

## NOTES TO THE ANNUAL ACCOUNTS

## STATEMENT 8

**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.