DATA LABEL: PUBLIC

AUDIT COMMITTEE

REPORT TO MEMBERS AND THE CONTROLLER OF AUDIT ON THE 2023/24 AUDIT AND BEST VALUE THEMATIC REVIEW 2023/24

REPORT BY ACTING HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To advise the Audit Committee of the outcome of the 2023/24 audit and to provide a summary of the key points arising from the Auditor's Annual Report and the Best Value Thematic Review 2023/24.

B. RECOMMENDATION

It is recommended that the Audit Committee:

1. Considers Audit Scotland's 2023/24 Annual Audit Report;
2. Considers Audit Scotland's 2023/24 Best Value Thematic Review Report on Workforce Innovation;
3. Considers the audited Annual Accounts for 2023/24.

C. SUMMARY OF IMPLICATIONS

I	**Council Values**	Caring and Compassionate Open, Honest and Accountable Collaborate, Inclusive and Adaptive
II	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	The Auditor's Report is presented to Council in accordance with the Local Government (Scotland) Act 1973 and is referred to the Audit Committee for information and scrutiny.
III	**Implications for Scheme of Delegations to Officers**	None.
IV	**Impact on Performance and Performance Indicators**	None.
V	**Relevance to Single Outcome Agreement**	None.
VI	**Resources - (Financial, Staffing and Property)**	There are no resource issues that require to be drawn to the Council's attention.
VII	**Consideration at PDSP**	Not applicable.
VIII	**Other consultations**	Consultation with appropriate council officers on the Audit Report and the Annual Accounts.

D. TERMS OF REPORT

D.1 INTRODUCTION

The report by Audit Scotland on the 2023/24 audit is addressed to Members of the Council, is simultaneously forwarded to the Controller of Audit and forms part of the audit process. The Auditor's report covers four sections:

- Key messages;
- Audit of 2023/24 annual accounts;
- Wider Scope Areas
  - Financial Management;
  - Financial Sustainability;
  - Vision, Leadership and Governance;
  - Use of Resources to Improve Outcomes.
- Best Value

The unaudited annual accounts for the year ended 31 March 2024 were considered by the Audit Committee on 28 June 2024, thus achieving the statutory deadline of 30 June for submission to the council's auditors. These accounts were the subject of the General Fund Revenue Outturn report to the Council Executive on 26 June 2024.

The external audit of the Accounts and the signing of the Independent Auditor's Report was completed by the target date of 30 September 2024 when Council approved the accounts on 24 September 2024.

D.2 KEY MESSAGES IN THE AUDIT SCOTLAND REPORT ON THE 2023/24 ANNUAL ACCOUNTS

The Auditor intends to issue an unmodified audit opinion on the financial statements of the council, its group and the nine section 106 charities administered by the council.

The accounts were provided within the agreed timescale and were of a good standard.

The summary of the Auditor's key messages in relation to wider scope and best value outcomes from the 2023/24 audit are as follows.

Financial Management

- the council has appropriate and effective financial management in place with regular budget monitoring reports provided to Council Executive.

- the auditor recognises the service out-turn position of £2.9 million overspend for 2023/24 and the council's planned use of reserves to fund the overspend.

Financial Sustainability

- the council has a sound approach to medium and longer-term financial planning in place to manage ongoing financial challenges.

- that council has an agreed detailed two year revenue budget plan for 2024/25 to 2025/26 and a four year budget strategy for the years 2024/25 to 2027/28 with an estimated overall budget gap of £38 million.

Vision, Leadership and Governance

- the council continues to have effective and appropriate governance arrangements in place that support scrutiny of decisions taken.

Use of Resources to Improve Outcomes

- the council has an effective performance management framework in place.
- the council's 2023/24 performance measures were aligned to key priorities and outcomes and there is regular performance reporting to elected members.
- the council has made the necessary arrangements for collecting, recording and publishing the statutory performance information.

D.3 AUDIT OF 2023/24 ANNUAL ACCOUNTS

The Auditor intends to issue an unmodified audit opinion on the financial statements of the council, its group and the nine section 106 charities administered by the council.

The accounts were provided within the agreed timescale and were of a good standard.

As a result of revised technical accounting guidance in relation to the treatment of unfunded pension liabilities, the accounts for 2022/23 were restated and the 2023/24 figures adjusted from the unaudited position. This has no impact on the 2023/24 revenue outturn figures as reported to the Council Executive on 26 June 2024.

No action points have arisen from the audit.

Further detail on the Auditor's key messages in relation to the wider scope and best value outcomes from the 2023/24 audit are summarised as follows:

In the absence of the Head of Finance & Property Services, the Chief Executive authorised Lynda Ferguson, Group Accountant, as Depute Chief Financial Officer for the purposes of signing the accounts, publishing them and sending them for audit.

D.3.1 Financial Management

The report highlights the operating performance of the council in 2023/24, the reserves and balances held by the council and the investment and performance in relation to the revenue and capital budgets.

The Auditor's report concludes that the council has appropriate and effective financial management in place with regular budget monitoring reports provided to Council Executive. The report notes that the council has an overspend of £2.9 million against budget and notes the use of reserves to fund the overspend, providing reasons for significant under/overspends against budget within each service area in the report.

The auditor has noted:

- the significant movement in the level of reserves, noting the movement in the General Fund Balance from £57.1 million in 2022/23 to £37.2 million in 2023/24 reflecting the increase in use of the Risk and Inflation reserve, the cost of St Kentigern's Academy works and amounts required to balance recurring revenues budgets on a one-off basis.
- the council's uncommitted general fund reserve has been reviewed during the budget setting process and remains at £2 million.
- 98% of planned efficiency savings were achieved during 2023/24, the remaining 2% being deemed no longer deliverable requiring alternative savings to be identified.
- capital expenditure was lower than budget but in line with the Treasury Management

Plan, noting the use of the Capital Fund as part of the Asset Management Strategy for 2023/24 to 2032/33 and notes borrowing levels increased by £20.1 million. The Capital Strategy for 2024/25 to 2032/33 was approved by Council in March 2024.

- that the council has adequate arrangements in place to prevent and detect fraud or other irregularities.

D.3.2 Financial Sustainability

Within their report the Auditor notes that:

- the council has a sound approach to medium term and longer term financial planning with arrangements in place to manage ongoing financial challenges.
- the council has clearly identified funding gaps through its medium term and longer term financial planning and that savings plans have been agreed and are continually monitored, noting that the savings measures are well developed and soundly based.
- the council recognises that the use of one-off resources to balance the budget is not sustainable in the long term and is considering options to address the gap on a recurring basis, including options for consultation with the public.
- the council has been proactive in its asset management in respect of Reinforced Autoclaved Aerated Concrete (RAAC) in both operational buildings and council dwellings.
- reducing employer contributions will reduce the costs associated with pensions, thereby reducing some of the cost pressures faced by the council in 2024/25. From April 2024, the employer rate has been reduced from 21.8% to 17.6%. This change to employer contributions has been built into the council's financial budget plans for 2024/25 and overall budget gap identified for that year.

D.3.3 Vision, Leadership and Governance

The Auditor concludes that the council continues to have effective and appropriate governance arrangements in place that support effective scrutiny, challenge and informed decision making. They have observed that committee meetings are conducted in a professional manner and there is a reasonable level of scrutiny and challenge by members.

The auditor recognises that the Council Executive has overall responsibility for ensuring the council's compliance with the Climate Change (Scotland) Act 2009 and is responsible for the approval of all climate change strategies, policies, action plans and monitoring reports, acknowledging that the council reported progress against the targets set and a review in 2024 will consider the targets set as part of wider refresh of the Climate Change Strategy.

D.3.4 Use of Resources to Improve Outcomes

The Auditor reports that the council has an effective performance management framework in place and that measures are aligned to key priorities and outcomes and there is regular performance monitoring reporting to elected members.

The auditor notes the council has an established performance management framework that managers and councillors clearly understand, and that this provides a sound base for improvement. These arrangements include self-assessment, benchmarking, use of feedback to improve services, public performance reporting and regular scrutiny of performance reports.

The Accounts Commission issued a new Statutory Performance Information (SPIs) Direction in December 2021 which applies for three years from 2022/23, the auditor reviewed the council's arrangements for fulfilling the requirements of the Accounts Commission Report and concluded that the council has satisfactory arrangements in place.

D.4 BEST VALUE – THEMATIC REVIEW 2023/24 – WORKFORCE INNOVATION

The thematic work for 2023/24 required auditors to carry out a review of workforce innovation in councils to establish how councils are responding to workforce challenges.

Within their report the Auditor notes the key messages as follows:

- the council approved its People Strategy 2023-2028 in 2023, which is one of six strategies that support delivery of the corporate plan, noting that the council also has a Strategic People Plan 2023-2028, which sets out the council's current workforce profile, future workforce requirements, how it will manage change and communicate with its workforce.

- the council has introduced several Information Technology (IT) systems and digital developments that have delivered workforce benefits and increased productivity which have automated repetitive tasks, streamlined workflows leading to improved processing times, increased productivity and reduced administrative tasks for council staff.

- the council recognises the benefits of agile working and accommodates flexible working arrangements having updated its flexible working policy in February 2024, and to support its approach each council post has been categorised as being suitable for one of the following work styles, fixed working, hybrid working, homeworking and mobile working.

- the council continues to face recruitment and retention challenges with staff, and finds it difficult to compete with private organisations to attract and recruit professional staff. The council has developed several solutions to deal with gaps in resources and difficulties in recruiting for posts.

- the council has set targets to monitor and report on progress against the four outcomes in its People Strategy 2023-2028 which are progressed under the direction of the HR Programme Board. Also noting that an annual update on progress will be reported to the Corporate Policy and Resources Policy Development Panel and published on the council website.

The Auditor has identified two areas in the Improvement Action Plan in relation to the Best Value Report:

- The council should progress the recommendations of its digital skills audit to better understand what digital skills it will need for the future.

- The council should continue to take steps to improve participation rates for the 2024 employee survey.

The Controller of Audit also reports to the Accounts Commission on each council's performance in meeting its Best Value duties at least once over the five-year audit appointment. Based on the current provisional timetable, the Controller of Audit will report on the West Lothian Council's performance in meeting its Best Value duties in financial year 2025/26.

E. CONCLUSION

In the Annual Audit Report, the Auditor has provided an unmodified opinion on the council, its group and the nine section 106 charity financial statements for 2023/24 and has made no recommendations for action following the audit.

In relation to the Best Value Thematic Review 2023/24 the Auditor has made two recommendations as detailed above, with timescales detailed in the agreed management actions/timing in Appendix 1 of their Best Value report.

In conclusion, this is the second year of the council's audit engagement with Audit Scotland and during that period both council officers and auditors have worked together professionally and constructively to ensure timely preparation of the accounts.

F. BACKGROUND REFERENCES

Report to Audit Committee 28 June 2024: Consideration of 2023/24 Annual Accounts (Unaudited)

Report to West Lothian Council 24 September 2024: Annual Audit Report to Members and the Controller of Audit 2023/24 and Best Value Thematic Review 2023/24

Appendices/Attachments:

Audit Scotland – 2023/24 Annual Audit Report
Audit Scotland – 2023/24 Best Value Thematic Review
West Lothian Council – Annual Accounts Year Ended 31st March 2024

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Kenneth Ribbons
Acting Head of Finance and Property Services

Date of meeting: 25 October 2024

West Lothian Council

2023/24 Annual Audit Report

AUDIT SCOTLAND

Prepared for the Members of West Lothian Council and the Controller of Audit

24 September 2024

Contents

Key messages

2023/24 annual accounts

1 Audit opinions on the annual accounts of the council, its group and the nine section 106 charities administered by the council are unmodified.

2 The unaudited annual accounts were provided within the agreed timescale and were of a good standard.

Financial management

3 The council has appropriate and effective financial management in place with regular budget monitoring reports provided to Council Executive.

4 The core revenue outturn position is an overspend of £2.9 million against the agreed 2023/24 budget of £575.2 million. The council's planned use of reserves funded the overspend.

Financial sustainability

5 A sound approach to medium and longer-term financial planning is in place to manage ongoing financial challenges. A two-year detailed revenue budget plan and a four-year revenue budget strategy have been agreed by the council, showing the savings required each year to deliver a break-even position.

6 An updated four-year revenue budget strategy to 2027/28 and detailed revenue budgets for 2024/25 to 2025/26 were agreed by the full council in February 2024. The agreed four-year budget has an estimated overall budget gap of £38 million over the four-year period.

Vision, leadership and governance

7 West Lothian Council continues to have effective and appropriate governance arrangements in place that support scrutiny of decisions made.

Best value

8 Annual thematic Best Value work is set by the Accounts Commission. For the 2023/24 financial year, auditors were asked to focus on workforce innovation within the council. The results of this work were reported to elected members at the West Lothian Council full council meeting in September 2024.

9 Our Best Value work confirmed that West Lothian Council has a People Strategy supported by a Strategic People Plan which supports the delivery of the council's corporate plan.

Use of resources to improve outcomes

10 West Lothian Council has an effective performance management framework in place. The council's 2023/24 performance measures were aligned to key priorities and outcomes and there is regular performance reporting to elected members.

11 Satisfactory arrangements are in place for the preparation and publication of Statutory performance information (SPIs).

Introduction

1. This report summarises the findings from the 2023/24 annual audit of West Lothian Council (the council). The scope of the audit was set out in an Annual Audit Plan presented to the March 2024 meeting of the Audit Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of West Lothian Council's annual accounts
- conclusions on West Lothian Council's performance in meeting its Best Value duties
- conclusions on the following wider scope areas that frame public audit as set out in the current Code of Audit Practice:
  - Financial Management
  - Financial Sustainability
  - Vision, Leadership, and Governance
  - Use of Resources to Improve Outcomes.

2. This report is addressed to West Lothian Council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment

3. Claire Gardiner has been appointed by the Accounts Commission as auditor of West Lothian Council for the period from 2023/24 until 2026/27.

4. We would like to thank Audit Committee members, senior management, and other staff, particularly those in finance, for their cooperation and assistance in this year's audit and we look forward to working together constructively over the remainder of the five-year appointment.

Responsibilities and reporting

5. West Lothian Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. West Lothian Council is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

6. My responsibilities as the independent auditor are established by the Local Government (Scotland) Act 1973, the current Code of Audit Practice and supplementary guidance, and International Standards on Auditing in the UK.

7. Weaknesses or risks identified are only those which have come to our attention during the team's normal audit work and may not be all that exist. Communicating these does not absolve management of West Lothian Council from its responsibility to address the issues raised and to maintain adequate systems of control.

8. This report contains an agreed action plan at Appendix 1. It sets out specific recommendations, the responsible officers, and dates for implementation.

Auditor Independence

9. We can confirm that the audit team comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £406,970 as set out in our 2023/24 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Adding value through audit

10. The annual audit adds value to West Lothian Council by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and good practice identified.

1. Audit of 2023/24 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

Main judgements

Audit opinions on the annual accounts of the council, its group and the nine section 106 charities administered by the council are unmodified.

The unaudited annual accounts were provided within the agreed timescale and were of a good standard.

Audit opinions on the annual accounts of the council and its group are unmodified

11. The council approved the annual accounts for West Lothian Council and its group for the year ended 31 March 2024 on 24 September 2024. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report was prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

The inspection notice was placed in accordance with the required regulations and no objections were raised to the 2023/24 annual accounts

12. Regulation 9 of the Local Authority Accounts (Scotland) Regulations 2014 requires a local authority to give public notice on its website of the right to inspect its annual accounts. This must remain on the website throughout the inspection period. As part of our audit we confirmed that the 2023/24 annual accounts inspection notice published on the council's website complied with the regulations.

13. The regulations also require a local authority to give the right of interested persons to inspect and object to its accounts, as provided for by section 101(a) (rights of interested persons to inspect and copy documents and to object to accounts) of the 1973 Act.

13. No objections were raised to the 2023/24 annual accounts.

Overall materiality was assessed on receipt of the unaudited annual accounts as £19.5 million

14. The concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

15. My initial assessment of materiality was carried out during the risk assessment phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in Exhibit 1.

Exhibit 1
Materiality values

Materiality level	West Lothian Council	Group
Overall materiality	£19.5 million	£23.1 million
Performance materiality	£14.5 million	£17.3 million
Reporting threshold	£0.5 million	£0.5 million

Source: Audit Scotland

16. The overall materiality threshold for the audit of the annual accounts of West Lothian Council was set with reference to gross expenditure, which was judged as the figure most relevant to the users of the financial statements.

17. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75% of overall materiality, reflecting a history of a low number of errors or significant issues.

18. It is our responsibility to request that all misstatements, other than those below the reporting threshold are corrected. The final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

19. Under ISA (UK) 260, we communicate significant findings from the audit to the council, including our view about the qualitative aspects of the council's accounting practices.

20. The Code of Audit Practice also requires me to highlight key audit matters, which are defined in ISA (UK) 701 as those matters judged to be of most significance.

21. We have highlighted one issue in relation to the treatment of unfunded pension liabilities at paragraphs 23 and 26. We are satisfied appropriate adjustments have been made by West Lothian Council.

Audit work responded to the risks of material misstatement we identified in the annual accounts

22. We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. Exhibit 2 sets out the significant risks of material misstatement to the financial statements identified in the 2023/24 Annual Audit Plan. It also summarises the further audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 2
Significant risks of material misstatement in the annual accounts

Audit risk	Assurances, results and conclusions
1. Risk of material misstatement due to fraud caused by management override of controls As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	**Controls** • Assessed the design and implementation of controls over journal entry processing. **Methodology and assumptions** • Assessed any changes to the methods and underlying assumptions used by management to prepare accounting estimates compared to the prior year. **Testing** • Made inquiries of relevant officers about inappropriate or unusual activity relating to the processing of journal entries and other adjustments and substantively testing journal entries throughout the year. • Evaluated any significant transactions outside the normal course of business. • Confirmed through substantive testing that income and expenditure transactions around the year-end have been accounted for in the correct financial year. • Tested samples of accruals and prepayments. • Reviewed the processes regarding identification and disclosure of related parties.

Audit risk	Assurances, results and conclusions
	Results: We are satisfied that there is no material misstatement due to management override of controls.
2. Estimation in the valuation of land and buildings There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions, and changes in these can result in material changes to valuations. All non-current assets are revalued on a five-year rolling basis. Values may also change year on year, and it is important that West Lothian Council ensures the financial statements accurately reflect the value of the land and buildings. In addition, the council requires to satisfy itself that the carrying amounts of those assets not revalued at 31 March 2024 are not materially different to their current value. Due to the inherent complexity and subjectivity risks regarding land, buildings and dwellings' valuations, a significant risk of material misstatement in the 2023/24 valuations has been identified.	**Controls** • Evaluated the approach that the council adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. **Management Experts** • Evaluated the competence, capabilities and objectivity of the professional valuers. **Methodology and assumptions** • Assessed the methodology used by the valuers by considering whether valuations were conducted in accordance with the RICS Valuation Professional Standards 'the Red Book'. • Assessed the reasonableness of valuations conducted by the professional valuers, including the use of any assumptions. **Testing** • Substantively tested the reconciliation between the financial ledger and the asset register, including a sample of land and building assets revalued in the year. **Disclosures** • Assessed the adequacy of the council's disclosures regarding the assumptions in relation to the valuation of land and buildings. **Results:** We are satisfied the current valuation of land and buildings is not materially misstated.

Source: Audit Scotland

23. In addition, we identified an "area of audit focus" in our 2023/24 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. The area of specific audit focus was:

- **Valuation of Pension Asset or Liability:** The calculation of the pension asset or liability requires the use of an actuarial methodology based on a range of assumptions including financial and demographic assumptions. We assessed the scope, independence and competence of the professionals engaged in providing estimates for pensions and reviewed the appropriateness of actuarial assumptions and results including comparison with other councils.

We also confirmed the arrangements for ensuring the reasonableness of the professional estimations and the accuracy of information provided to the actuary by West Lothian Council. For 2023/24, the actuary calculated a pension asset. The actuary applied an asset ceiling as required by accounting standards which resulted in a nil balance being recognised in the annual accounts, which was the same approach as 2022/23.

As part of work, we noted that the unfunded pension liabilities had been included as part of the overall assessment of a nil balance for pensions. Unfunded pension liabilities generally relate to provisions for discretionary enhancements to retirement benefits (e.g. payments for early retirement paid by the body rather than the pension fund). IAS 19 treats them as termination benefits. The unfunded liability should therefore be presented separately from the net defined benefit asset or liability.

West Lothian Council has updated their accounts to present the unfunded liability on the balance sheet as a separate pension liability and restated the prior year for consistency in presentation. Details of the adjustments are at paragraph 26. We reviewed the adjustments made to the accounts for the change in presentation of unfunded pension liabilities. We were content with the presentation of the unfunded liabilities in the accounts and associated narrative information included.

24. As part of our risk assessment in our Annual Audit Plan, we also identified the following areas where further work would be performed. These were not audit risks but areas we kept under review:

- **Implementation of IFRS 16 (International Financial Reporting Standard 16, Leases) takes effect for local government bodies from 2024/25**- This will change the way in which West Lothian Council accounts for operating leases, including recognising assets and liabilities for the rights and obligations arising from leases previously classified as operating leases. The council will implement IFRS 16 from 1 April 2024.

  The council has undertaken work to identify the changes required in relation to its relevant operating leases and has confirmed the amounts that will be required to be included in the 2024/25 account at 1 April 2024. In 2024/25 the values that will be included in the accounts under right of use and lease liabilities are not material. We have reviewed the work carried out by the council and are content with their approach to identification of appropriate leases and how they intend to include the information in the accounts.

- **The statutory override relating to valuation of infrastructure assets**- In 2021/22, across the UK, a technical accounting issue was identified covering infrastructure assets. Two temporary statutory overrides have been permitted since 2021/22 financial year but these were due to end at 31 March 2024.

Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset created. They include carriageways, structures, street lighting, street furniture and traffic management systems, and are measured in the accounting code at historical cost. A replaced component of an asset has to be derecognised and council records of additions do not permit compliance with the accounting code. A failure to derecognise assets correctly results in potential double-counting and an overstatement of the gross book value, accumulated depreciation and net book value of the assets.

The Scottish Government originally issued a temporary statutory override in Finance Circular 9/2022 which applied to the 2022/23 and 2023/24 financial years. However, as a permanent solution has not yet been agreed, Finance Circular 8/2024 extends the applicable period to include 2024/25.

The council continued to apply both statutory overrides in its 2023/24 annual accounts. We will continue to monitor and consider any actions required by the council once a resolution has been agreed and implemented.

There was one identified misstatement

25. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

26. Only one misstatement was identified totalling £20.0 million (prior year £21.7 million) which exceeds our performance materiality threshold. We considered whether further audit procedures were required and reviewed the nature and causes of this misstatement, which related to the unfunded element of the pension liability (as outlined at paragraph 23). We have concluded that this arose from issues that are isolated and identified in their entirety and do not indicate further systemic error. We considered whether the misstatement presented any further material risk of misstatement in the relevant account area and concluded it did not.

27. In accordance with normal audit practice, a few presentational and disclosure amendments were discussed and agreed with management. The disclosure changes were satisfactory.

The unaudited annual accounts were received in line with the agreed audit timetable

28. The unaudited annual accounts were received in line with our agreed audit timetable on 30 June 2024. The working papers provided with the unaudited accounts were of a good standard and Finance and other council staff provided good support to the audit team during the audit. This helped ensure that the audit of the annual accounts process ran smoothly.

Our audit opinions on Section 106 charities were unmodified

29. The appointments of auditors made by the Accounts Commission to councils include the audit of any trust funds or Common Good funds that both fall within section 106 of the 1973 Act and are registered as charities with the Office of the Scottish Charity Regulator. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of West Lothian Council are sole trustees, irrespective of the size of the charity.

30. West Lothian Council has nine such charitable trusts which each prepare annual report and financial statements and require a full audit and an Independent Auditor’s Report. For 2023/24, our audit opinions on the Section 106 charities are unmodified.

31. Under International Standard on Auditing (UK) 260 we communicate our responses to assessed risks and our significant findings from the audit, including our view about the qualitative aspects of the body’s accounting practices.

32. Other than the presumed significant risk of fraud due to management override of controls, which was also identified as a significant risk in respect of the council’s annual accounts, no specific risks of material misstatement were identified in respect of the 2023/24 charitable trusts annual accounts.

33. We have no significant issues to report from the audit.

2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

Conclusion

The council has appropriate and effective financial management in place with regular budget monitoring reports provided to Council Executive.

The core revenue outturn position is an overspend of £2.9 million against the agreed 2023/24 budget of £575.2 million. The council's planned use of reserves funded the overspend.

The council operated within budget in 2023/24

35. The council approved its 2023/24 budget in February 2023. The budget was set at £575.2 million which included proposed revenue budget saving measures of £12.1 million, however actual approved savings were £8.4 million due to an agreed budget motion. The core revenue outturn position is an overspend of £2.9 million against the agreed 2023/24 budget. The council funded the overspend from the Risk and Inflation reserve which was created as part of the budget setting in February 2023 to manage emerging financial pressures.

36. Overall, the council's spending remained largely in line with budgets with details of main variances in the different service areas are summarised in Exhibit 3.

Exhibit 3
Summary of significant under/overspends against budget

Area	Budget £'000	(Under) / Overspend £'000	Reason for variance
Underspends			
Schools, Education Support	188,431	(433)	Primarily savings from vacancies and cessation of non-essential supplies, partially offset by Early Learning and Childcare pressures.
Planning, Economic Development and Regeneration	5,848	(736)	Over-recovered planning application and pest control income and staff savings.

Area	Budget £'000	(Under) / Overspend £'000	Reason for variance
Chief Executive, Finance and Property	130,212	(1,154)	Particularly due to lower staff costs as a result of vacancies in advance of new staffing restructure to deliver approved budget savings.
Overspends			
Operational Services	82,409	990	A number of reasons including fleet and vehicle costs, higher staff costs and inflationary pressures.
Housing, Customer and Building	7,778	2,319	Principally due to homelessness pressures.
Corporate Services	19,638	270	
IJB – Adult and Elderly Services	88,022	585	Care commitments and ongoing care package costs. Agency and locum costs to cover for staff absence and vacancies.
Non-IJB – Children's Services	37,057	553	Pressure in external residential school placements for children due to both new and increasing cost of placements.
Join Boards	1,246	5	
Non-service expenditure	14,599	2,279	Due to case level and higher awards in relation to Council Tax Reduction scheme
Net Service Expenditure	**575,240**	**4,678**	
Council Tax	(100,470)	(1,762)	An over recovery in council tax due to receipt of prior year income which had already been full provided for in the bad debt provision.
Overspend	**n/a**	**2,916**	

Source: West Lothian Council 2023/24 Annual Accounts

Planned efficiency savings were achieved

37. West Lothian Council approved a revenue budget for 2023/24 in February 2023, with total budget reductions agreed for the year of £8.4 million. The council's Corporate Management Team is responsible for monitoring of the revenue budget, which is undertaken in line with the approved monthly risk-based approach, and the outcome of the detailed monitoring exercises undertaken at month 4 (July), 6 (September) and 9 (December) reported to the Council Executive for approval.

38. The approved budget savings are monitored over the course of the year to ensure deliverability and an update on progress being made to achieve the budget reduction was provided in the budget monitoring updates.

39. The budget monitoring update at month nine, approved by Council Executive in February 2024, confirmed 98% of the 2023/24 approved savings were categorised as green – achieved or achievable. The remaining 2% related to a saving within IJB – Adult and Elderly Services from housing benefits which was deemed no longer deliverable and alternative savings were identified. The council continues to actively manages its budget, including savings targets.

Housing revenue account operated within budget

40. The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set a level which will at least cover the costs of its social housing provision.

41. The Housing Revenue Account (HRA) reported a deficit of £25.4 million (£37.2 million in 2022/23). Adjustments are made between accounting basis and funding basis. This removes a number of balances which total the £25.4 million deficit resulting in an overall breakeven position. This maintained the HRA balance carried forward of £0.9 million.

There has been a significant movement in the level of reserves

42. One of the key measures of the financial health of a body is the level of reserves held. The level of General Fund reserves held by the council decreased from £57.1 million in 2022/23 to £37.2 million in 2023/24.

43. Exhibit 4 provides an analysis of the general fund over the last five years split between committed and uncommitted reserves. The initial increases in the General Reserve between 2019/20 and 2021/22 were primary due to significant levels of funding provided by the Scottish Government as a result of the pandemic. In 2022/23, although the levels of pandemic related reserves dropped, these were replaced with other reserves.

44. During 2022/23, the council adjusted their service concession arrangements to recognise these across the life of the asset rather than the contract length with the result being an increase in the council's General Fund Reserve balance. This provided resources to give the council time to ensure the deliverability of recurring budget savings required for the council's ongoing financial sustainability although there will be a cost in the future.

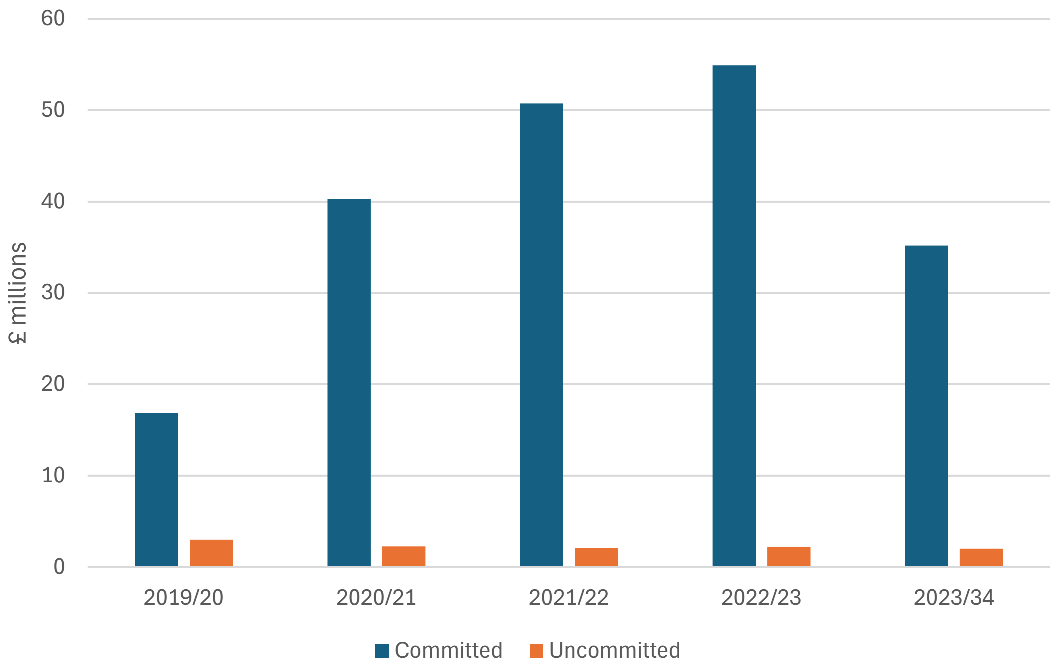
45. In 2023/24 the council used a number of these reserves which reflects the significant drop in the level of general reserves between 2022/23 and 2023/24. The main uses of these earmarked reserves were:

- St Kentigern's school works to replace RAAC affected building, £8.3 million
- Amounts to balance recurring revenue budgets on a one-off basis, £7.0 million

- Risk and Inflation reserve, £4.1 million

46. 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 to ensure that sufficient funds are held in reserve to deal with the financial consequences of uncertain future events. For 2023/24 the council agreed that the uncommitted General Fund Balance would be a minimum of £2 million. The uncommitted general fund balance at 31 March 2024 is £2.0 million.

Exhibit 4
Analysis of general fund balance



Source: West Lothian Council Annual Accounts

Capital expenditure was lower than budget in 2023/24

47. Total capital expenditure in 2023/24 was £95.6 million compared to a budget £100.4 million. General services budget accounted for £72.2 million with the remaining £23.4 million for the housing revenue account (HRA). The general services expenditure was slightly above the budget by £2.9 million with the HRA being underspent by £7.6 million.

48. The underspend in housing capital has been attributed to a number of reasons including industrial action delaying some schemes, identification of RAAC in some properties which changed the scope of works and lack of interested suppliers for tender exercises.

49. The 2023/24 capital investment programme and treasury management plan agreed to the use of council's capital fund to support investment in the general services assets of £72.2 million.

50. The council understand the funding constraints that are currently in place across Scotland and the capital investment programme and the Corporate Asset Management Strategy to 2032/33 confirms that the council will focus on reducing the size of the operational property estate to ensure core property assets remain safe and statutorily compliant.

Borrowing levels are operating within the authorised limit and operational boundary set by the treasury management strategy

51. At 31 March 2024, borrowing stood at £668.0 million, an increase of £20.1 million on the 2023 level of £647.9 million. During the year, the council undertook new borrowings of £24 million. The borrowing levels increased to support new council house supply and general services borrowing to deliver RAAC remediation works and investment in the learning estate.

52. Total external debt, which includes the council's long-term liabilities, was within the authorised limit and operational boundary set by the treasury management strategy.

53. The Prudential Code 2021 confirms a requirement for local authorities to produce an annual capital strategy. The capital strategy should ensure that elected members of the Council understand the overall capital strategy, governance procedures and risk appetite entailed by the strategy, and includes capital expenditure, investments and liabilities and treasury management plans which allows members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured. The Capital Strategy 2024/25 to 2032/33 was approved by Council in March 2024.

West Lothian Council has appropriate financial control arrangements in place

54. From our review of the design and implementation of systems of internal control (including those relating to IT) relevant to our audit approach, we did not identify any internal control weaknesses which could affect West Lothian Council's ability to record, process, summarise and report financial and other relevant data that could result in a material misstatement in the financial statements.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

55. In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

56. West Lothian Council has adequate arrangements in place to prevent and detect fraud or other irregularities.

57. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise coordinated by Audit Scotland which aims to prevent and detect fraud. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity.

58. The current NFI exercise ran over 2022/23 and 2023/24 and participating bodies began to receive matches for investigation in January 2023. These matches are categorised by risk and all recommended matches, plus any further matches based on findings, should be investigated.

59. The council has well established processes in place to investigate the matches and acts, where appropriate, if any issues are identified. For the latest exercise, no significant issues were identified. The outcome of the National Fraud Initiative exercise is reported to the audit committee.

3. Financial sustainability

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Conclusion

A sound approach to medium and longer-term financial planning is in place to manage ongoing financial challenges. A two-year detailed revenue budget plan and a four-year revenue budget strategy have been agreed by the council, showing the savings required each year to deliver a break-even position.

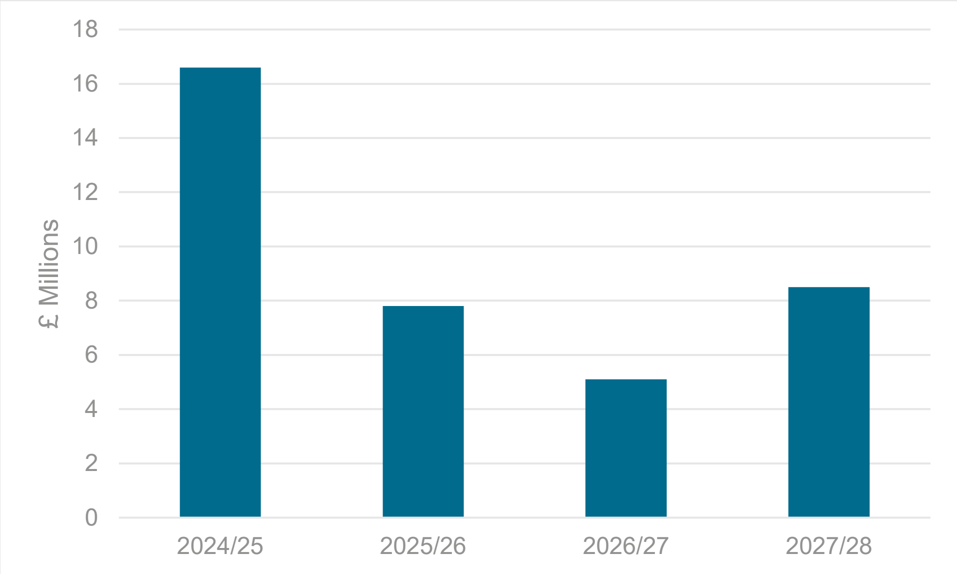
An updated four-year revenue budget strategy to 2027/28 and detailed revenue budgets for 2024/25 to 2025/26 were agreed by the full council in February 2024. The agreed four-year budget has an estimated overall budget gap of £38 million over the four-year period.

West Lothian Council has updated their two-year detailed revenue budget and four-year revenue budget strategy to reflect the latest financial pressures

60. In February 2023, West Lothian Council agreed their five-year revenue budget strategy and a detailed three-year revenue budget plan for 2023/24 to 2025/26, including proposed saving measures. An updated four-year revenue budget strategy to 2027/28 and detailed revenue budgets for 2024/25 to 2025/26 were agreed by the full council in February 2024. The agreed four-year budget has an estimated overall budget gap of £38 million over the four-year period and a £24.4 million gap for 2024/25 to 2025/26. Exhibit 5 shows the forecast budget gap before savings included in the four-year revenue budget.

61. The council and the Integration Joint Board have agreed budget savings of £21.5 million for the two years to 2025/26, leaving a budget gap of £2.9 million. The total saving identified for the four-year plan are £28.5 million which leaves a remaining budget gap of £9.5 million over the four-year period.

Exhibit 5
Forecast budget gap before savings



Source: West Lothian Revenue Budget 2024/25 to 2027/28

63. West Lothian Council has clearly identified the funding gaps through its medium-term and longer-term financial planning. Savings plans have been agreed and will continue to be monitored including identifying further potential savings to meet the remaining four-year budget gap. The council clearly recognises that the use of one-off resources to balance the budget is not sustainable in the long term and is considering options to address the gap on a recurring basis, including options for consultation with the public.

64. The council's medium-term and longer-term planning and saving measures appear well developed and soundly based. We will continue to monitor West Lothian Council's progress in delivering identified savings and identifying additional savings to address funding gaps.

The council is progressing a programme of remediation works on Reinforced Autoclaved Aerated Concrete (RAAC) affected properties while identifying RAAC impact on council dwellings

65. Reinforced Autoclaved Aerated Concrete (RAAC) is a type of construction material that was commonly used in social housing in West Lothian between the 1950s and 1980s. RAAC has been associated with various issues, including moisture ingress, structural defects, and the potential for fire spread.

66. West Lothian Council has been proactive in its asset management regarding the safety risk identified in the use of RAAC as a building material. In 2023/24, works continued on properties impacted by RAAC with a number of sites, including schools and community centres, being completed. The RAAC has been removed from St Kentigerns Academy and the final phase of demolition is underway and the replacement building is in the design phase.

67. The council has undertaken work to identify any issues with their housing stock which comprises 14,000 properties, including 427 common blocks. The results of the work undertaken, which included structural engineers, was to identify RAAC within 69 individual properties and 15 blocks of flats, representing 0.5% of the overall housing stock, where the council has property interest. The council has implemented a strategy for remediation works based on the condition of the properties involved.

68. The council continued to make progress in 2023/24 with regards to remediation of those properties affected by RAAC with funding included in their capital budgeting to undertake the work.

The pensions' triennial funding valuation as at 31 March 2023 has provided a potential positive impact on finances

69. The most recent triennial funding valuation took place across Local Government Pension Scheme pension funds at 31 March 2023. The main purpose of the valuation is to review the financial position of each fund and to set appropriate contribution rates for each employer for the upcoming three-year period as part of the fund's overall funding strategy.

70. West Lothian Council is a scheduled member of Lothian Pension Fund (LPF), the second largest local Government Pension Scheme in Scotland. The LPF has communicated that its March 2023 Valuation has been finalised by and employer contribution rates from 1 April 2024 are now confirmed. The valuation dated 31 March 2023 for LPF showed a funding level of 157%, a significant increase from 106% in 2020.

71. Reducing employer contributions will reduce the costs associated with pensions, thereby reducing some of the cost pressures faced by the council in 2024/25. From April 2024, the employer rate has been reduced from 21.8% to 17.6%. This change to employer contributions has been built into the council's financial budget plans for 2024/25 and overall budget gap identified for that year.

4. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Conclusion

West Lothian Council continues to have effective and appropriate governance arrangements in place that support scrutiny of decisions made.

West Lothian Council has appropriate governance arrangements to support effective scrutiny, challenge and informed decision making

72. The governance transparency arrangements we consider in reaching our conclusions include:

- council and committee structure and conduct
- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption. This includes action in response to the National Fraud Initiative
- openness of council and committees
- reporting of performance and whether this is fair, balanced and understandable.

73. West Lothian Council's governance arrangements have been set out in the annual governance statement in the annual accounts. We have reviewed these arrangements and concluded that they are appropriate and effective. Our observations at committee meetings have found that these are conducted in a professional manner and there is a reasonable level of scrutiny and challenge by members.

74. We consider that governance arrangements remain appropriate and support effective scrutiny, challenge and decision making.

Council priorities include net zero

75. The Scottish Parliament has set a target of becoming net zero by 2045 and the public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impacts of climate change.

76. Public bodies in Scotland are required to report annually in accordance with the Climate Change (Duties of Public Bodies Reporting Requirements) (Scotland) Order 2015, as amended by the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020 which took effect for reporting periods commencing on or after 1 April 2022.

77. The Council Executive has overall responsibility for ensuring the council's compliance with the Climate Change (Scotland) Act 2009 and is responsible for the approval of all climate change strategies, policies, action plans and monitoring reports. The Environment and Sustainability Policy Development and Scrutiny Panel (PDSP) is comprised of elected members who develop new policies for the council and review existing policies to identify where changes are required.

78. The council reported progress against the targets set and a review in 2024 will consider the targets set as part of wider refresh of the Climate Change Strategy.

5. Best Value

Councils have a statutory duty to make arrangements to secure continuous improvement in the performance of their functions.

Conclusion

Annual thematic Best Value work is set by the Accounts Commission. For the 2023/24 financial year, auditors were asked to focus on workforce innovation within the council. The results of this work were reported to elected members at the West Lothian Council full council meeting in September 2024.

Our Best Value work confirmed that West Lothian Council has a People Strategy supported by a Strategic People Plan which supports the delivery of the council's corporate plan.

Best Value work in 2023/24

79. Councils have a statutory duty to make arrangements to secure continuous improvement in the performance of their functions. Expectations are laid out in the Best Value Revised Statutory Guidance 2020.

80. As set out in the current Code of Audit Practice, Best Value audit is integrated with other wider-scope annual audit work. Annual thematic Best Value work is set by the Accounts Commission. For the 2023/24 financial year, auditors were asked to focus on workforce innovation within the council.

81. In addition to the work set out in the remainder of this section, Best Value work has informed the content and conclusions set out in parts 2,3,4 and 6 of this Annual Audit Report.

Our Best value work confirmed that the council has a People Strategy supported by a Strategic People Plan. The Council is aware of ongoing challenges in developing the workforce and are taking action to address the risks.

82. The results of this work were reported to elected members at the September 2024 West Lothian Council full council meeting. This report is published on the Audit Scotland website.

83. The key messages from this report are:

- The council approved its People Strategy 2023-2028 in 2023, which is one of six strategies that support the delivery of the corporate plan. The Council also has a Strategic People Plan 2023-2028, and sets out the council's current workforce profile, future workforce requirements and how it will manage change and communicate with its workforce.

- The council has introduced several Information Technology (IT) systems and digital developments that have delivered workforce benefits and increased productivity, for example, the council has used Robotic Process Automation (RPA) to upgrade its Customer Relationship Management system, this has automated repetitive tasks, and streamlined workflows leading to improved processing times, increased productivity and reduced administrative tasks for council staff.

- The council recognises the benefits of agile working and accommodates flexible working arrangements. The council updated its flexible working policy in February 2024, and to support its approach each council post has been categorised as being suitable for one of the following work styles, fixed working, hybrid working, homeworking and mobile working.

- The council continues to face recruitment and retention challenges with staff, and its proximity to Edinburgh and Glasgow can make it difficult to compete with private organisations to attract and recruit professional staff. The council has developed several solutions to deal with gaps in resources and difficulties in recruiting for posts.

- The council has set targets to monitor and report on progress against the four outcomes in its People Strategy 2023-2028 which are progressed under the direction of the HR programme board. An annual update on progress will be reported to the Corporate Policy and Resources Policy Development Panel and published on the council website. The council has extensive workforce data reporting to the Corporate Management Team (CMT), Executive Management Team (EMT) and the Corporate Policy and Resources Policy Development and Scrutiny Panel (PDSP), which is made up of Elected Members.

84. The audit recommendations made in this report, with the management responses, are included in Appendix 1 of this report.

Follow up of Best Value thematic recommendations from previous years

85. The thematic work for 2022/23 required auditors to carry out an overview of the effectiveness of council leadership (officers and elected members) in developing new local strategic priorities following the elections in May 2022. West Lothian Council provided an update on our recommendations and these can be found in Appendix 1.

6. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

Conclusions

West Lothian Council has an effective performance management framework in place. The council's 2023/24 performance measures were aligned to key priorities and outcomes and there is regular performance reporting to elected members.

Satisfactory arrangements are in place for the preparation and publication of Statutory performance information (SPIs).

Performance management arrangements provide a sound base for improvement

86. The Best Value: Revised Statutory Guidance 2020 sets out that councils should be able to demonstrate a trend of improvement over time in delivering its strategic priorities. The guidance also sets out that performance management arrangements should be in place to promote the effective use of the local authority's resource, which includes effective performance reporting.

87. We identified that the council has an established performance management framework that managers and councillors clearly understand, and that this provides a sound base for improvement. These arrangements include self-assessment, benchmarking, use of feedback to improve services, public performance reporting and regular scrutiny of performance reports.

88. The council publishes performance information on its 'Council Performance' website which allows comparison of performance information over time. It includes:

- Council's service and public performance reporting
- Local Government Benchmarking Framework (LGBF), and
- Factfile, which provides an overview of key council activities.

Council’s service and public performance reporting

89. The council reports quarterly and annually on its performance scorecards to the relevant Policy Development and Scrutiny Panels (PDSP) using a RAG rating against the target performance. Some PDSPs were newly created in 2022/23 and the performance indicators are not comparable year on year but comparisons over a longer period will provide better data on direction of travel of council performance.

Local Government Benchmarking Framework

90. The council participates in the Local Government Benchmarking Framework (LGBF). The framework brings together a wide range of information about how all Scottish councils perform in delivering services, including the cost of services and how satisfied citizens are with them.

91. The most recent National Benchmarking Overview Report 2022-23 (improvementservice.org.uk) was published by the Improvement Service in March 2024. The report summarises the performance of all Scottish councils. The report highlighted:

- *‘In terms of overall council service performance, the long-term picture remains positive, with 66% of performance indicators within the LGBF showing improvement since the base year. In recent years, however, year on year trends show a slowing in this improvement, and an increase in the number of performance indicators which are now declining. In 2022/23, for the first time, the rate of decline has overtaken the rate of improvement (45% and 43% respectively). It is apparent that given the deepening fiscal, workforce and demand pressures facing the sector, councils are having to make increasingly difficult decisions about the shape and level of service delivery, and these are beginning to have a clear impact on service performance. If the current trend continues, the improvements and progress that has been achieved thus far, could potentially be lost and council service performance may start to decline over the longer-term’.*

92. The LGBF indicators allow comparison over time and/or with the other 31 Scottish local authorities. For West Lothian Council, a comparison to the base year (2010/11) shows that overall, the council has improved in relation to 58% of indicators, with 7% staying the same and 36% deteriorating. West Lothian Council will need to continue to use the LGBF information to help them identify where they are performing well and where the council can learn from other council experience and good practice.

Factfile

93. The council's online Annual Report 'Factfile' provides an overview of the council’s activities and achievements in the five priority areas set out in the Corporate Plan 2023-28. This is a clear, accessible summary of key performance measures. At the date of writing this report, the ‘Factfile 2024’ annual report of performance in 2023/24 had not yet been published; it is due for publication in early 2025.

Arrangements for the publication of Statutory Performance Indicators (SPIs) meet requirements

94. The Accounts Commission issued a new Statutory Performance Information (SPIs) Direction in December 2021 which applies for three years from 2022/23. It requires a council to report its:

- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to allow comparison both over time and with other similar bodies (drawing on Local Government Benchmarking Framework and/or other benchmarking activities).
- own assessment and audit, scrutiny, and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

95. We have evaluated the council's arrangements for fulfilling the above requirements and concluded that the council has satisfactory arrangements in place.

Appendix 1. Action plan 2023/24

2023/24 recommendations from the BV thematic report

Issue/risk	Recommendation	Agreed management action/timing
1. Digital Skills		
The council completed an audit of its staff digital skills in October 2022, 91 per cent of council staff assessed themselves as having basic digital skills and the results from this audit have been used to target training. The council acknowledges that addressing digital and analytical skills gaps will remain a critical area of focus, but it has not progressed work to understand what digital skills it will need for the future.	The council should progress the recommendations of its digital skills audit to better understand what digital skills it will need for the future.	Digital skills audit recommendations to be progressed and the actions relating to digital skills set out in the Customer Strategy 2023-28, People Strategy 2023-28 and the Performance and Transformation Strategy 2023-28 will be monitored by the Customer, Performance and Transformation Board and HR Programme Board. Progress on the strategy actions will also be reported to the Corporate Policy and Resources PDSP as part of the annual reporting on the corporate strategies. **Responsible Officer:** Depute Chief Executive **Agreed date:** December 2024
2. Council employee surveys The council's last employee survey was completed in September 2022, which had a response rate of 26 per cent. This was lower than the 50 per cent achieved for the 2018 survey and the target	The council should continue to take steps to improve participation rates for the 2024 employee survey.	The council will promote the 2024 Employee Survey through a range of channels to raise awareness and encourage participation: • Service manager and team leader briefings

Issue/risk	Recommendation	Agreed management action/timing
of 75 per cent that the council had set for 2022 survey. The low response rates from council employee surveys will impact the usability of the information collated and it may not reflect the views of a majority of the staff employed by the council.		• An article in Inside News (the council's internal employee newsletter). • An article on the council's Intranet (internal website for employees) • Trade Union endorsement. • Direct email from the council's Chief Executive. **Responsible Officer:** Head of Corporate Services **Agreed date:** September 2024

Follow-up of prior year recommendations

Issue / risk	Recommendation and Agreed Action	Progress
b/f Reduction in number of section 106 charities West Lothian Council administers nine charities that fall within section 106 of the Local Government (Scotland) Act 1973 and thus require a full audit by an auditor appointed by the Accounts Commission rather than the less rigorous and less costly independent examination option available to other small charities. **Risk** – best value in the use of public funds is not delivered as small charities out-with the scope of section 106 require only an independent examination rather than a full audit.	Recommendation West Lothian Council should consider options to reduce the number of section 106 charities it administers or consider alternative options to remove the trusts from the section 106 requirements, such as appointing an external trustee. Agreed management action from 20222/23 The Council will undertake a review of Section 106 charities to establish if the number of charities can be further reduced and whether alternative options can be taken to remove the trusts from s106 requirements. **Responsible Officer:** Head of Finance and Property Services **Agreed date:** 30 June 2024	The reviews of the archive, historical data and Technical Bulletin Guidance on s106 rationalisation is complete. The council has determined that the use of connected charities to achieve trust rationalisation has been fully utilised and no further reductions can be achieved by this method. Whilst this action has been fully completed, the council continues to explore alternative strategies to reduce audit costs and administration of the trusts and is currently liaising with OSCR to establish a course of further action. **Date completed:** 30 June 2024

Follow-up of prior year BV thematic report recommendations

Issue / risk	Recommendation and Agreed Action	Progress
b/f 1. Alignment of priorities with Community Planning Partnership West Lothian Community Planning Partnership (CPP) Local Outcomes Improvement Plan (LOIP) sets the over-arching priorities and outcomes for the community planning partners including the council. The council incorporated the CPP's 4 focus areas into its Corporate Plan priorities while the LOIP was in development. The new LOIP 2023-2033 was agreed by the CPP in August 2023. The council now needs to build this into its service delivery and performance reporting.	Recommendation The council should work with the West Lothian Community Planning Partnership to publish and implement the new Local Outcomes Improvement Plan. Agreed management response from 2022/23 The new LOIP will be published and development work will be undertaken to agree a suite of performance indicators across the partnership. Training on the LOIP will be made available to elected members and officers. **Responsible officer:** Depute Chief Executive (Education, Planning, Economic Development and Regeneration) **Agreed date:** March 2024	The Community Planning Partnership approved the LOIP in August 2023, which included four key pillars for delivery. Each pillar is underpinned by a pillar lead who is responsible for ensuring that the identified actions are delivered and performance is measured. A range of performance measures were presented to the Community Planning Partnership steering group in November 2023 for monitoring. An annual update on progress will be presented to the Community Planning Partnership Board in December 2024 and annually thereafter. Training was carried out with elected members in January 2024. **Date completed:** March 2024
b/f 2. Alignment of performance measures with strategic priorities The council is in the process of developing a performance scorecard for the 2023-2028 Corporate Plan. It is important the council is clear on the level of performance outcomes it aims to achieve.	Recommendation The council should ensure there is sufficient alignment when developing its new performance scorecard to support the evaluation of services. Agreed management response from 2022/23: The council will review and refresh performance and planning arrangements across council services to support the delivery of the Corporate Plan, corporate	The Corporate Plan was agreed in May 2023 and a supporting performance scorecard was also identified to ensure that progress in the five priorities is managed and monitored. An update will be reported to the executive management team and to the Performance Committee on an annual basis. The five Corporate Strategies and supporting performance scorecard and actions were approved at Council/Education Executives

Issue / risk	Recommendation and Agreed Action	Progress
	strategies and the transformation objectives. The targeted outcome of this development work will be to advance the management and prioritisation of meaningful data in the system and drive improvement in key priority areas. **Responsible officer:** Depute Chief Executive (Corporate, Operational and Housing Services) **Agreed date:** June 2023 to March 2025	in November 2023. Annual updates will be reported to the relevant officer-led boards and to the relevant Policy Development and Scrutiny Panels and Committees. The Corporate Plan and Corporate Strategies can be viewed on the council website; www.westlothian.gov.uk/performance Work is ongoing with council services via the WLAM and scrutiny panel process to ensure there is appropriate alignment between corporate priorities and service performance. **Action ongoing with completion date March 2025**

West Lothian Council

2023/24 Annual Audit Report

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Workforce Innovation - how councils are responding to workforce challenges

Best Value thematic work in West Lothian Council 2023-24

Prepared by Audit Scotland
August 2024

Contents

Key facts

Workforce 2022/23

8,500	Number of people working for the council – headcount
7,200	Number of people working for the council – full time equivalent
1,132	Number of casual/bank staff
9.5%	Turnover of staff in last year
14.85	Days lost due to absence in last year per employee

Age profile

24%	16 to 33
49%	34 to 54
27%	55+

Key messages

1 The council approved its People Strategy 2023-2028 in 2023, which is one of six strategies that support the delivery of the corporate plan. The Council also has a Strategic People Plan 2023-2028, and sets out the council's current workforce profile, future workforce requirements and how it will manage change and communicate with its workforce.

2 The council has introduced several Information Technology (IT) systems and digital developments that have delivered workforce benefits and increased productivity, for example, the council has used Robotic Process Automation (RPA) to upgrade its Customer Relationship Management system, this has automated repetitive tasks, and streamlined workflows leading to improved processing times, increased productivity and reduced administrative tasks for council staff.

3 The council recognises the benefits of agile working and accommodates flexible working arrangements. The council updated its flexible working policy in February 2024, and to support its approach each council post has been categorised as being suitable for one of the following work styles, fixed working, hybrid working, homeworking and mobile working.

4 The council continues to face recruitment and retention challenges with staff, and its proximity to Edinburgh and Glasgow can make it difficult to compete with private organisations to attract and recruit professional staff. The council has developed several solutions to deal with gaps in resources and difficulties in recruiting for posts.

5 The council has set targets to monitor and report on progress against the four outcomes in its People Strategy 2023-2028 which are progressed under the direction of the HR programme board. An annual update on progress will be reported to the Corporate Policy and Resources Policy Development Panel and published on the council website. The council has extensive workforce data reporting to the Corporate Management Team (CMT), Executive Management Team (EMT) and the Corporate Policy and Resources Policy Development and Scrutiny Panel (PDSP), which is made up of Elected Members.

Scope of the audit

1. The 2023 Local Government Overview (LGO) notes that councils have never faced such a challenging situation. Service demands have increased after the Covid-19 pandemic and funding is forecast to reduce in real terms. Workforce pressures including recruitment in a competitive labour market, employee retention and high sickness absence levels are putting councils under continued pressure.

2. This report sets out how the council is responding to current workforce challenges through building capacity, increasing productivity and innovation.

3. The Accounts Commission's Strategy (2021-26) sets out its priorities to focus on inequalities, funding, communities and recovery. The Code of Audit practice sets out the Best Value work required to report on these priorities.

Code of Audit Practice 2020 Best Value reporting requirements

Best Value reporting – extract from the Code

The Accounts Commission's approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations.
- The Accounts Commission reports nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

4. This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on workforce innovation and how councils are responding to workforce challenges. In carrying out the work auditors have considered the following questions:

- How effectively are the council's workforce plans integrated with its strategic plans and priorities?
- How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?

- How effectively is the council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?

- What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?

- What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?

- How effectively is the council measuring the impact of its workforce planning approach?

5. An improvement action plan is included at Appendix 1 of this report. This sets out audit recommendations in key areas, and the council's planned response including responsible officers and dates for implementation.

6. The coverage of the work is in line with the expectations for council's arrangements for the seven Best Value themes in the Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020.

Workforce strategy and priorities

7. Workforce planning involves identifying and addressing future capacity and skills gaps, at operational and leadership levels. It requires strategic thinking, comprehensive workforce data and ongoing consultation and engagement with staff and trades unions.

8. A council focused on achieving Best Value will have a workforce strategy that sets out expectations on how the local authority's staff will deliver its vision, priorities and values.

9. To be effective, workforce planning must be integrated across the organisation. Workforce strategies need to support the council in achieving its strategic priorities. They must support other key plans including financial, asset, digital and transformation planning. They need to be underpinned with detailed workforce plans within services.

The People Strategy 2023-2028 sets out the council's approach to have a skilled and engaged workforce and to be an employer of choice

10. The council approved its People Strategy 2023-2028 in November 2023, which replaced its People Strategy 2016-2023, which supports its corporate plan and budget strategy and was informed through consultation with key stakeholders. The People Strategy 2023-2028 is one of six strategies that support the delivery of the Corporate Plan 2023-2028.

11. The People Strategy 2023-2028 sets out four key outcomes:

- an employer of choice,
- an empowered and effective workforce,
- a safe, supportive and positive work culture,
- effective leadership.

12. The strategy highlights the challenges and opportunities that the council faces, along with indicators and targets detailing how the council will measure its performance against the four key outcomes.

13. The People Strategy 2023-2028 is supported through the council's Employee Engagement Framework, which sets out how the council will engage with staff and provide supportive leadership and consistent communications. The People Strategy is also supported by the Employee Health and Wellbeing Framework, which recognises that health and well-being are key enablers of effective individual and organisation performance.

A Strategic Workforce Plan 2023-2028 sets out the council's current workforce profile, future workforce requirements and how it will manage change and communicate with its workforce

14. The council also has a Strategic Workforce Plan 2023-2028, which aligns with the People Strategy 2023-2028. It provides data on the council's current:

- workforce profile,
- age profile,
- gender profile,
- staff turnover,
- recruitment and attendance management.

15. The Strategic Workforce Plan 2023-2028 highlights that in order for the council to achieve its priorities it must be clear on what type of organisation it needs to become and the type of employee it will need. The Strategic Workforce Plan 2023-2028 sets out its future workforce requirements across each service, how it will manage workforce change and employee communication and engagement. All services have workforce plans that address workforce priorities and future planning requirements and are aligned to the Strategic Workforce Plan 2023-2028.

The council's governance arrangements have been streamlined to better support its corporate strategies

16. The council updated its governance arrangements in May 2024 to take account of changes to the transformation activities being undertaken with its six corporate strategies:

- People Strategy 2023-2028
- Customer Strategy 2023-2028
- Corporate Governance Strategy 2023-2028
- Performance and Transformation Strategy 2023-2028
- Raising Attainment Strategy 2023-2028
- Asset Management Strategy 2023-2028

17. The changes have streamlined the governance process and removed the need to report to an executive board, instead reporting now goes directly to the Corporate Management Team (CMT). The governance framework includes regular consultation with management and elected members.

The council has an effective working relationship with Trade Unions, engaging with them regularly

18. The council engages regularly with Trade Union representatives, meeting every six weeks, and the relationships between senior officers and Trade Union representatives are effective. The council did not directly consult with Trade Unions as part of developing the People Strategy, providing them with a copy after the Strategy had been developed. Whilst this is not unusual and not standard practice amongst most councils the council may wish to consider engaging with trade unions to develop future People Strategies as best practice.

Digital technology and the workforce

19. The Local Government Overview 2023 notes that digital technology will make councils' future workforces look and work quite differently. In order to achieve the change required, councils need to make good use of digital technology and use the workforce in flexible ways.

20. Digital technology has a strong bearing on a council's workforce needs. It can be used to reshape jobs to increase productivity and reduce back-office functions while improving service quality. Technology solutions include online services, customer relationship management systems, mobile digital devices and more recently, artificial intelligence (AI) applications.

21. Councils need to be innovative in their use of technology and build on new working practices that emerged during the pandemic. In doing so, they must also consider service quality and the needs of people experiencing digital exclusion.

The council's Performance and Transformation Strategy 2023-2028 focuses on utilising technology and innovation to improve service delivery in council services and the automation of back-office processes to increase efficiency

22. The council's Performance and Transformation Strategy 2023-2028 replaces the Digital Transformation Strategy and parts of the Improvement and ICT Strategies. It provides the principles for transformation and the approach to managing data and information to improve council performance.

23. There is a focus on utilising technology and innovation to improve service delivery in council services and the automation of back-office processes to increase efficiency. The strategy also includes aspects of a "Data Strategy" which looks to address the opportunities that exist to leverage data, information, and knowledge for improvement purposes.

24. A key part of the council's approach to transformation is the expansion of digital innovation in ways of working. Extending the use of technology and automation will help to make services more sustainable, as well as increase flexibility and choice for customers. The performance of the strategy will be monitored by a number of key indicators, which will be progressed under the direction of the corporate board. An annual update on progress will be reported to Corporate Policy and Resources Policy Development and Scrutiny Panel and published on the council website.

25. The primary strategy for addressing the council's digital requirements is the Performance and Transformation Strategy but there is recognition that this needs to link to workforce priorities.

26. The People Strategy 2023-2028 sets out the ambition to have an empowered and effective workforce, which addresses the digital and analytical skills gaps which remain a critical area of focus for the council. This will involve fostering a digitally proficient workforce by identifying skills gaps and providing appropriate digital training. Performance on this will be measured through employee engagement surveys and digital maturity assessments.

The council has introduced several corporate and service-level IT systems and digital developments that have delivered workforce benefits and increased productivity

27. The council has rolled out 2,900 Microsoft 365 (MS365) licences across services and provides corporate staff access to the MS365 functionality, which provides staff the opportunity to drive improvements in the areas of productivity, and collaboration. The council's Fort Client Remote Access enables around 2,000 staff to have remote access from home via a secure Virtual Private Network (VPN) to all council network applications and systems.

28. The council uses Objective File Plan, which is its Electronic Content Management (ECM) system for the secure management and disposal of electronic information. The system allows the council to optimise data assets more effectively and can support smarter and more agile working in the council and increase the performance and efficiency of key business processes. A key feature of transformation activity is Objective workflow, which is delivering digital business processes in several services. Objective workflows have increased process performance by automating common or repeatable tasks and the implementation of workflows is an important part of the council's digital programme.

29. The council's Televic Video Conferencing (TVC) system enables the council to broadcast live meetings to members of the public via the council's YouTube channel, utilising both Microsoft Teams and the Televic software. The system also enables council officers to attend council meetings for specific items of business, removing the requirement to travel to and from the Civic Centre. The TVC system has delivered productivity gains through the removal of lost time due to travel to committee meetings, and at the same time allows officers to continue to work remotely whilst waiting to attend the committee meeting for the specific item of business they are attending.

The council has invested in Robotic Process Automation to improve and streamline internal processes

30. In June 2021, the council approved proposals to pursue a combination of approaches to maximise the benefits of automation through an upgrade to the Customer Relationship Management (CRM) system and investment in an Intelligent Automation solution across a range of service areas. The proposals highlighted there were a range of financial and non-financial benefits, which were associated with automation, robotics and artificial intelligence (AI):

- Frees up human talent – As the virtual workers undertake the time-consuming and repetitive tasks this frees up employees to undertake the tasks which add value and require a specifically human touch.

- Improved productivity – The virtual workers will work 24/7 and can complete repetitive IT-based tasks much more quickly.

- Improved service levels – The faster and more efficiently you can complete tasks the more able you are to improve service levels. Customer requests can be dealt with more effectively and with a greater focus on positive outcomes first time

- Increased accuracy – Once programmed the virtual workers will follow the scripts and will not make mistakes, which supports compliance and quality control. It also means that time is not spent rectifying the mistakes that employees may make.

- Reduced cost – the use of automation will improve efficiency and reduce the time it takes to complete core tasks, so operational costs are reduced. The virtual workforce can be scaled up or down according to changes in workload. It is estimated that robotic automation can complete routine tasks at up to two-thirds the cost of an employee.

- Centralised control – As automation connects diverse systems this can provide a central point for monitoring and control. It enables changes to processes to be deployed quickly across a range of services which can promote data security.

- Rapid ROI – Automation can be quick to deploy and scale up, which means that the organisation will very quickly be able to see a return on its investment.

31. The upgrade to the CRM system was completed in 2022. The council has a number of indicators and targets which monitor the performance of the CRM system and are reported to the Corporate Policy and Resources Policy Development and Scrutiny Panel every quarter. The performance scorecard notes that the majority of indicators are achieving the targeted level of performance.

32. The council is now progressing further automation programmes, of other internal processes that can be improved or streamlined through automation. The council looked externally to other councils, who had already introduced Robotic Process Automation (RPA) to better understand how it can be used to benefit its own services.

33. The council has progressed this through investment in RPA and since it commenced in September 2022, there are a total of 20 projects live or in current development with a further eight awaiting initial assessment.

- There are six live projects, these include a new automation to allow parents/guardians to purchase extra nursery hours, other live projects support largely tasks in Finance and Property Services such as online forms for free school meals and school clothing grants, invoice/timesheet processing and budget forecasting.

- There are a further 14 projects in varying stages of development, ranging from initial assessment of options to final testing before going live.

The council has implemented several systems within services that have led to improved productivity and the streamlining of the services

- **CM2000 (Call Confirm Live) - Social Policy**

  Is a fully integrated electronic scheduling system designed specifically for integrated health and social care services. It is used to plan, schedule and record visits of care staff undertaking care at-home visits. The solution has allowed the service to optimise service capacity, manage care worker absence, manage care worker non-contract activities such as training and assessments and ensure the service runs as efficiently and effectively as possible.

- **Capita Total Mobile - Building Services**

  All repair and maintenance activity is managed through the Capita Total Mobile solution, and approximately 160 employees working on Housing Revenue Account work receive their jobs directly to their mobile devices and travel to their first job from their home rather than coming into the workplace to receive paper job lines, all other associated documents are completed on the device. This has increased the number of jobs completed by each employee and resulted in a reduction in nonproductive time and fuel costs.

- **Groupcall**

  Groupcall is the main communication system that enables the council/schools to contact parents and carers. The system synchronises with the SEEMiS education management information system and the messenger function allow schools to simultaneously send text, voice and email messages to mobiles, landlines or computers to parents, pupils, staff or any other contact detailed in SEEMiS.

- **Internet of Things (IoT)**

  The council has introduced devices with sensors, processing ability, software and other technologies that connect and exchange data with other devices and systems over the Internet or other communications networks. For example, the introduction of IoT Bin Sensors has enabled waste collections to be optimised as the sensors provide real-time data on fill levels, allowing the authority to optimise waste management operations, reduce costs, improve service quality, and enhance environmental sustainability through data driven decision-making and efficient resource allocation.

The council will look for opportunities to automate processes that will increase productivity

34. The council recognise the need to maximise the use of proven technology by introducing systems and appropriately skilled staff to meet the changing demands of their customer. The council will look for opportunities to automate processes that will increase productivity. Digital services will result in increased data generated and a growing demand for skills in data analysis, data science and machine learning. They recognise that ongoing investment in upskilling their workforce to keep up with emerging technologies is critical. The council is also presently looking to see how Power BI can be used to improve processes across corporate services, by utilising Power BI skills that have been developed in its education services.

The council has not progressed work to understand what digital skills it will need for the future

35. The council completed an audit of its staff digital skills in October 2022, 91 per cent of council staff assessed themselves as having basic digital skills and the results from this audit have been used to target training. As part of the audit the council invited staff to nominate themselves as digital champions, these digital champions have been used to help council staff to upskill their digital skills and tackle digital exclusion. The council acknowledges that addressing digital and analytical skills gaps will remain a critical area of focus, but it has not progressed work to understand what digital skills it will need for the future.

Recommendation 1

The council should progress the recommendations of its digital skills audit to better understand what digital skills it will need for the future.

Flexible working and other innovative staff deployment

36. During the pandemic councils needed to make the best use of their existing workforce while continuing to monitor employee wellbeing. Councils continue to look to new ways of working to improve job satisfaction, reduce sickness absence and staff turnover.

37. Home-working and hybrid working (a combination of office and home-based working) have now become commonplace. Some councils are also considering more radical working practices such as a standard four-day working week. However, whatever the working practice, employers need to ensure that service quality and productivity are maintained.

The council acknowledges that effective workforce planning and more flexible approaches to work will help their workforce

38. The People Strategy 2023-2028 recognises that the council must attract and retain talent in an increasingly competitive labour market facing a greater demand for flexible working practices.

39. One of the main themes of the strategy is to ensure employees are empowered and that they have the autonomy, flexibility and accountability to make a positive difference in their day-to-day environment.

40. Within 'Developing Workforce Skills and Capacity' in the strategy, it is noted that the transformation of council services will require changes in workforce numbers and skills. This will require effective planning and more flexible approaches to help their employees be ready for the future.

To support flexible working the council has categorised each post across four different workstyles

41. The council recognises the benefits of flexible working and accommodates flexible working arrangements. The council updated its flexible working policy in February 2024, and to support flexible working each council post has been categorised as being suitable for one of the following work styles

- **Fixed working** - Employees in posts categorised as fixed working will normally be required to work from a designated council location for all hours worked. A suitable council location will be identified in the contract of employment as their contractual work base.

- **Hybrid working** - Employees in posts categorised as suitable for hybrid working may be able to combine work from a council location with homeworking. A suitable council location will be identified in the contract of employment as their contractual work base.

- **Homeworking** - Employees in posts categorised as suitable for homeworking may work the majority of their contracted hours at home, with less frequent attendance in the office than hybrid workers. They will not be required to work from home but may take the opportunity to work from home.

- **Mobile working** - Employees in posts categorised as suitable for mobile working will spend much of their weekly contracted hours out in the community, returning to the workplace or homeworking as necessary to complete required admin tasks or plan work.

42. The council has advised that each of the four workstyle categories provide relevant council staff with some opportunity for home working. Employees must complete a homeworking risk assessment when applying to work from home. This is then assessed by their line manager who will decide on suitability for home working.

43. The council has not completed a formal assessment of the benefits of its approach to flexible working. However, council services have a range of performance indicators in place to monitor performance, service quality and adherence to service standards. Individual service performance is scrutinised at the West Lothian Assessment Model (WLAM) panels chaired by the council's Chief Executive and reported to the council's Performance Committee. Quarterly service performance is reported to each Policy, Development and Scrutiny Panel. The council has a biennial employee survey, with the next one due in Autumn 2024, and some of the questions will be used to seek feedback from staff on the council's flexible working arrangements.

The council recognises the importance of employee engagement, which it has incorporated into its People Strategy

44. The People Strategy 2023-2028 established the importance of regular and meaningful engagement with employees. As part of this, it published an employee engagement guide which includes an employee engagement schedule detailing the types and frequency of engagement.

The employee survey only had a response rate of 26 per cent and the council is focusing on activities to improve participation rates for the employee survey in 2024

45. The council last completed an employee survey in September 2022, with the next one due to place in Autumn 2024. The employee survey only had a response rate of 26 per cent, which is lower than the 50 per cent achieved for the 2018 survey and the target of 75 per cent that the council had set for 2022.

46. The 2020 survey was postponed due to the pandemic and the council has advised that the results of the 2022 survey are reflective of anecdotal feedback of staff survey fatigue following regular 'pulse surveys' throughout the pandemic. The council is undertaking further work to improve participation rates for the employee survey in autumn 2024 and there is a People Strategy action to review and implement effective approaches to employee engagement, to ensure employee contribution and achievement is recognised. These changes will be reflected in a revised Communication and Engagement Framework. Actions are currently being progressed to capture employee views on this to support the development.

Exhibit 1

The 2022 employee survey consisted of eight categories; the table below details the overall levels of satisfaction for each category of the employees who responded

Category	2022 result	2018 result	Change
Workforce planning	81 per cent	83 per cent	-2 per cent
Reward and Recognition	68 per cent	69 per cent	-1 per cent
Leadership and Management	66 per cent	68 per cent	-2 per cent
Involvement and Empowerment	69 per cent	72 per cent	-3 per cent
Teamwork	79 per cent	83 per cent	-4 per cent
Learning and Development	73 per cent	79 per cent	-6 per cent
Equality and Diversity	88 per cent	88 per cent	0
Community Impact	73 per cent	-	-

Source: West Lothian Council, Strategic People Plan 2023-2028

47. Although there was a low rate of response from employees for the 2022 employee survey the levels of satisfaction with seven comparable categories were reasonable and had not dropped significantly since the 2018 results.

Recommendation 2

The council should continue to take steps to improve participation rates for the 2024 employee survey.

Developing future skills and capacity

48. Councils need to find innovative ways to ensure the workforce capacity and skills they need to deliver services in the future. Training and development opportunities can help to attract and retain employees and ensure skills are in place. Many councils work with their partners to offer apprenticeship schemes or vocational qualifications. Succession planning is also important to develop future leaders and ensure that essential skills are in place.

49. Jobs can be re-designed to optimise the workforce and improve services. For example, generic roles across health and social care disciplines. Leaders need to engage with staff and trade unions over fundamental workforce reform. This is particularly challenging in an environment of potential job losses.

50. The council's People Strategy 2023-2028 recognises the workforce capacity challenges and sets out the strategic opportunities for the council to attract and retain staff. The council's focus is developing a stronger employer brand, reviewing and enhancing policies that support flexible working and better promoting the benefits of working for the council.

The council faces recruitment and retention challenges of staff and has developed programmes such as apprenticeships, succession planning and skills training to deal with the challenges

51. The council faces recruitment and retention challenges with staff, and its proximity to Edinburgh and Glasgow can make it difficult to compete with private organisations to attract and recruit professional staff.

52. Several service areas continue to report difficulty in recruiting to specialist posts including:

- Teaching posts in STEM subjects
- Skilled trades including Electricians, Joiners and Mechanics
- IT posts
- Environmental Health Officers
- Social Workers

53. The council has developed several solutions to deal with gaps in resources and difficulties in recruiting for posts. Examples include:

- revising the criteria for social care posts to allow for qualifications to be achieved in employment
- redesigning jobs through organisational change to be more attractive to job seekers
- developing a business case for recruiting qualified solicitors by offering a market supplement, this is a short-term remedy but will allow the council to respond to current market conditions.

54. The council has recently introduced an online exit survey, to understand why employees are leaving and how it can introduce improvements to better retain staff.

55. The council has also tried innovative recruitment practices such as redesigning posts and looking at qualification criteria to ensure services and staffing numbers can be maintained.

56. The council is in the process of piloting stages three and four of a Succession Planning Framework across services to develop the necessary skills and capacity. All services have already completed stages one and two of the frameworks which involved an assessment of imperative posts.

A key aim of the council's People Strategy is to recruit young people into roles at the council

57. The council has done this through careers fairs at local schools, apprenticeship and graduate schemes. As of January 2024, the council had approximately 67 apprentices, with the majority of these working in Housing, Customer and Building Services (HCBS).

58. The council also runs an employability programme, Skills Training Programme, for school leavers who need support to move into employment and training. The programme offers accredited training and a paid work experience placement. Since the pandemic, the HR service has taken on five skills placements, with two having progressed into employment within that service.

The Health and Social Care Partnership has launched a mentoring programme to help with the retention of new care staff

59. To help with the retention of new care staff, the West Lothian Health and Social Care Partnership (HSCP) launched a mentoring project in 2022. This programme offers mentoring support to new social care staff during their induction period. From February 2022 to August 2023, the programme supported 36 new care staff under the programme, with a total of 12 staff members still being in post for over a year. The HSCP is looking to replicate the mentoring programme in other areas of the workforce.

The council uses fixed-term contracts across all council services where there is a temporary need and/or funded time-limited project work

60. In April 2023, the council had 1,132 staff employed on fixed term contracts with 818 of these being employed in education services. The council uses fixed-term contracts across all council services where there is a temporary need and/or funded time-limited project work. The council has guidance on the use of fixed-term workers in place to ensure good practice utilisation and management of fixed-term workers and has monitoring arrangements in place, which include oversight of the length of service. A profile of the workforce, including the temporary workforce, is shared with the Trade Unions representatives on a quarterly basis.

61. Services such as Social Policy and Education also have supply bank workers to offer ad hoc cover for a range of posts, which Is used to cover short unplanned absences. This allows the council to provide contingency where unexpected staff absence or gaps in resourcing could impact the delivery of critical services. At times, leavers may opt to remain on Supply Banks to offer ad hoc support to services e.g. upon retirement.

Joint workforce arrangements across services and partners

62. Councils should look to work collaboratively with their partners to make the best use of their existing workforces and plan for the particular workforce needs in their areas. They should also work across traditional service department roles within councils to deliver improved services and outcomes.

63. Examples of this include generic working across health and social care, professional posts or functions shared between councils, and services delivered through empowered communities.

The council provides a shared service for payroll and HR system processing to public service partners, providing an income stream for the council

64. West Lothian Leisure (WLL) delivers the council's sports and leisure services. WLL was established on 1st February 1998 and is a company limited by guarantee.

65. The council provides a shared service for payroll and HR System processing, to West Lothian College, WLL and the Improvement Service. The council also offer an HR and OD Advice service to the Improvement Service, as well as offering contingency arrangements to COSLA. This offers low-cost services to other public sector partners with an understanding of their organisational landscape and provides an income stream for the council.

66. The council does not presently have any formal arrangements in place for sharing services with other councils.

The council has a good working relationship with the West Lothian Health and Social Care Partnership

67. The council works well with the HSCP and they have a good working relationship. The HR team in the council work closely with their colleagues in the HSCP and NHS, working collaboratively on the recruitment and retention of staff and other broader workforce elements they can link into.

Measuring the impact of workforce planning

68. Councils should monitor the impact of their workforce planning and delivery approaches. This should include cost, service quality and productivity benefits as well as employee wellbeing. This in turn should inform their workforce planning approach. Councils and their partners should also understand the wider impact of their employment practice on the local economy.

The council has set targets to monitor and report on progress against the four outcomes in its People Strategy 2023-2028, which are progressed under the direction of the HR programme board

69. The council has set out, in its People Strategy 2023-2028, what performance measures it intends to use to capture the impact of its workforce planning approach, setting targets for each outcome. These performance measures are progressed under the direction of the HR programme board.

70. An annual update on progress in the outcomes and actions will be reported to the Corporate Policy and Resources Policy Development and Scrutiny Panel (PDSP) and published on the council website.

The People Strategy 2023-2028 includes 9 performance and transformation actions, which focus on improving customer experience, increasing the efficiency and effectiveness of services, reducing the costs of delivering services and increasing the use of technology.

71. The council has extensive workforce data reporting to the CMT, EMT and the PDSP, which is made up of Elected Members.

72. Regular workforce management reports are also reported to an extended CMT group, comprising CMT plus other officers. The reports detail the progress made with implementing the council’s efficiency programme and provide an analysis of workforce management reductions required to deliver approved budget reductions during 2023/24-2025/26.

73. The council has developed and implemented a range of monitoring arrangements to oversee the implementation of organisational change. These include a number of activities and processes under the umbrella of Workforce Planning which include:

- A Workforce Model to identify and track those affected by organisational change;

- Monitoring meetings involving Heads of Service, the Corporate Transformation Team, and HR are held to review progress in implementing the Your Say 2028 Savings, proposals affecting Full Time Equivalent (FTE) numbers and to plan the implementation of those proposals which are phased into future years.

- Key Stage Reviews (KSRs) of projects at key stages of the proposal development and implementation. The KSR process will be designed to support the successful delivery of each proposal.

- Provision of monthly monitoring data to CMT on levels of sickness absence, the numbers and cost of early retirement and voluntary severance, volume of recruitment activity and FTE staffing numbers;

- Provision of quarterly monitoring data to CMT on council-wide staffing profile and associated costs

- Monthly monitoring and update meetings involving the Depute Chief Executive, Head of Corporate Services, HR Services Manager and nominated trade union officials.

Appendix 1

Improvement Action plan

Issue / risk	Recommendation	Agreed management action / timing
1. Digital Skills The council completed an audit of its staff digital skills in October 2022, 91 per cent of council staff assessed themselves as having basic digital skills and the results from this audit have been used to target training. The council acknowledges that addressing digital and analytical skills gaps will remain a critical area of focus, but it has not progressed work to understand what digital skills it will need for the future.	The council should progress the recommendations of its digital skills audit to better understand what digital skills it will need for the future. Paragraph 35	Digital skills audit recommendations to be progressed and the actions relating to digital skills set out in the Customer Strategy 2023-28, People Strategy 2023-28 and the Performance and Transformation Strategy 2023-28 will be monitored by the Customer, Performance and Transformation Board and HR Programme Board. Progress on the strategy actions will also be reported to the Corporate Policy and Resources PDSP as part of the annual reporting on the corporate strategies. **Responsible Officer:** Depute Chief Executive **Agreed date:** December 2024
2. Council employee surveys The council's last employee survey was completed in September 2022, which had a response rate of 26 per cent. This was lower than the 50 per cent achieved for the 2018 survey and the target of 75 per cent that the council had set for 2022 survey. The low response rates from council employee surveys will impact the usability of the information collated and it may not reflect the views of a	The council should continue to take steps to improve participation rates for the 2024 employee survey. Paragraph 45	The council will promote the 2024 Employee Survey through a range of channels to raise awareness and encourage participation: 1. Service manager and team leader briefings 2. An article in Inside News (the council's internal employee newsletter). 3. An article on the council's Intranet (internal website for employees) 4. Trade Union endorsement. 5. Direct email from the council's Chief Executive.

Issue / risk	Recommendation	Agreed management action / timing
majority of the staff employed by the council.		**Responsible Officer:** HR Services Manager **Agreed date:** September 2024

Workforce innovation - how councils are responding to workforce challenges

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Agenda Item 5

West Lothian Council

Annual Accounts

Year ended 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

Annual Accounts (Continued)

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.

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.

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.

[redacted]

Claire Gardiner, CPFA
Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

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 is 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.

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.

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.

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 CO_2 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.

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 Target for year	96.7% 96.7%	97.2% 96.9%	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.
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%	

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.

- 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

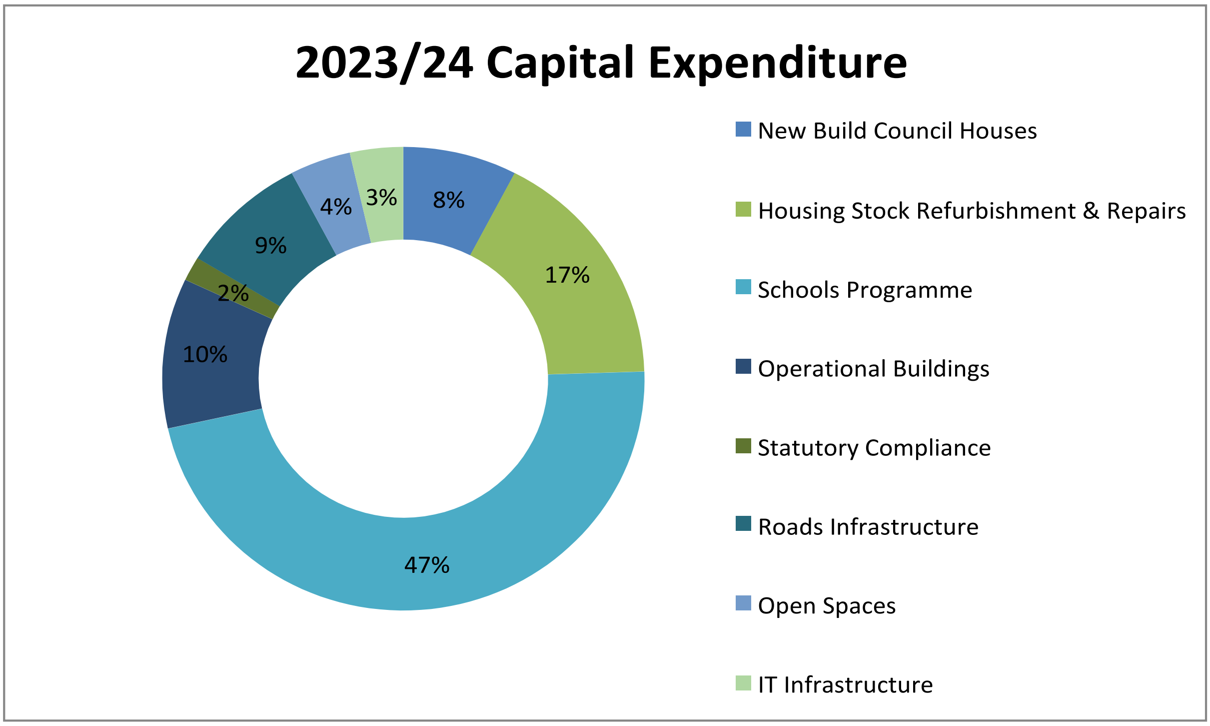
Statement 9 (page 88) the HRA – Income and Expenditure Statement includes depreciation and impairment on housing assets. The deficit for the year is £25.4 million (£37.2 million 2022/23). Statement 10 (page 89) the Statement of Movement on the HRA Balance adjusts this deficit as a result of amounts which 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).

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: -

	2023/24			2022/23		
Capital Programme	**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.

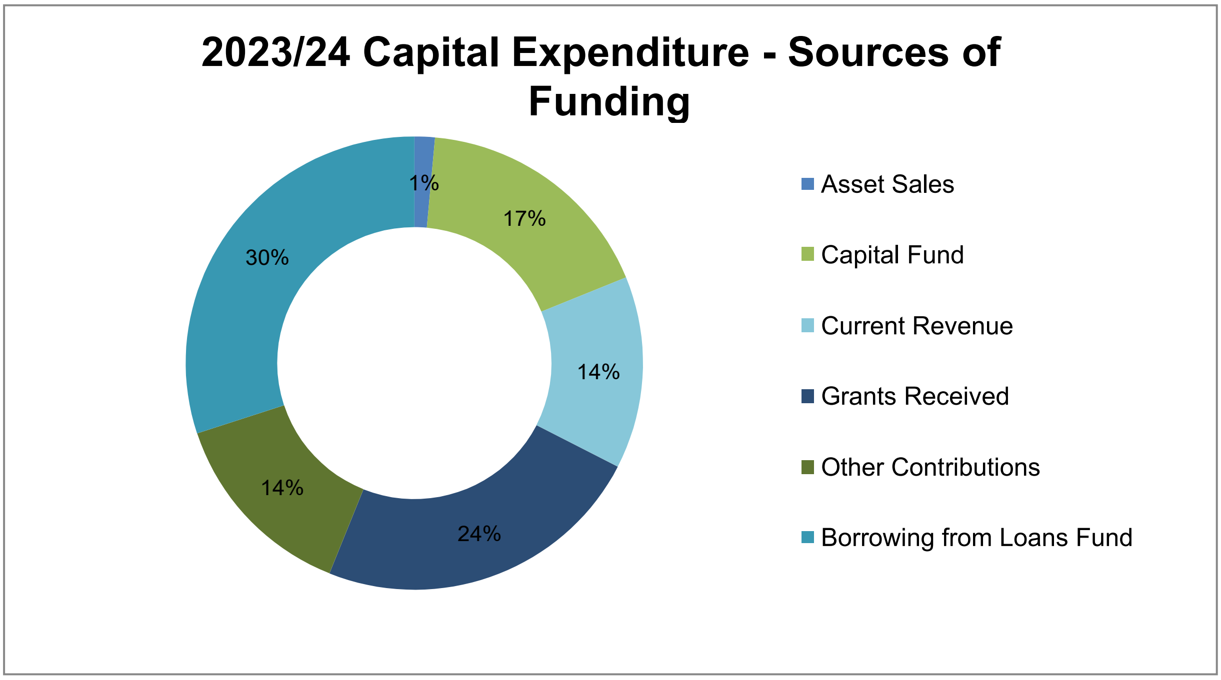
The HRA capital programme had a budget of £31 million and actual expenditure of £23.4 million resulting in a net variance of £7.6 million. Expenditure on the creation and acquisition of new houses amounted to £7.3 million in 2023/24 with a total of 54 new build completions handed over during 2023/24 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.

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.

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 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 implemented to ensure overall pressures in this area can be brought back within the revised budget.

- 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.

[redacted]

Graham Hope
Chief Executive

25 September 2024

[redacted]

Councillor Lawrence Fitzpatrick
Leader of the Council

25 September 2024

[redacted]

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

[redacted]

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.

[redacted]

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: -

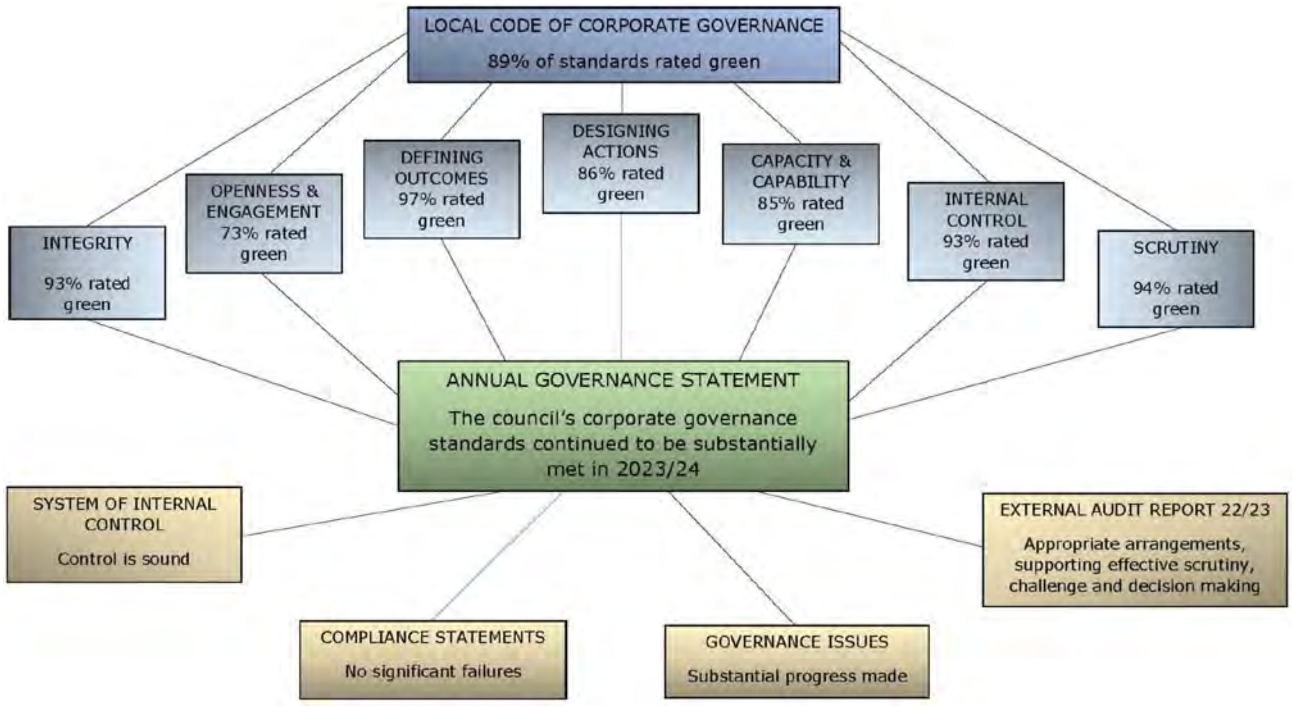
1. Introduction
2. Summary and assurance
3. Political structure and administration
4. Management structure
5. Decision-making and scrutiny arrangements
6. Local Code of Corporate Governance
7. Annual internal audit opinion
8. Annual compliance statements
9. Audit Committee
10. Governance & Risk Committee
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 Depute 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.

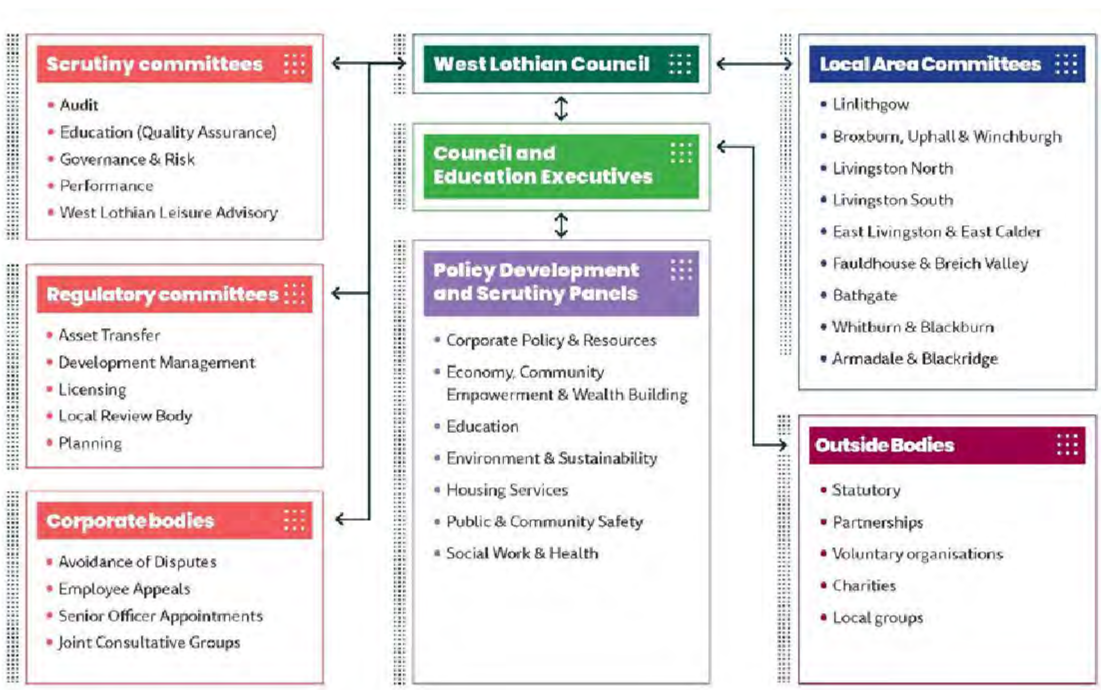
4.4 Internal cross-service working amongst officers is enabled by a network of boards and working groups. They have defined remits and membership from appropriate service areas and staff grades across the council. Some have representation from partner organisations, such as NHS Lothian and Police Scotland. 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

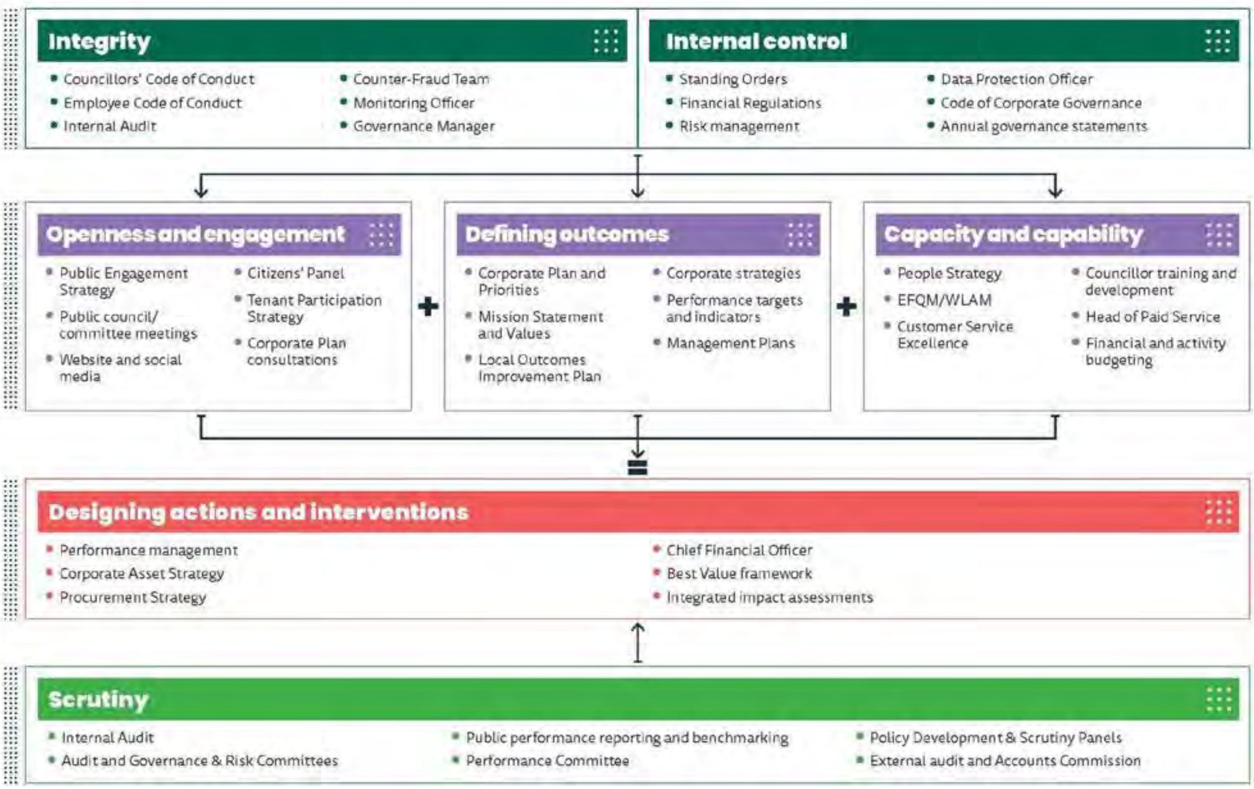
6.1 The council's governance arrangements are monitored, reviewed and reported under a Framework and Guidance called "Delivering Good Governance in Local Government", produced by CIPFA/SOLACE in 2016 (the Framework). The current Local Code of Corporate Governance was adopted in April 2018. Its operation 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 Depute 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.

[redacted]

Graham Hope
Chief Executive

25 September 2024

[redacted]

Councillor Lawrence Fitzpatrick
Leader of the Council

25 September 2024

REMUNERATION REPORT STATEMENT 3

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 convenor or a vice-convenor of a Joint Board. The Regulations require the remuneration to be paid by the council of which the convenor or vice-convenor is a member. The council is also required to pay any pension contributions arising from the convenor or vice-convenor being a member of the Local Government Pension Scheme.

In 2023/24 there no recharge (£698 2022/23) to Lothian Valuation Joint Board for Councillor T Conn, in respect of his convenor 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	**2023/24 £'000**	**2022/23 £'000**
Salaries	808	771
Allowances	3	2
Expenses	13	7
Total	**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

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.

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 Cameron[2] 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**

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

1. There were no compensation payments for loss of employment or annual compensation payments in 2023/24 or 2022/23.

2. J Cameron's 2022/23 remuneration has been restated to reflect a £589 payment made during 2023/24 in respect of backpay.

3. The Chief Executive of West Lothian Leisure Ltd is remunerated by the council's subsidiary company, West Lothian Leisure Ltd

3.3 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.

3.4 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).

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.

		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	
Name[1]	**Post Title[2]**	**£**	**£**	**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.

4.3 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 McCorriston	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.

4.4 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

[redacted]

Graham Hope
Chief Executive

25 September 2024

[redacted]

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

		2023/24			Restated 2022/23		
	Note	**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'.

LONG TERM ASSETS	**Note**	**As at 31 March 2024 £'000**	**Restated As at 31 March 2023 £'000**
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.

[redacted]

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.

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.

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 slow, 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.

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)**

	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
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 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
Adjustments between Funding and Accounting Basis 2022/23				
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 statue 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.

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**

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

	2023/24 £'000	2022/23 £'000
Gain on disposal of non-current assets	**844**	**131**

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

	2023/24 £'000	2022/23 £'000
Interest payable and similar charges	36,209	31,586
Net interest on the defined benefit liability (asset)	(104)	4,334
Interest receivable and similar income	(8,449)	(4,866)
(Surplus) / Deficit on trading operations	(1,949)	(1,541)
	25,707	**29,513**

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

	2023/24 £'000	2022/23 £'000
Council tax income	90,534	83,769
Non-domestic rates distribution	87,928	79,491
Non-ring-fenced government grants	307,347	294,020
Capital grants and contributions	35,787	32,480
	521,596	**489,760**

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

	General Fund £'000	HRA £'000	Capital Fund £'000	Insurance Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Transfer (to) / from Insurance Fund	249	-	-	(249)	-	-	-
Transfer (to) / from Capital Fund	(11,182)	-	11,182	-	-	-	-
	(10,933)	**-**	**11,182**	**(249)**	-	-	-
TRANSFERS TO OR (FROM) OTHER STATUTORY RESERVES - 2023/24							
Transfer (to) / from Insurance Fund	235	-	-	(235)	-	-	-
Transfer (to) / from Capital Fund	(10,004)	-	10,004	-	-	-	-
	(9,769)	**-**	**10,004**	**(235)**	-	-	-

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13. MOVEMENT IN RESERVES STATEMENT - ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS 2022/23	General Fund £'000	HRA £'000	Capital Fund £'000	Insurance Fund £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
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)**	**-**

14. PROPERTY, PLANT AND EQUIPMENT

14.1 **Movements in 2022/23**

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles,[1] Plant, Furniture and Equipment £'000	Community Assets £'000
Cost or Valuation				
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	**496,487**	**1,311,963**	**79,526**	**326**
Accumulated Depreciation and Impairment				
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	**37,733**	**136,699**	**61,780**	**-**
Net Book Value At 31 March 2023	**458,754**	**1,175,264**	**17,746**	**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
Cost or Valuation				
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**
Accumulated Depreciation and Impairment				
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	**-**	**-**		**236,212**
Net Book Value At 31 March 2023	**27,925**	**28,583**		**1,708,598**
At 31 March 2022	**88,006**	**23,134**		**1,760,496**

1. Intangible Assets are included under Vehicles, Plant, Furniture and Equipment
2. 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.

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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**

1. Intangible Assets are included under Vehicles, Plant, Furniture and Equipment
2. 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.

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	2023/24 £'000	2022/23 £'000
Value as at 1 April	222,672	221,985
Additions	74	687
Revaluation increase / (decreases) recognised in the Revaluation Reserve	-	-
Value as at 31 March	**222,746**	**222,672**
Aggregate Depreciation		
Value as at 1 April	24,502	12,240
Charge for year	12,318	12,262
Depreciation written out to the Revaluation Reserve	-	-
Value as at 31 March	**36,820**	**24,502**
Net Book Value		
As at 31 March	**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: -

	2023/24 £'000	2022/23 £'000
As at 1 April	**76,667**	**79,247**
Additions / Adjustments	(4)	(22)
Principal repayments	(4,232)	(2,558)
As at 31 March	**72,431**	**76,667**
Split		
Short term Creditors	4,015	4,231
Long term Creditors	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**

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**

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	
Financial Assets	**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**
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	
Financial Liabilities	**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**
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

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**	
Financial Assets	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**
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**

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.

	31 March 2024		31 March 2023	
Financial Liabilities	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**
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.	604,529	480,493	584,379	499,476
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.	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	**Credit Risk**	**Investment Value at 31 March 2024 £'000**	**%**
Money Market Funds	AAA	8,820	35
West Calder High School DBFM	AA	281	1
Bank of Scotland Plc – Main Banking Provider	A+	7,381	29
Santander UK Plc	A	9,000	35
Total		**25,482**	**100**

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	**£'000**
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate lending	(660)
Net effect on Income and Expenditure Account	**(660)**
Housing Revenue Account's Share	**(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.

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.

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	
Comprehensive Income and Expenditure Statement	**£'000**	**£'000**	**£'000**	**£'000**
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	
Movement in Reserves Statement	**£'000**	**£'000**	**£'000**	**£'000**
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).

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: -	**2023/24 £'000**	**Restated 2022/23 £'000**
Fair value of assets	1,402,216	1,336,254
Present value of funded liabilities	(1,070,335)	(989,794)
Share of net assets	331,881	346,460
Present value of unfunded liabilities	(20,040)	(20,672)
Net pension assets arising from defined benefit obligation	311,841	325,788
IFRIC 14 Adjustment - effect of asset ceiling	(331,881)	(346,460)
Net asset / (liability) arising from defined benefit obligation	**(20,040)**	**(20,672)**

20.4 **Reconciliation of the Movements in the Fair Value of Lothian Pension Fund Assets**	**2023/24 £'000**	**Restated 2022/23 £'000**
Opening fair value of assets at 1 April	989,794	1,298,452
Interest income on plan assets	63,683	35,161
Remeasurement gain / (loss) - Return on plan assets (excluding the amount included in the net interest expense	18,339	(6,808)
Remeasurement gain / (loss) – Other experience	(19,371)	-
Employer's contributions payable to the scheme	34,866	32,549
Contributions by scheme participants	9,558	8,957
Benefits paid	(41,113)	(32,057)
Interest on the effect of the asset ceiling	(15,475)	-
Elimination of prior year asset ceiling and interest effect	361,935	-
Closing fair value of assets at 31 March	**1,402,216**	**1,336,254**
Effect of asset ceiling	(331,881)	(346,460)
Adjusted closing balance of assets at 31 March	**1,070,335**	**989,794**

20.5 **Reconciliation of the Present Value of Lothian Pension Fund Liabilities**	**2023/24 £'000**	**Restated 2022/23 £'000**
Opening Balance at 1 April	(1,010,466)	(1,442,129)
Current Service costs	(33,738)	(67,416)
Interest cost	(48,104)	(39,495)
Contributions by scheme participants	(9,558)	(8,957)
Remeasurement gain / (loss):		
- 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
- Other experience	(89,479)	(71,166)
Past service costs	(125)	(30)
Benefits paid	41,113	32,057
Unfunded benefits paid	1,907	1,798
Closing balance of liabilities at 31 March	**(1,090,375)**	**(1,010,466)**

20.6 **Maturity Profile of Liabilities 2023/24**	**Liability Split £'000**	**Liability Split %**
Active members	(500,776)	47
Deferred members	(117,967)	11
Pensioner members	(451,592)	42
Total for funded obligations	**(1,070,335)**	**100**
Unfunded pensioner liabilities	(20,040)	
Total pension liability	**(1,090,375)**	

20.7 **Lothian Pension Fund Assets by Category**
The asset values below are at bid value as required by IAS 19

	2023/24		2022/23	
	£'000	%	£'000	%
Equity Securities:				
*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%**
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	-
Bonds	**270,854**	**20%**	**242,408**	**19%**
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%**
Cash and cash equivalents				
*All	52,073	4%	63,110	5%
Cash and cash equivalents	**52,073**	**4%**	**63,110**	**5%**
Total	**1,402,216**	**100%**	**1,336,254**	**100%**

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%**

20.8 **Basis for Estimating Assets and Liabilities (Continued)**

	2023/24 Years	2022/23 Years
Current Pensioners - Males	20.1	19.9
- Females	22.8	22.9
Future Pensioners - Males	20.8	21.2
- Females	24.6	24.7

Financial Assumptions	2023/24 %	2022/23 %
Rate of inflation	2.8%	3.0%
Rate of increase in salaries	3.5%	3.5%
Increase in Pensions	2.8%	3.0%
Rate for discounting scheme liabilities	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.

	Approximate % Increase to Employer Obligation	Approximate 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 Increase Rate	2%	19,072
1 year increase in member life expectancy	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)	(34,506)	(21.6%)
Total Service Cost	**-**	**(34,506)**	**(34,506)**	**(21.6%)**
Interest income on plan assets	67,322	-	67,322	42.1%
Interest cost on defined benefit obligation	-	(52,457)	(52,457)	(32.8%)
Total Net Interest Cost	**67,322**	**(52,457)**	**14,865**	**9.3%**
Total included in Profit or Loss	**67,322**	**(86,963)**	**(19,641)**	**(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**	2023/24 £'000	2022/23 £'000
Insurance Fund		
Balance at 1 April	7,058	7,307
Appropriation	(235)	(249)
Balance at 31 March	**6,823**	**7,058**

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**	**2023/24 £'000**	**2022/23 £'000**
Balance at 1 April	(6,685)	(7,117)
Appropriations (to) from Movements on Reserve Statement	433	432
Balance at 31 March	**(6,252)**	**(6,685)**

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**	**2023/24 £'000**		**2022/23 £'000**
Balance at 1 April		(12,416)	(13,483)
Annual leave and maternity accrual - previous year	12,416		13,483
Annual leave and maternity leave accrual - current year	(11,120)		(12,416)
Statutory adjustment for the year		1,296	1,067
Balance at 31 March		**(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

	2023/24 £'000	**2022/23 £'000**
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)**

NOTES TO THE ANNUAL ACCOUNTS

24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2023/24 £'000	Restated 2022/23 £'000
Purchase of property, plant and equipment and intangible assets	(96,421)	(97,369)
Proceeds from the sale of property, plant and equipment	1,379	189
Net (increase) decrease in short term investments	35,004	7,504
Net cash flows from Investing Activities	**(60,038)**	**(89,676)**

25. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2023/24 £'000	2022/23 £'000
Cash receipts of short and long term borrowing	24,000	10,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PPP contracts	(4,236)	(2,582)
Repayments of short and long term borrowing	(3,828)	18
Net cash flows from Financing Activities	**15,936**	**7,436**

26. CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

	2023/24 £'000	2022/23 £'000
Cash held by officers	120	124
Bank current accounts	2,874	2,255
Short term deposits	25,201	30,200
Total Cash and Cash Equivalents	**28,195**	**32,579**

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 April 2022 £'000	Financing Cash Flows £'000	Non-Cash Changes £'000	31 March 2023 £'000
Long term borrowing	568,641	10,000	-	578,641
Short term borrowings	69,225	18	(38)	69,205
Finance Lease Liabilities	2	(2)	-	-
On balance sheet PFI liabilities	79,247	(2,580)	-	76,667
Total liabilities from financing activities	**717,115**	**7,436**	**(38)**	**724,513**

	1 April 2023 £'000	Financing Cash Flows £'000	Non-Cash Changes £'000	31 March 2024 £'000
Long term borrowing	578,641	10,000	-	588,641
Short term borrowings	69,205	10,172	(40)	79,337
Finance Lease Liabilities	-	-	-	-
On balance sheet PFI liabilities	76,667	(4,236)	-	72,431
Total liabilities from financing activities	**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.

30. AGENCY SERVICES

Expenditure	2023/24 £'000	2022/23 £'000
Local Bus Services Cross boundary bus services where other local authorities contract for the services and charge West Lothian for shared cross boundary agreements.	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**

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.

33. GRANT INCOME

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

Credited to Taxation and Non-Specific Grant Income	**2023/24 £'000**	**2022/23 £'000**
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**

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.

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.

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-minimus 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.

EXPENDITURE	2023/24 £'000	2022/23 £'000
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.

		2023/24 £'000	2022/23 £'000
INCOME			
	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	1	(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**

	2023/24 £'000	2022/23 £'000
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.

	2023/24 No of Houses	2022/23 No of Houses
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

COUNCIL TAX INCOME ACCOUNT — STATEMENT 11

PURPOSE

This statement shows the net income raised from Council Tax levied under the Local Government Finance Act 1992.

INCOME

	2023/24 £'000		2022/23 £'000
Gross council tax levied and contributions in lieu		116,140	107,769
Less:			
Discounts	(9,220)		(8,525)
Provision for bad debts	(2,074)		(2,169)
Council Tax Reduction Scheme	(11,698)		(10,621)
Other deductions	(4,036)		(4,375)
		(27,028)	(25,690)
		89,112	**82,079**
Adjustments for previous years' Council Tax		1,422	1,690
Transfers to General Fund		**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
Less			
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:			
National non-domestic rate pool		93,526	80,321
Cost of council rate relief		(192)	(171)
		93,334	**80,150**

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.

	INCOME AND EXPENDITURE STATEMENT	**2023/24 £'000**	**2022/23 £'000**
EXPENDITURE	Beneficiaries	(12)	(4)
INCOME	Loans Fund and Dividend Interest	21	10
SURPLUS / (DEFICIT)	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 £'000	2022/23 £'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	2023/24 £'000	2022/23 £'000
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

		2023/24			Restated 2022/23		
	Group Note	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 groupl. 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'.

LONG TERM ASSETS	**Group Note**	**As at 31 March 2024 £'000**	**Restated As at 31 March 2023 £'000**
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.

[redacted]

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**

NOTES TO THE GROUP ACCOUNTS — STATEMENT 19

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.

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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