

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.