380	13,569	85,069	59,397	25,672
Net Cost of Services		881,229	305,720	575,509	901,017	293,500	607,517
Other Operating Expenditure		(844)	-	(844)	(131)	-	(131)
Financing and Investment Income and Expenditure		104,487	78,812	25,675	75,838	46,200	29,638
Share of corporation tax of Joint Venture		-	-	-	-	-	-
Taxation and Non-Specific Grant Income		-	521,596	(521,596)	-	489,760	(489,760)
Deficit on Provision of Services		984,872	906,128	78,744	976,724	829,460	147,264
Share of Operating Results of Associates and Joint Ventures		169,859	168,476	1,383	162,741	153,155	9,586
Deficit on Group		1,154,731	1,074,604	80,127	1,139,465	982,615	156,850
Items that will not be reclassified to the Deficit on the Provision of Services							
Surplus on revaluation of property, plant and equipment				(38,375)			(18,660)
Remeasurements of the net defined benefit liability / (asset)				3,192			(166,482)
(Gains) / Losses on Investments in Associates and Joint Ventures				(33)			375
Items that may be reclassified to the Deficit on the Provision of Services				(35,216)			(184,767)
(Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income				-			(74)
Other Comprehensive Income and Expenditure				(35,216)			(184,841)
Total Comprehensive Income and Expenditure				44,911			(27,991)

MOVEMENT IN RESERVES STATEMENT - GROUP

STATEMENT 16

PURPOSE

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

MOVEMENT IN RESERVES STATEMENT - GROUP AS AT 31 MARCH 2024

	Group Note	Single Entity Usable Reserves (Note 1) £'000	Single Entity Unusable Reserves (Note 1) £'000	Group Reserves (Note 2) £'000	Total Group Reserves £'000
Balance at 1 April 2022		99,700	1,079,616	11,872	1,191,188
Restated Movement in Reserves during 2022/23					
Total comprehensive income and expenditure		(146,935)	179,172	(4,246)	27,991
Adjustments between accounting basis and funding basis under regulations		147,273	(147,273)	-	-
Net increase (decrease) before transfers to other statutory funds		338	31,899	(4,246)	27,991
Transfers to or from other statutory funds		-	-	-	-
Increase (decrease) in year		338	31,899	(4,246)	27,991
Restated Balance at 31 March 2023	G3	100,038	1,111,515	7,626	1,219,179
Movement in Reserves during 2023/24					
Total comprehensive income and expenditure		(78,130)	35,993	(2,774)	(44,911)
Adjustments between accounting basis and funding basis under regulations		51,315	(51,315)	-	-
Net increase (decrease) before transfers to other statutory funds		(26,815)	(15,322)	(2,774)	(44,911)
Transfers to or from other statutory funds		-	-	-	-
Increase (decrease) in year		(26,815)	(15,322)	(2,774)	(44,911)
Balance at 31 March 2024	G3	73,223	1,096,193	4,852	1,174,268

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

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

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

	Group Note	As at 31 March 2024 £'000	Restated As at 31 March 2023 £'000
LONG TERM ASSETS			
Property, Plant and Equipment			
- Council Dwelling		447,958	458,754
- Other Land and Buildings		1,164,530	1,175,264
- Vehicles, Plant, Furniture and Equipment		13,747	14,897
- Infrastructure Assets		254,068	251,612
- Community Assets		196	326
- Assets under construction		40,738	27,925
- Surplus Assets, not yet held for disposal		33,438	28,583
- Intangible Assets		3,389	4,464
		1,958,064	1,961,825
Heritage Assets		861	861
Long Term Investments		573	577
Share of Net Assets of Associates and Joint Venture		4,318	5,665
TOTAL LONG TERM ASSETS		1,963,816	1,968,928
CURRENT ASSETS			
Short Term Investments		173	35,532
Inventories		1,996	1,828
Short Term Debtors		47,052	38,792
Cash and Cash Equivalents		29,804	35,257
TOTAL CURRENT ASSETS		79,025	111,409
CURRENT LIABILITIES			
Short Term Borrowing		(79,337)	(69,205)
Short Term Creditors		(88,749)	(93,773)
Provisions		-	(374)
Capital Grants Receipts in Advance		(21,948)	(25,310)
TOTAL CURRENT LIABILITIES		(190,034)	(188,662)
NET CURRENT ASSETS (LIABILITIES)		(111,009)	(77,253)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,852,807	1,891,675
LONG TERM LIABILITIES			
Long Term Creditors		(242)	(362)
Long Term Borrowing		(589,606)	(579,687)
Defined Benefit Scheme Liability		(20,275)	(20,011)
Other Long Term Liabilities		(68,416)	(72,436)
TOTAL LONG TERM LIABILITIES		(678,539)	(672,496)
TOTAL NET ASSETS		1,174,268	1,219,179
Financed by:			
USABLE RESERVES			
General Funds Balance		42,487	64,313
Housing Revenue Fund Balance		926	926
Capital Fund		28,306	34,929
Insurance Fund		6,823	7,058
TOTAL USABLE RESERVES		78,542	107,226
UNUSABLE RESERVES		1,095,726	1,111,953
TOTAL RESERVES		1,174,268	1,219,179

The unaudited accounts were considered by the Audit Committee on 28 June 2024 and the audited accounts were authorised for issue on 24 September 2024.

Lynda Ferguson

LYNDA FERGUSON CPFA,

Depute Head of Finance and Property Services (under delegated appointment)

25 September 2024

CASH FLOW STATEMENT – GROUP**STATEMENT 18****PURPOSE**

The Cash Flow Statement shows the changes in cash and cash equivalents of the group during the reporting period. The statement shows how the group 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 group are funded by way of taxation and grant income or from the recipients of services provided by the group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the group.

	Group Note	2023/24 £'000	2022/23 £'000
Net deficit on the provision of services of Group		(80,127)	(156,850)
Adjustments to deficit on the provision of services for non-cash movements		121,137	223,090
Adjustments for items included in the deficit on the provision of services that are Investing and Financing Activities		(1,379)	(189)
Net cash flows from Operating Activities		39,631	66,051
Net cash flows from Investing Activities		(60,563)	(89,545)
Net cash flows from Financing Activities		15,479	7,342
Net (decrease) / increase in cash and cash equivalents		(5,453)	(16,152)
Cash and cash equivalents at the beginning of the reporting period		35,257	51,409
Cash and cash equivalents at the end of the reporting period		29,804	35,257

G1. ACCOUNTING POLICIES

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

G2. WEST LOTHIAN INTEGRATION JOINT BOARD

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

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

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

The IJB is defined as a joint venture. The net expenditure of the council's contribution to the IJB for 2023/24 is £88.607 million (2022/23 £85.147 million). It should be noted that this expenditure does not include support services such as Human Resources, Legal and Financial Services which are not delegated to the IJB and are provided free of charge to the IJB. The IJB does not employ staff directly delivering services and does not hold cash resources or operate a bank account. The IJB accounts for 2023/24 show the Balance Sheet with assets and reserves of the IJB of £8.808 million.

G3. COMBINING ENTITIES

The council has a number of non-consolidation interests in other entities, full details of which are shown on pages 99 and 100.

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

- The Chief Executive, B A Lamb, has been in post from 3 October 2022.
- Details of the remuneration of the Chief Executive of WLL is included in section 3.2 of the Remuneration Report on page 37.
- There were no Councillors of West Lothian Council remunerated by the body in 2023/24.
- There were no employees of WLL whose remuneration was £150,000 or more.

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

Lothian Valuation Joint Board is deemed to be an associate.

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

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

	2023/24	2022/23
Associates		
Valuation Joint Board - basis - WLC funding to total funding	18.61%	18.57%
Joint Venture		
West Lothian Integration Joint Board - basis - WLC representation on board	50%	50%

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

Council share of Associate, Subsidiary and Joint Ventures		Restated Valuation Joint Board £'000	West Lothian Leisure Ltd £'000	Integration Joint Board £'000	Total £'000
Total Assets	2023/24	715	2,515	4,404	7,634
	2022/23	910	3,416	5,647	9,973
Total Liabilities and shareholders' equity	2023/24	(801)	(1,981)	-	(2,782)
	2022/23	(892)	(1,455)	-	(2,347)
Net Assets / (Liabilities)	2023/24	(86)	534	4,404	4,852
	2022/23	18	1,961	5,647	7,626
Included in Surplus / (Deficit) in Group	2023/24	(137)	(617)	(1,243)	(1,997)
	2022/23	(181)	(341)	(9,393)	(9,915)

The amounts above are disclosed post any relevant consolidation adjustments required to the financial information of each component and of the single entity.

NOTES TO THE GROUP ACCOUNTS

STATEMENT 19

G3. COMBINING ENTITIES (CONTINUED)

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

Council share of Associate, Subsidiary and Joint Ventures		Restated Valuation Joint Board £'000	West Lothian Leisure Ltd £'000	Integration Joint Board £'000	Total £'000
General Fund Balance	2023/24	146	769	4,404	5,319
	2022/23	241	1,300	5,647	7,188
Capital Fund	2023/24	-	-	-	-
	2022/23	-	-	-	-
Capital Grants Unapplied A/C	2023/24	-	-	-	-
	2022/23	-	-	-	-
Capital Receipts Reserve	2023/24	-	-	-	-
	2022/23	-	-	-	-
Total Usable Reserves	2023/24	146	769	4,404	5,319
	2022/23	241	1,300	5,647	7,188
Unusable Reserves	2023/24	(232)	(235)	-	(467)
	2022/23	(223)	661	-	438
Total Reserves	2023/24	(86)	534	4,404	4,852
	2022/23	18	1,961	5,647	7,626

The 2022/23 position for Lothian Valuation Joint Board has been restated to exclude unfunded pension benefits from the Asset Ceiling Adjustment.

The accounting year for the Valuation Joint Board, West Lothian Leisure Ltd. and the West Lothian Integration Joint Board ends 31 March 2024. The associate and joint ventures have been accounted for using the equity method.

The Trusts and Mortifications, which the council manage, have not been included in the Group Accounts on the grounds of materiality. Full details of these accounts can be found in Statement 13 on page 92.

G4. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the associate, subsidiary and joint ventures on the Group Balance Sheet as at 31 March 2024 is to increase the net assets by £4.852 million (increase of £7.626 million as at 31 March 2023) representing the council's share of net assets of these organisations

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

G5. GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

The 2023/24 share of Associates pension interest cost and expected return on pension assets is a cost of £0.001 million (income of £0.005 million 2022/23). These figures are not included in the Group Comprehensive Income and Expenditure Account as they are part of the IAS 19 pension entries which are reversed out in arriving at the share of operating results of associates for the year.

G6. NON-CONSOLIDATION INTEREST IN OTHER ENTITIES

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

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

6.1 WL Ventures Group Limited

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

The unaudited (audited) accounts for the period ended 31 March 2024 (2023) show a profit (profit) before and after tax of £14,412 (£12,330) with net assets of £666,560 (£652,148).

The position reported for WL Ventures Group Limited (WLVG) in the council's 2022/23 accounts was prior to completion of the WLVG audit. The 2023/24 accounts of the council include the WLVG position for 2022/23 restated to the audited position. As a result, the profit before and after tax has changed from £12,250 to £12,330 and the net assets have changed from £658,360 to £652,148 for WLVG for the 2022/23 year.

6.2 The West of Scotland Archaeology Service

This body was set up in 1997 as a Joint Committee of local authorities in the area. It is currently funded by 11 local authorities and Historic Scotland for Specific Projects. Its primary purpose is to provide planning related archaeological advice to its members, permitting them to discharge their duties in respect of Scottish Executive planning guidance for the treatment of archaeological remains in the planning process. During the year, the council contributed £12,691 (£12,691 2022/23) representing 7.05% (7.12% 2022/23) of the Committee's estimated income for the year to 31 March.

6.3 South East of Scotland Transport Partnership (SESTRAN)

The council is a member of SESTRAN, one of seven statutory regional transport partnerships set up under the Transport (Scotland) Act 2005. SESTRAN has a membership of 8 local authorities and they have a statutory duty to produce a Regional Transport Strategy Plan and provide the council with capital grant for West Lothian projects within the plan. During the year, the council contributed £21,775 (£21,643 2022/23) and had a voting share of 12.5%.

G6. NON-CONSOLIDATION INTEREST IN OTHER ENTITIES (CONTINUED)**6.4 Strategic Development Planning Authority for Edinburgh and South East Scotland (SESplan) now replaced by City Region Deal**

The council was formerly a member of SESplan which was composed of 6 local authorities who had a statutory duty under Section 4 of the Planning (Scotland) Act 2006 to work together to prepare, and keep under review, a Strategic Development Plan (SDP) for the South East of Scotland.

The Planning (Scotland) Act 2019 removed the need for the preparation of Strategic Development Plans, with Strategic planning matters being set out in the National Planning Framework 4 (NPF4) which was under preparation by Scottish Government.

SESplan remained a legal entity until NPF4 came into force after adoption by Scottish Ministers on 13 February 2023. As a result, responsibilities have transferred from the SESplan Joint Committee to the City Region Deal Project.

During 2023/24 and 2022/23 no contributions were made to SESplan and the amount of £82,175 was paid to City Deal in both 2022/23 and 2023/24.

6.5 Scotland Excel

Scotland Excel was launched in April 2008 to establish a centre of procurement expertise for the local government sector in Scotland. Its remit is to work collaboratively with the 32 local authority members and external suppliers to raise procurement standards, secure best value for customers and to improve the efficiency and effectiveness of public sector procurement in Scotland. During 2023/24, the council contributed £133,337 (£128,379 2022/23), 3.3% (3.3% 2022/23) of Scotland Excel's funding.

6.6 Seemis Group LLP

Seemis Group is the software provider of the standard management Information system within Scottish Education and works closely with its members and the strategic bodies responsible for education direction in Scotland. West Lothian's student data is processed and managed by Seemis software. Seemis supports local authorities and their associated schools in delivering their statutory and discretionary responsibilities. During 2023/24, the council contributed £210,800 (£210,800 2022/23), 3.9% (3.9% 2022/23) of Seemis Group LLP's funding.



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