

South Lanarkshire Council  
**Annual Accounts**  
**2021**



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## **Joint Introduction by Chief Executive and Council Leader**

Welcome to South Lanarkshire Council's annual accounts for the financial year 2020/2021.

This document is a key part of our commitment to public transparency, as it shows how the council manages the public money we use to provide services on behalf of local residents.

As such, it also gives an insight into how we provide best value by constantly striving to provide the best services possible in a highly efficient manner. Our pledge to do this has continued throughout a year when we have faced the additional pressures brought on us all by COVID-19.

Since early in 2020 South Lanarkshire Council has played a leading role in the response to the pandemic, working in partnership with our communities, including local groups and volunteers, as well as the NHS, our other public sector partners and the Scottish Government.

Initially much of the focus was on dealing with the impact of the virus on our society and the economy, and getting material and financial assistance to those who needed it. In many cases, this meant redirecting some of our resources to the response effort, and in some cases it required us to build new services from scratch, almost overnight.

The financial impact of this unprecedented crisis on the council's income and expenditure was, and continues to be, significant. While government funding was received to support the costs incurred in 2020/2021, it is anticipated that the full financial repercussions will be felt for many years.

The pandemic added more challenges across a public sector that had already been facing financial challenges. While South Lanarkshire Council was no exception, once again in 2020/2021 we were able to balance our budget while doing everything possible to protect frontline services.

Our revenue budget, totalling £775 million, was unanimously approved by the full Council on 26 February 2020. After some improvements in the financial position, we were able to reduce a proposed programme of savings, but nonetheless this still totalled £6.922m.

Once again, our area of largest spend was Education, and in particular the teaching of the area's young people in the new and refurbished nurseries, primaries and secondaries that make up our unrivalled schools estate. The second biggest area of spend was in Social Work, with the balance of our budget funding Community and Enterprise Resources, Housing and Technical Resources, and Finance and Corporate Resources.

Despite the challenges faced during 2020/2021, the council was able to continue the second year of a two-year programme of special initiatives. These funded more free school meals and clothing grants through auto-enrolment of qualifying families, plus places in our free breakfast and holiday lunch clubs in primary schools.

As the financial year progressed the balance of effort in terms of COVID-19 started to move from continuing to respond to the pandemic itself, to working to promote local recovery.

As part of this we have been able to put in place a number of investments through our 2021/2022 budget, which was approved on 24 February 2021. We look forward to seeing the benefits of those investments, which include a further £2.245 million for the learning and wellbeing of children and young people whose education has been affected by COVID-19.

In addition, there is £3 million for a Get South Lanarkshire Working fund to support social enterprises, attract inward investment and develop a new tourism strategy, while £2m has been identified to provide match funding for projects tackling Climate Change.

Another £2 million has been identified for further roads and footpath improvements, with projects to be identified by local communities, plus £300,000 for community food-growing initiatives and programmes that support access to healthy, locally grown and affordable produce.

The 2021/2022 budget also earmarked £0.259 million to support local groups undertaking community projects such as for the environment, food growing and footpath gritting, plus £0.250 million to assist local communities take over public assets through Community Asset Transfers.

In addition to its revenue budget to supply services for South Lanarkshire, the council each year has a separate capital budget which is allocated to fund longer-term investment in the area. In 2020/2021 the General Services capital programme was £80.648 million and the Housing capital programme was £48.172 million.

Looking ahead, the General Services capital programme for 2021/2022 approved by the Executive Committee on 4 November 2020 totalled £85.244 million and included sums for roads, bridges and other infrastructure improvements, plus replacement care facilities and nursery expansions. The Housing capital programme for 2021/2022 is £100.801 million.

These investments will be an important part of our work to help our local communities and businesses recover from the impacts of COVID-19. We acknowledge that this is going to be a key role for the council for several years to come, as will be building local resilience to any future challenges that we face.

One new approach taken by the council has been the development of a Community Wealth Building strategy. This concept in its early stages but is attracting national interest as an alternative approach to local economic development that focuses more on the needs of local residents and communities.

Our strategy, which was formally adopted by the Executive Committee on 10 March 2021, is designed to help create more jobs and a more diverse range of local businesses, and reduce the flow of wealth out of our communities.

Finally, no summary of the difficult year gone by – nor any aspirational look at the years to come – would be complete without a note of thanks to our staff.

We are both incredibly grateful for, and humbled by, the efforts of our own staff, and colleagues from South Lanarkshire Leisure and Culture, who have worked with our communities and our partners to protect lives and help support livelihoods.

We also, once again, thank our residents for understanding the challenges we faced, and to the many who stepped forward as part of that community effort to work with us in the battle against the pandemic.

We will continue to work with them and all our partners to make sure South Lanarkshire remains a great place to live in, to visit, and to do business.

# South Lanarkshire Council – Management Commentary

## Background

The Management Commentary will provide the reader with key messages in relation to the council's year-end financial position and also its performance for the year 2020/2021, along with details of how this has supported delivery of the council's priorities. A significant impact on the council's financial and operational performance in 2020/2021 has been the council's response to the global coronavirus pandemic. A summary of this is included in the commentary.

This commentary also looks forward, outlining the council's future financial plans and the challenges, risks and uncertainties it faces, while trying to maintain service delivery and meet the needs of the people of South Lanarkshire. This will include reference to the longer-term impact of the pandemic and the recovery process being undertaken. Before this, the commentary will provide a brief introduction to the council area and its functions as well as its key ambitions and achievements.

## Introduction to South Lanarkshire Council

### The Area

The South Lanarkshire area is both urban and rural and covers 686 square miles from the Cathkin Braes to the Pentlands and down through the Southern Uplands. The council faces the dual challenge of catering for the busy towns in the north west (East Kilbride, Hamilton, Cambuslang and Rutherglen), while meeting the needs of residents in Lanark and the rural Clydesdale area.

### The Council Structure

The council provides a range of essential public services across the area through its five Resources, employing the commitment, dedication and ability of our 14,894 employees (12,265.58 full time equivalents).

The council's five Resources, their functions and number of Full Time Equivalent employees:

Council Resource	Functions	FTE
Community and Enterprise Resources	Facilities, Waste, Fleet, Planning and Economic Development, Roads	2,146.11
Education Resources	Early Years, Schools, Quality and Improvement	5,688.08
Finance and Corporate Resources	Finance, Information Technology, Personnel, Administration and Licensing, Communications and Strategy	768.49
Housing and Technical Resources	Housing and Property Services	1254.48
Social Work Resources	Adults and Older People, Children and Families, Criminal Justice	2,408.42

These Resources serve around 320,000 people and this population is expected to increase by 1.5% in the 10 years to 2026 and by a further 0.1% in the years 2026 to 2037. The council is currently facing an aging population, with more than 18% of the current population being over the age of 65. This trend is expected to continue, with the number of people over 65 set to increase significantly.

Although the predicted population increases are below those of Scotland as a whole, it is expected that South Lanarkshire will see significant increases in numbers in the Community Growth areas, particularly in the number of children, which is anticipated to have an impact on Education and Children's Services. These changes in population influence how the council and its partners shape future service design and delivery and feed into the Council Plan.

### The Council Plan

The [Council Plan, Connect 2017-22](#) sets out the council's vision, values and priorities and what difference this will make to the residents and communities of South Lanarkshire. A Mid-Term review of Connect was reported to the Executive Committee on 24 June 2020, and can be found [here](#).

The vision and values of the Council Plan are shown below. We work together with our partners to achieve our vision, with our priorities and values at the core of everything the council does.



The council is also a statutory Community Planning partner and the Community Plan 2017-27 provides a common vision for the South Lanarkshire Community Planning Partnership and sets out how the partners aim to achieve that vision.

#### **The Golden Thread**

The Council Plan feeds down from the Council Plan, to Resource then Service Plans, and on to the individual members of staff who are responsible for service delivery. Each employee has their own personal development plan and on a regular basis, they discuss with their line manager, how this links to the vision, values and objectives in the Council Plan.

#### **The council's response to the Coronavirus pandemic**

From March 2020, and through the whole of financial year 2020/2021, the impact of the coronavirus meant there has been significant disruption to 'business as usual' impacting on our service delivery.

In the various phases of the pandemic, the council has proven itself able to respond to unprecedented circumstances and the pressures arising from being a Category One Emergency Responder. As the year progressed, and the restrictions changed, the council's focus adapted to deal with the many and varying challenges. In terms of the council's capacity and capability to respond to the pandemic, a number of measures were put in place at both a strategic and operational level.

Key examples in the early part of the year included regular councillor/senior management meetings and briefings, new IT systems to support employees working from home, the redeployment of employees to work in hubs for the children of key workers, the Community Wellbeing Helpline / Shielding Initiative, the delivery of community meals and facilitating business and employability supports.

Throughout the year, the council received invaluable support from local people within our communities, partners and third sector providers in responding to the pandemic which has further expanded the council's capacity to respond.

A significant role undertaken by the council role throughout the pandemic was the payment of grants on behalf of the Scottish Government. These are known as Agency payments, where the council acts as a post-box for the financial support provided by the Scottish Government to individuals and businesses. These amounts are not included in the council's financial position but for information, the total amount of Agency payments facilitated by the council in 2020/2021 is £44.472 million. While these payments do not feature as part of the Council's financial position, the effort in administering them cannot be understated, and was key function of the Council as it played its part in supporting the Government and the Community, in managing the impact of the global pandemic.

The financial impact of this pandemic on the council is detailed in a later section of this commentary.

Moving into the early part of 2021/2022, restrictions remain a key feature of our daily lives. This continues to bring financial pressures to the council and its group members such as the Leisure and Culture Trust. This includes both additional costs and lost income. Current information suggests that the country will start its move towards normality in summer 2021. While this cannot be confirmed, the council's proven record of agility means that it will continue to adapt as required. The financial implications of the pandemic into 2021/2022 will continue to be monitored and reported.

#### **Brexit**

The exit of the United Kingdom from the European Union occurred on 31 January 2020 with the transition period then ending on 31 December 2020. From 1 January 2021 the UK operates under a new framework as agreed in the UK-EU Trade and Cooperation

agreement.

The impact of Brexit is noted as one of the council's key risks, as the uncertainty of the financial and operational impact cannot yet be confirmed.

### City Region City Deal

The council is part of the Glasgow City Region City Deal partnership. The council's capital programme, referred to later in this commentary, includes significant infrastructure projects which will bring economic benefit to the council area. These projects include the previously completed Cathkin Relief Road as well as the dualling of Greenhills Road in East Kilbride and numerous Community Growth Area projects across the 4 CGAs: Hamilton, East Kilbride, Larkhall and Newton.

### Council Performance

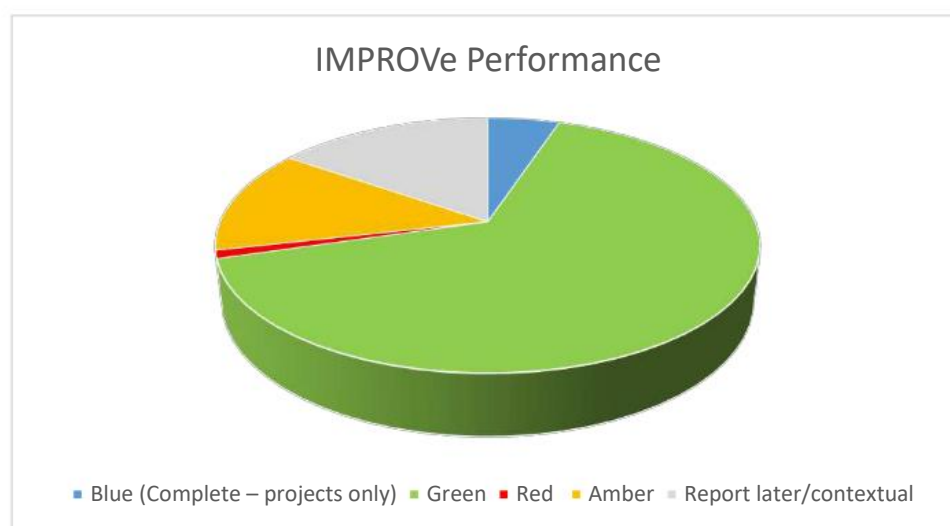
The council rates its performance using a number of measures. These are aligned to the priorities and objectives set out in the Council Plan. A total of 230 measures were identified within Resource Plans for 2020/2021. Of those 98 (43%) are linked to the achievement of the Connect Objectives detailed in the Council Plan. The measures are detailed within the individual Resource Plans and bi-annual progress reports, and can be found on the [Performance pages](#) of the council's website.

In addition, the Connect 2017-2022 Quarter 4 Progress Report 2020/2021 will be reported to the Performance and Review Scrutiny Forum on 17 August 2021.

As at the end of Quarter 4 (31 March 2021), 69 (70%) measures had been achieved. Of the remaining measures, 1 experienced significant issues, 13 experienced minor issues and 15 are included for information only or the statistics are not yet available in 2020/2021.

Status of performance measures	Number of performance measures
Blue (Complete – projects only)	5
Green	64
Red	1
Amber	13
Report later/contextual	15

#### Status of council performance measures



There were 7 measures that were not achieved, and these were:

- Percentage of total household waste that is recycled (target 50%, actual 40.9%)
- Improve the attendance of children and young people at school (target 93.1%, actual 92.8%)
- % of standard adaptations to council houses within agreed appointment times (target 97%, actual 92.4%)
- Percentage of our road network that should be considered for maintenance treatment (target 30.3%, actual 30.6%)

- Increased value of sales generated by businesses as a direct result of Economic Development intervention (target £5m, actual not applicable due to COVID-19)
- Maintain three year business survival rate (target 62%, actual not applicable due to COVID-19)
- Reduce the gap for positive destination outcomes for those pupils in the most deprived 20% data zones (target 3.1%, actual 4.3%)

The council continues to remain an active participant in the Local Government Benchmarking Framework (LGBF). As well as allowing the council to self-assess its performance across years, the main benefit of the LGBF is the ability to compare performance with peers against an agreed suite of performance indicators, which will assist in achieving best practice and efficiencies.

The latest [Local Government Benchmarking Framework \(LGBF\) 2019/2020 Results and Action Plan](#) was reported to the Performance and Review Forum on 18 May 2021. Across the 91 indicators in the 2019/2020 suite, the council's performance improved against 35 (38%) indicators, remained the same against 1 (1%) indicator, and declined for 45 (50%) indicators. There are 10 (11%) indicators for which there are no results or trend information available for 2019/2020.

### **Council performance against 89 indicators**

		Number (%) of Indicators 2017/18	Number (%) of Indicators 2018/19	Number (%) of Indicators 2019/20
	<b>South Lanarkshire performance</b>			
↑	improving performance in SLC	32 (40%)	34 (38%)	35 (38%)
↓	improving performance in SLC	35 (44%)	34 (38%)	45 (50%)
↔	No change in performance in SLC	2 (2%)	3 (3%)	1 (1%)
	Results / trends not available	11 (14%)	18 (21%)	10 (11%)
	<b>Comparison with Scottish Average</b>			
✓	SLC results better than Scottish average	39 (49%)	44 (49%)	41 (45%)
X	SLC results worse than Scottish average	28 (35%)	28 (32%)	40 (44%)
↔	SLC results same than Scottish average	2 (2%)	3 (3%)	0 (0%)
----	Results not available	11 (14%)	14 (16%)	10 (11%)

In terms of South Lanarkshire's figures relative to the Scottish results, our performance was better than the Scottish average for 41 (45%) indicators and the same for 0 (0%) indicators.

### **External Assessment of the Council's Performance – Best Value Review: an update**

South Lanarkshire Council was subject to a Best Value Audit Review (BVAR) by Audit Scotland during 2018/2019. The outcome of the audit was positive with the key messages being that the council has demonstrated a steady pace of improvement since the last Best Value Audit Review in 2009. The council benefits from effective leadership and clear strategic direction and demonstrates sound financial management delivering large scale capital projects and having good processes in place for long term financial planning. It was recognised that future financial plans are challenging but the Council is well placed to address the projected funding gaps.

The council also demonstrated improved performance in many services, but other areas still require improvement. These were documented in an action plan addressing each of the BVAR recommendations, which was approved by the council at its meeting on 26 June 2019. The Best Value Assurance Report: Action Plan Update was presented to the Performance and Review Scrutiny Forum on 18 February 2020.

Although COVID-19 delayed progress in some actions, all are now essentially complete and indeed many are being progressed further into longer-term improvements, including the strengthening of community engagement arrangements and the sympathetic

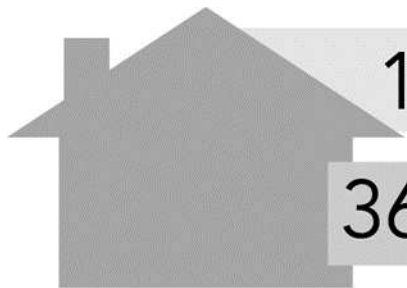


development of the Council Plan and the Community Plan.

### **Key Achievements in 2020/2021**

Some of the council's key achievements for 2020/2021 are listed below.

- The Respectful Funeral Service was launched in March 2021 in partnership with local funeral directors to support and help communities during times of bereavement. The Respectful Funeral Service package makes funerals respectful, affordable, and local.
- During 2020/2021, a total of 197 additional/affordable homes have been delivered. Construction of a further 365 units has commenced during this time.
- Implemented a pan-Lanarkshire local employability partnership to support the Lanarkshire labour market, particularly prevalent as the impact of COVID-19 affects our local economy. Designed to support those at risk of losing their job and those made redundant seeking new opportunities.
- Cycling network map is now online. Cyclists across South Lanarkshire can now access a mapping resource showing the cycle network across the area. The map also features associated cycle parking and storage shelters which will allow people to stay active and continue to build walking and cycling into their everyday journeys.
- During 2020/2021 the council recruited 61 new apprentices and gave six members of staff the opportunity to upskill in Digital Skills qualifications. Also during 2020/21, 75 apprentices achieved their qualification and were employed by the council. All apprentices are paid the council Living Wage and recruitment of apprentices is used to support workforce planning.
- Trinity High School achieved an MB Quality Mark Award for their work in Nurture. They are the first secondary in Scotland and the UK to be re-accredited for this work and for the difference this is making to the lives of many young people.
- The South Lanarkshire Schools' Percussion Ensemble achieved a 'Gold Plus Award' at the virtual Scottish Concert Band Festival which live-streamed in December 2020. A tremendous accomplishment given the COVID-19 restrictions.
- In 2020/2021, 546 new carers were supported by dedicated Welfare Rights Officers via the Money Matters Advice Service.



**197** additional affordable homes  
have been delivered

**365** under construction



**61** new council apprentices recruited

**6** council employees upskilled

**75** apprentices qualified and  
employed by the council



**546** new carers

supported by dedicated Welfare  
Rights Officers in Money Matters  
Advice Service



New **pan-Lanarkshire local employability partnership**  
to support the Lanarkshire labour market from the impact of  
COVID-19

**March 2021**

Respectful Funeral Service launched in  
partnership with local funeral directors to  
make funerals respectful, affordable, and local



**Cycling network map**

now online, showing  
the cycle network,  
cycle parking and  
storage shelters,  
to encourage  
active travel



**Gold Plus Award**

for South Lanarkshire Schools'  
Percussion Ensemble at the virtual  
Scottish Concert Band Festival



Trinity High School

**1st secondary  
school in Scotland**

to achieve MB Quality Mark  
Award for Nurture

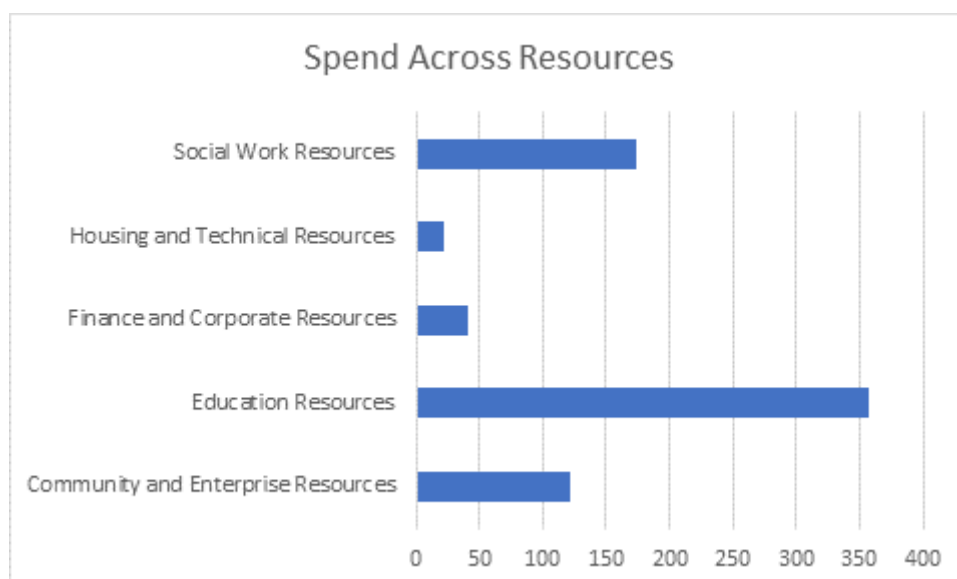
## Financial Performance

### General Fund Position at end 2020/2021

The council's General Fund budget for 2020/2021 was approved by the Council on 26 February 2020. This is the operational budget of the Council. At the end of 2020/2021, the Council's budget was in a breakeven position after making a number of agreed Transfers to Reserves. These transfers are for ring-fenced monies or for commitments which will fall into future years and particularly in relation to commitments delayed due to the restrictions imposed by COVID-19. The full position for the council's Resources is detailed in the Revenue Budget Outturn 2020/2021 reported to the Executive Committee on 23 June 2021. This position takes account of the achievement of £4.836 million of the £6.922 million of approved savings for the year, the remainder being affected by COVID-19 (£2.086 million which includes South Lanarkshire Leisure and Culture Limited).

The split of the spend across the individual Resources is shown below. This reflects the council's spend based on its operational structure, with the biggest Resource being Education Resources. The budget is monitored internally on the basis of the five Resources.

*Council spend across its five Resources.*



Council Resource	Spend £m
Community and Enterprise Resources	122.172
Education Resources	356.540
Finance and Corporate Resources	41.709
Housing and Technical Resources	22.827
Social Work Resources	173.881

This spend against budget is shown in the South Lanarkshire Performance Section of the table below, which shows the Resources' final outturn position before any transfers were made to reserves for specific funding or commitments. The main variances are explained as:

- **Community and Enterprise Resources** (overspend £1.638 million) mainly due to expenditure on COVID-19, offset by Scottish Government funding.
- **Education Resources** (underspend £9.457 million) due to the timing of spend on multi-year programmes such as Early Learning and Childcare, Pupil Equity Fund and Counselling as a result of COVID-19. These monies will be carried into 2021/2022.
- **Finance and Corporate Resources** (overspend £2.216 million) mainly due to expenditure on COVID-19, which has been offset by Scottish Government funding in the council's overall position.
- **Housing and Technical Resources** (overspend £6.510 million) mainly due to expenditure on COVID-19, which has been offset by Scottish Government funding in the council's overall position and also a one-off realignment of Estates income to the financial year, rather than the calendar year, to bring it in line with audit requirements.
- **Social Work Resources** (underspend of £0.408 million) mainly reflecting an underspend across Children and Families, Support and Justice Services, partially offset by an overspend on COVID-19.
- **Loan Charges** (underspend of £3.035 million). Due to the level of the council's cash balances, the requirement to borrow was less than anticipated.

- **Council Tax/Council Tax Reduction Scheme** (over-recovery £2.876 million) mainly as a result of lower demand for the Council Tax Reduction Scheme and collection of council tax arrears for previous years.

The position shown includes 2020/2021 spend on COVID-19 (£35.488 million) which was funded by Government Grant. This will be further discussed later in this commentary.

The **Comprehensive Income and Expenditure Statement** of the Accounts (page 49) sets out the council's year-end position on expenditure and income, in accordance with accounting requirements. This is different to the way that the council reports its financial monitoring internally as we are required to make a number of accounting adjustments. The **Expenditure and Funding Analysis (EFA)** on page 48 provides a link between the council's internal financial monitoring reports, and the figures in the Comprehensive Income and Expenditure Statement.

Table 1 shows the reader of the Accounts how to go from the internal Monitoring Report, through to the first column of the EFA (page 48) and then on to the Comprehensive Income and Expenditure Statement (page 49).

	SLC Annual Budget	SLC Actual Outturn	SLC Outturn Variance	<b>Building the EFA</b> Actual Outturn	<b>Building the EFA</b> Move / Remove items not included in Cost of Services	<b>Building the EFA</b> Net Expenditure Chargeable to the General Fund and HRA Services	<b>Building the EFA</b> Net Expenditure Chargeable to the General Fund and HRA Services
	(Col 1)	(Col 2)	(Col 3)	(Col 2 Data)			
	£m	£m	£m	£m	£m	£m	£m
Community and Enterprise	115.111	116.749	(1.638)	116.749	-	116.749	116.749
Education	352.612	343.155	9.457	343.155	-	343.155	343.155
Finance and Corporate	36.057	38.273	(2.216)	38.273	(2.422)	35.851	35.851
HRA	-	-	-	-	(2.569)	(2.569)	(2.569)
Housing and Technical	15.743	22.253	(6.510)	22.253	-	22.253	22.253
Social Work	173.527	173.119	0.408	173.119	-	173.119	173.119
Joint Boards	2.245	1.966	0.279	1.966	-	1.966	1.966
Corporate Items	-	-	-	-	3.476	3.476	3.476
<b>Net Cost of Services</b>	<b>695.295</b>	<b>695.515</b>	<b>(0.220)</b>	<b>695.515</b>	<b>(1.515)</b>	<b>694.000</b>	<b>694.000</b>
Other Income and Expenditure	(695.295)	(767.168)	71.873	(767.168)	36.641	(730.527)	(730.527)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>-</b>	<b>(71.653)</b>	<b>71.653</b>	<b>(71.653)</b>	<b>35.126</b>	<b>(36.527)</b>	<b>(36.527)</b>

The council's final reported outturn position for the year is a breakeven position (surplus of £71.653 million if you exclude the transfers to reserves at the end of the year – see col 2 above). However, as previously noted, this is not how the surplus is displayed in the various statements in the accounts due to accounting requirements to both exclude and include certain items for both the EFA and CIES, with the final entries being included as part of the Movement in Reserves Statement.

The final column in the table shows a surplus of £36.527 million which corresponds to the figures in the first column on the Comprehensive Income and Expenditure Statement on page 48. To this, accounting regulations require us to add in other entries for items including pensions, holiday pay, capital financed from revenue and loans fund principal payments (column 2 on CIES page 49) to arrive at a surplus on the provision of services of £53.743 million. To this, we need to take into account accounting requirements to reverse some entries to the balance sheet and also transfers from reserves which were required to fund projects during the year and transfers to reserves at the end of the year which are required to fund commitments in future years. After taking into account all of these items, the final outturn position for the council was a breakeven position, as reported to the Executive Committee.

The **Movement in Reserves Statement** on page 51 reconciles the financial position shown in the Comprehensive Income and Expenditure Statement (page 49) to the movement on the council's Reserves (pages 64 to 66).

During the year, the council drew money down from reserves, to meet current commitments or for agreed use in the 2020/2021 budget strategy, including Pupil Equity Fund for schools, Roads Maintenance, Information Technology and funding for multi year projects. In addition, the council made contributions to reserves for a variety of projects including Pupil Equity funding and Early Years expansion to meet future commitments and for specific funding for counselling in schools and additional support for learning. Money was also set aside for future budget strategies.

The balance on the council's total General Fund Reserve is £111.409 million and includes commitments for future projects as well as elements earmarked for use in future budget strategies. The General Fund Reserve is one of the statutory reserves that the council is permitted to hold and is included in the total usable reserves on the Balance Sheet totalling £140.249 million. A summary of the councils' total usable reserves is shown in the table below, with full details of all the council's usable reserves, including transfers to / from each of these reserves in 2020/2021 are detailed in Note 12.

	£000	£000
<b>Total Usable Reserves</b>		<b>140,249</b>
Less:		
General Fund (committed incl budget strategies)	98,366	
Repairs and Renewals (incl Winter Maintenance)	7,484	
Capital Funds incl Capital Receipts Reserve	6,268	
Insurance Fund	2,304	
Housing Revenue Account	12,784	
<b>Total Committed Usable Reserves</b>		<b>127,206</b>
<b>Uncommitted General Fund</b>		<b>13,043</b>

The council's Reserves policy identifies that there is no prescribed minimum level of reserves which should be held by a council. The level of Uncommitted General Fund of £13.043 million currently reflects a suitable cushion to contribute towards any unanticipated pressures that the council may face.

### Housing Revenue Account

As well as running a General Fund account to deliver services, the council also manages a stock of housing. The annual expenditure on the council houses (£100.910 million in 2020/2021) and the total income received (£103.479m in 2020/21), are held as a ring-fenced Housing Revenue Account (HRA). Any surplus funds are held in a Reserve on the council's balance sheet and can be used in future years. The details are shown on pages 106-107.

At the end of financial year 2020/2021, there was an underspend of £2.569 million on the Housing Revenue Account. This was transferred to the Housing Revenue Account Reserve. The Reserve was also increased by £0.501 million for income received through Council Tax from owners of second homes. These monies are ring-fenced for social housing. These transfers mean an increase of £3.071 million in the Housing Revenue Reserve, taking its total to £12.784 million at the end of 2020/2021.

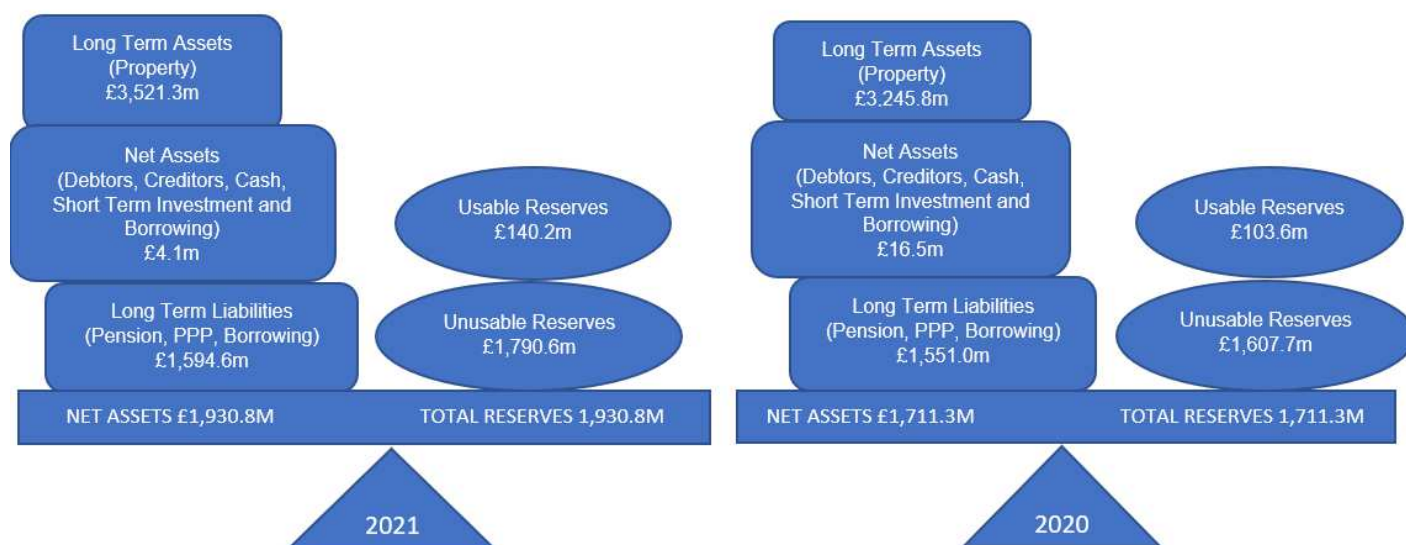
These monies will be carried forward to future years to fund the ongoing impact of welfare reform, the development costs related to the new housing management I.T. system and the continuation of the housing investment programme, as well as maintaining a reasonable level of reserves.

The council has a medium to long term financial business plan for the HRA. This ensures the affordability of the council's approved Strategic Housing Investment Programme (SHIP), a key part of the Local Housing Strategy (LHS) process. The strategic outcomes identified in the LHS, guide investment priorities outlined within the SHIP, including the increase in supply of affordable housing in areas of housing pressure, as well as coping with the needs of an ageing population.

### The Balance Sheet

Taking the year's activity into account, the council's balance sheet (page 50) shows the position as at 31 March 2021 and brings together the council's year end balances including the assets owned, the monies owed to and by the council and the reserves available to the council for use in future years.

The position at the end of March 2021 as well as the previous year for information, is shown below.



The main change year on year is the increase in Long Term Fixed Assets (Property) which reflects the council's spend on its property assets, as well as an increase in the value of its council housing stock. The long term liabilities increased due to an increase in the pension liability, partially offset by a reduction in long term borrowing.

Whilst the pension liability is indicative of a broad position, the reader should be aware that the council is meeting its pension costs on an annual basis. Further information is noted on pages 83-88.

The council's assets and liabilities are funded by an equivalent level of Reserves. These Reserves comprise Unusable Reserves of £1,790.6 million (maintained for accounting purposes only) and Usable Reserves of £140.2 million which as the name suggests, are those which the council can use to support service delivery through its Revenue and Capital budgets. The detail of these Reserves is noted in the Movement in Reserves Statement on page 51 with more detail provided in Note 13 (page 66) and the Accounting Policies (pages 98 to 105).

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

### Capital Programme

The council operates two distinct capital programmes: the General Services Capital Programme and the Housing Capital Programme.

*The spend across Resources and Housing is shown in the graphic below.*

Council Resource	Spend £000
Community and Enterprise Resources	30,673
Education Resources	23,105
Finance and Corporate Resources	2,072
Housing and Technical Resources	4,361
Social Work Resources	529
Spend to Save	9,782
Housing Capital Programme	49,362

*The new build Avondale Nursery is shown in the image below.*



The **General Services Capital Programme** spend was £70.522 million in 2020/2021, equating to 87% of the budget available. The underspend reflects the impact of the Global Coronavirus pandemic as well as a variation from the expected timing of spend across a number of projects within multi-year programmes. The main projects contributing to the underspend include works on the Town Centre Regeneration Fund Programme, Roads Carriageways and Associated Infrastructure, a number of Sustrans funded projects,



Education Information Communication Technology and other information technology infrastructure works, investment and essential works on various council buildings and works on a care facility in Blantyre.

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

- **The Scottish Government's Early Years 1,140 hours Programme**
- **St Charles Primary School Extension.**
- **Significant investment in Roads Infrastructure improvement.**
- Continuation of the council's involvement in the Glasgow City Region City Deal Programme.

The **General Services Programme** has been funded from a combination of grants from various funding bodies (including Scottish Government) and partner organisations (£61.336 million), borrowing (£4.452 million) and contributions from the council's Revenue Budget (£4.734 million).

As noted above, the ongoing restrictions in relation to the COVID-19 pandemic had an impact on the level of spend in 2020/2021. This impact is anticipated to continue into the new financial year.

The **Housing Capital Programme** spent £49.362 million in 2020/2021, 102.5% of its revised budget target. The net overspend was a combination of accelerated spend on the provision of additional housing supply offsetting an underspend on other Housing Investment Programme projects delayed due to the impact of COVID-19.

The focus of Housing Capital Programme expenditure on council housing stock was on the provision of additional housing and improvement and environmental works. The Housing Programme is ring-fenced and funded by the Housing Revenue Account, Government Grant, Borrowing and house/land sales.

As noted above, the level of spend on the Housing Programme has been impacted by the COVID-19 lockdown. This will continue into the new financial year and will impact on the 2021/2022 Programme.

*East Whitlawburn new build housing shown in the image below.*



The Capital Budget Monitoring Final Outturn – 2020/2021 for both Programmes was reported to Executive Committee on 23 June 2021.

The council is able to regulate its own capital spending limits within a Prudential Framework recommended by CIPFA and endorsed by the Scottish Government. As such, the repayment of borrowing, which falls as a future commitment against the council's Revenue Budget, must be affordable. The repayments form part of the approved revenue budget, and the spend and debt repayments remain within the Prudential Framework limits approved by the council. The ratio of financing costs to the council's Net Revenue Stream for 2020/2021 (Government Grant plus Council Tax Income) is 5.92%.

### Key Financial Ratios

In order to monitor financial performance and to supplement the figures contained within the Annual Accounts, the council prepares a number of financial ratios as a result of best practice guidance contained within the Prudential Code for Capital Finance in Local Authorities. These relate to the borrowing the council undertakes.

The following table provides information on these indicators:

Financial Indicator and Commentary	2020/2021 Forecast £m	2020/2021 Outcome £m
Debt/Long-term Borrowing		
Capital Financing Requirement (CFR) for the current year.	1,279	1,260
External Debt Levels for the current year. (Excluding Accrued Interest)	1,199	1,199
Gross Borrowing (External Debt Levels excluding PPP Finance Lease Liability)	1,035	1,035
Ratio of Financing Costs to Net Revenue Stream (as a %) which indicates how much of the council's net revenue budget is used for servicing debt:		
<ul style="list-style-type: none"> <li>General Services</li> </ul>	6.27%	5.92%
<ul style="list-style-type: none"> <li>Housing Revenue Account</li> </ul>	16.53%	16.31%

The Capital Financing Requirement (CFR) shows how much the council needs to borrow in order to fund its capital expenditure. The actual CFR for the year is £19 million less than forecast due to a reduction in borrowing required to fund the 2020/2021 capital programmes – reflecting the timing of spend across both capital programmes (General Services and HRA), as well as additional one-off funding which meant that we needed to borrow less.

For both External Debt levels as well as the level of Gross Borrowing, the actual is in line with the target for the year. The ratio of financing costs to net revenue stream for General Services shows what percentage of our income from Council Tax and Government Grant is used to pay for the costs of borrowing. For the Housing Revenue Account, the ratio shows how house rents have been used to pay for the cost of borrowing.

For General Services the ratio is less than forecast. This is due to the Net Revenue Stream being higher than forecast, reflecting additional funding from the Scottish Government to assist with the response to COVID-19.

For the Housing Revenue Account, the ratio is also lower than forecast due to lower borrowing costs than forecast and a small increase in income.

### Loans Fund Review

The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 (the 2016 Regulations) came into force on 1 April 2016. These regulations give councils more flexibility in making their debt repayments, by allowing them to repay their outstanding loan debt over a different period if it can be considered as prudent to do so.

In accordance with Regulations, the council has recalculated the repayments of General Fund loans fund advances to reflect the life of the assets associated with the debt. This has been calculated based on an asset life of 50 years and an annuity rate of 5%. Over the next 5 years, this will result in a benefit to the Council totalling £68 million, which has been used to manage the level of budget savings required across those years.

There was no recalculation of the repayments of HRA loans fund advances.

### Financial Planning

The council is operating in a climate of financial pressures with increasing cost burdens such as pay award, contract inflation and demands for social care provision, reducing grant settlements and the added financial burden of the Global Coronavirus Pandemic in early 2020.

Financial Planning is a key tool in managing these pressures and the council has a number of key documents which assist in this, and includes a [Long Term Revenue Budget Strategy](#) and a [Long Term Capital Strategy](#). A Revenue Budget Strategy is prepared every year along with an annual report on the Prudential Indicators, the [Treasury Management Strategy and the Annual Investment Strategy](#). This suite of reports lays out the position for the Council across the coming years and identifies the key areas of financial risk and pressure. The Revenue Budget Strategy for 2022/2023 was reported to the Executive Committee on 23 June 2021.



## Financial Outlook including Risks and Uncertainties

### COVID-19

These Accounts cover a full year of the pandemic, from April 2020 to end March 2021. The costs of responding to COVID-19 during 2020/2021 include the full costs of the various phases of lockdown, the additional costs for services implemented by the council during the lockdown, the loss of income experienced by services of the council, and the costs of bringing council services back on-stream and potentially working in a new and different way.

The financial impact on the council and the resulting loss of income during this period was closely monitored during the year and the final position is included in the 2020/2021 Outturn report to Executive Committee on 23 June 2021.

The report summarises the position and shows that after funding the costs incurred in 2020/2021, there is funding remaining to be carried into 2021/2022 to fund the cost of COVID-19 in that year. The overall position is a carry forward of £31.490 million.

	Outturn £m
Additional Resource Spend	24.508
Lost Income	7.299
Unspent Budget	(3.485)
Unachieved Savings	0.553
SLLC	0.139
<b>Total Expenditure per Cost of Recovery</b>	<b>29.014</b>
Add: Capital Spend	6.474
<b>Total COVID-19 Expenditure</b>	<b>35.488</b>
<b>Total COVID-19 Funding</b>	<b>(66.978)</b>
<b>Funding received in 2020/2021 to be c/f to 2021/2022</b>	<b>(31.490)</b>

The COVID-19 carry forward funding is £31.490 million and is split between Specific Funding of £14.291 million and General Funding of £17.199 million. Work continues to identify the anticipated financial impact of COVID-19 in the new financial year, and beyond.

### Outlook

The council's Budget Strategy indicates an expectation of financial pressure arising from a number of areas including grant reductions, pay awards and inflation. The overall result of these pressures is a significant budget shortfall for the coming years, and a continued need to make savings.

The [2022/2023 Revenue Budget Strategy and Savings](#) was presented to Elected Members on 23 June 2021. This is based on the best information available, including information from independent economic advisors, and assumes a reducing level of Government Grant going forward. It also presents a way forward for the coming years through the utilisation of Reserves as well as taking advantage of the ability to reprofile debt repayments and reduce costs in the coming 5 years. The resultant savings required across the coming years is summarised below:

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Total	24.747	22.396	27.866	11.806

### Risks and Uncertainties

In addition to the immediate impact and uncertainty brought about by the global coronavirus pandemic, there are a number of other risks and uncertainties faced by the council.

In looking at these areas of risk and uncertainty, it is important to note the council's governance arrangements. These are detailed in the Annual Governance Statement which sets out the proper arrangements for the governance of the council's activities, facilitating the effective exercise of its functions and including clear arrangements for the management of risk. The Annual Governance Statement can be found on page 21.

The council maintains a Risk Register which is updated on a regular basis by senior management and is presented to elected members. The latest reported version of the Risk Register was the Review of council's Top Risks/Year End Risk Management Report reported to committee in December 2020. The risk register is one of the key sources of assurance that inform the council's annual review of its governance arrangements.

The council's Top Risks (Very High level) are detailed below.

1. **COVID-19.** The council does not provide an adequate response to or recovery from the pandemic: maintaining critical services; delivering emergency response commitments as required as a Category One Responder; and protecting the wellbeing of employees and service users as far as reasonably practicable. This is a key risk as responding to/recovering from the pandemic will impact on everything that the council does.
2. **Reduction in council funding/income, as well as increased service demands, results in difficulties achieving savings and maintaining front line services.** This is a key risk due to the potential impact it can have on the council's financial position. The impact is mitigated by a sound financial planning process and good financial controls.
3. **The council is significantly affected by the impact of the UK leaving the European Union.** The financial impact of this cannot yet be quantified and the council is actively pursuing funding streams which will replace formerly European Union Funding.
4. **Failure to evidence progress against Social Work Care Inspectorate requirements.** A number of areas for improvement were identified by the Care Inspectorate in respect of specific elements of Social Work Registered Care at Home Services. Significant work has been undertaken by Social Work Resources to resolve this and to redesign services, resulting in improvements being noted in Care Inspectorate reports.
5. **Failure to meet the Council's sustainable development and climate change objectives.** The Council has a legislative requirement to reduce carbon emissions, adapt to a changing climate and act sustainably as a result of public sector climate change duties. Sustainable development and Climate Change is embedded within the Council Plan, Connect, as well as relevant Plans, Policies and Strategies. Progress in this area is reported to the newly formed Climate Change and Sustainability Committee.

These key risks as well as the remainder of the Council's high-level risks are shown below:

**Key risks:**

- COVID-19 pandemic
- Reduction in council funding/income, as well as increased service demands, results in difficulties achieving savings and maintaining front line services
- The council is significantly affected by the impact of the UK leaving the European Union
- Failure to evidence progress against Social Work Care Inspectorate requirements
- Failure to meet the council's sustainable development and climate change objectives
- Public protection
- Failure to fulfil emergency response commitments befitting the council's status as a Category One (emergency) responder
- Potential liability arising from claims of historic abuse
- Fraud, theft, organised crime and cyber attacks
- Failure to adequately prepare for the national expansion in early years education and child care provision
- Information governance not subject to adequate control
- The council fails to evidence delivery of actions necessary to achieve the objectives set out in the IJB Strategic Commissioning Plan
- Procurement practice and management of contracts
- IT development and functionality does not meet service requirements
- Lack of capacity and skills to meet increased service demands
- Adverse weather
- Death or injury to employees, service users or members of the public affected by council operations
- Failure to maintain the required pupil/teacher ratio
- Failure to achieve the outcomes of the Community Plan

Taken together, these risks and external influences represent a fast-changing environment, bringing opportunities as well as challenges, and driving the requirement for the council and its services to be open to new ways of working, to innovation and continuous improvement.



### **Supplementary Information Common Good and Trust Funds**

The council operates Common Good and Trust Fund accounts which record the financial transactions in relation to funds which the council administers. These do not represent charges or income to council tax payers. These are shown in pages 96-97 of the Accounts.

### **Our Group**

The council has adopted the recommendations of the Accounting Code of Practice in the United Kingdom 2020/2021 and has produced a full set of Group Accounts. These accounts incorporate any material balances from identified associates of the council, and include a Group Movement in Reserves Statement, a Group Balance Sheet, a Group Expenditure Funding Analysis Statement, a Group Income and Expenditure Statement and a Group Cash Flow.

By including the Group entities along with the Council's own Accounts, the effect on the Group Balance Sheet is an increase in both Reserves and Net Assets of £77.344m. This represents the Council's share of the net assets in these entities. The Group Accounts, including details of associates are included in pages 110-122. The Group membership has been updated for 2020/2021 (and the position restated for 2019/2020) to fully incorporate the South Lanarkshire Leisure and Culture Trust as a subsidiary as opposed to an associate. This is following consideration of the Guidance and the operation of the Trust.

### **More Information**

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

**Paul Manning**  
**Executive Director, Finance and Corporate Resources**

**Cleland Sneddon**  
**Chief Executive**

**Councillor John Ross**  
**Leader of the Council**

**South Lanarkshire Council**  
**Annual Governance Statement 2020/2021**

## **1. Scope of responsibility**

The residents of South Lanarkshire expect the council to conduct its business in a lawful and transparent way. In particular, the council has a duty to safeguard public money and account for it; and to continuously review and improve how its functions are discharged, focussing on the priorities of economy, efficiency and effectiveness.

The council is responsible for putting in place proper arrangements for the governance of its activities, facilitating the effective exercise of its functions including clear arrangements for the management of risk.

A [Local Code of Corporate Governance](#) (referred to as the “Code” from here on) has been approved and adopted. The Code is reviewed and updated annually and is consistent with the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework entitled ‘Delivering Good Governance in Local Government’.

This statement explains how the council has complied with the Code during 2020/2021 and meets legislative requirements to include the Annual Governance Statement within the Annual Accounts. It also sets out the significant changes to the council’s governance arrangements as a result of the global health pandemic (referred to as the “Pandemic” from here on).

## **2. The purpose of the council**

The [Council Plan, Connect 2017-22](#) sets out the council’s vision, values and objectives and what difference this will make to the residents and communities of South Lanarkshire. A mid-term review was finalised during 2020.

The council is also a statutory Community Planning Partner and the [Community Plan 2017-27](#) provides a common vision for the South Lanarkshire Community Planning Partnership and sets out how the partners aim to achieve that vision. An update of the plan was completed during 2020/2021.

The council has set the framework for strong corporate governance by having a clear vision and values which are outlined in the diagram below:-



## **3. The purpose of the council’s governance framework**

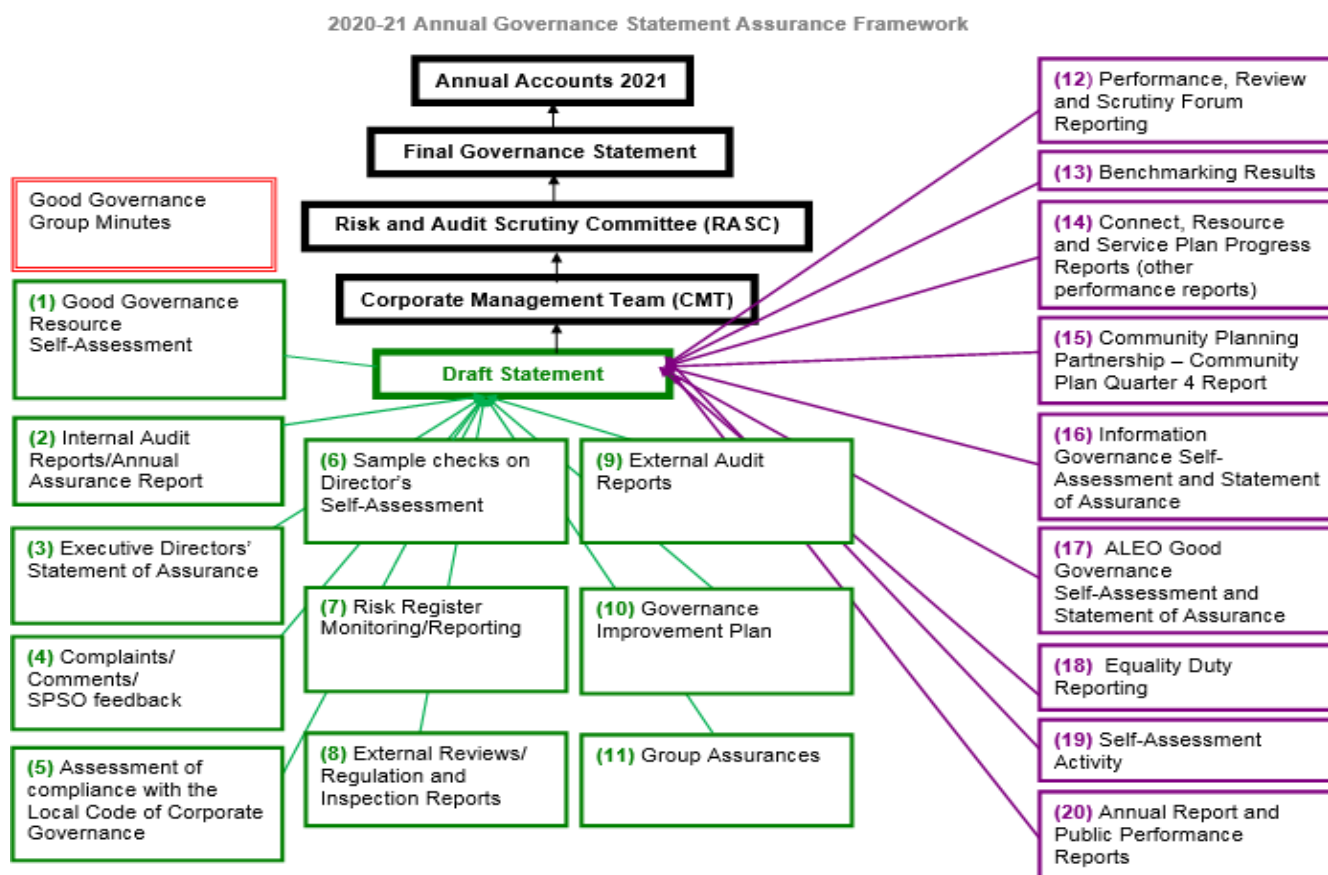
The governance framework comprises of the culture, values, systems and processes by which the council is directed and controlled. It describes the way the council is accountable to communities. It enables the council to monitor the achievement of its strategic objectives and consider whether these objectives have led to the delivery of appropriate and cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council’s aims and objectives by evaluating the likelihood and potential impact of those risks being realised. This enables the council to manage risk efficiently, effectively and economically.

The governance framework has been in place at South Lanarkshire Council for the year ended 31 March 2021 and up to the date of approval of the Annual Report and Accounts.

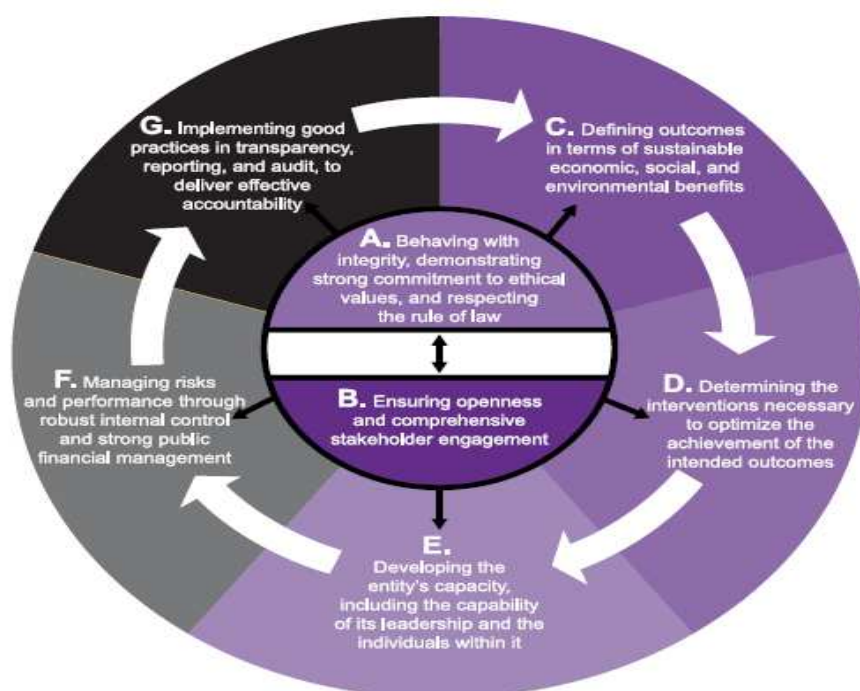
#### 4. How the council monitors and evaluates the effectiveness of its governance arrangements?

The council annually reviews the effectiveness of its governance arrangements. The key sources of assurance that inform this review and underpin the statements made within this document are shown in the diagram below. The diagram



#### 6. Key elements of the council's governance assurance framework

The council aims to achieve good standards of governance by adhering to the seven principles below, which form the basis of the council's Code. These principles are used each year to evaluate governance arrangements and identify areas for improvement.





The following table demonstrates how the council has complied with these principles and provides assurance as to how they are met. Significant elements of the systems and processes that comprise the council's governance arrangements and important changes/developments are described. Links to the key council documents referred to below can be found in Section 2 of the Code. The impact of the Pandemic has been included and additional commentary can be found at the end of this section. Commentary on the council's level of compliance with the CIPFA Financial Management Code can also be found at the end of this section.

<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</b>
<b>Links to council's values:</b> Accountable, effective, efficient and transparent; Working with and respecting others
<b>How we do this:</b>
<ul style="list-style-type: none"> <li>• The council's values and objectives provide clear direction to councillors and employees and are embedded in all policies and processes.</li> <li>• Standards of conduct and integrity were promoted through the national Code of Conduct for Councillors and by the Standards and Procedures Advisory Forum. This is supplemented by role profiles which have a core accountability to maintain the highest standards of conduct.</li> <li>• The Standards Commission for Scotland issued one decision notice, finding that a councillor had acted in breach of the Councillors Code of Conduct. This was reported to council in compliance with s18 Ethical Standards in Public Life, etc. (Scotland) Act 2000.</li> <li>• The employee Code of Conduct outlines standards of conduct and integrity. All breaches including reported cases of suspected unethical behaviour and non-compliance with the law/policy were investigated through the employee disciplinary process and the recommended actions taken.</li> <li>• Professional Codes of Conduct ensured that ethical standards were maintained and all breaches were investigated by the governing body.</li> <li>• To support integrity in decision making, the council has a number of committee procedural documents including decision making protocols known as the Scheme of Delegation, terms of reference documents, standing orders on procedures and contracts and financial regulations. Extended powers were granted to the Chief Executive under the Scheme of Delegation to allow him to take decisions in consultation with political group leaders on matters which would normally be subject to committee approval during the period when formal committee meetings, etc. were suspended in 2020 as a result of public health restrictions.</li> <li>• To ensure openness and transparency agendas and committee reports continued to be published to the council website at least five working days ahead of the scheduled meeting dates and minutes of decisions taken by the Chief Executive during this period were publicised on the council website on the day the meetings were scheduled to take place. Committee meetings resumed remotely via Microsoft Teams in June 2020 and the local democracy reporter was invited to attend remotely. Blended meetings with participation in person and via Microsoft teams resumed briefly in August 2020 however as a result of the reintroduction of public health restrictions committee meetings reverted to being held by Microsoft Teams.</li> <li>• To ensure openness and transparency in decision making processes, all declarations of interest made by councillors at meetings were recorded and made available online.</li> <li>• There are a range of policies such as the Counter Fraud, Bribery and Corruption Policy Statement and Strategy, Fraud Response Plan, Whistleblowing for Third Parties and Confidential Reporting procedures. These continue to be updated to reflect best practice and support a culture of ethical behaviour amongst employees and councillors.</li> <li>• Health and Safety compliance during 2019/2020 was assessed as being within the top rating band of "good".</li> <li>• Legal Services maintained an overview of Pandemic legislation and regulations and worked with services to ensure compliance.</li> </ul>
<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>
<b>Links to council's values:</b> Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs; Working with and respecting others
<b>How we do this:</b>
<ul style="list-style-type: none"> <li>• To ensure transparency and openness in decision making processes during the Pandemic, agendas, reports and decisions were published on the council's website and printed copies were available for public inspection for all committee and forum meetings (except the Standards and Procedures Advisory Forum). From January 2021, arrangements were put in place for subtitled recordings of all meetings to be posted on the council's YouTube channel. <a href="http://bit.ly/SL_Committees">http://bit.ly/SL_Committees</a>.</li> <li>• The <a href="#">Committee Management Information System</a> allows members of the public to register and be notified when committee and forum papers are published. The system also facilitates the creation of <a href="#">online petitions</a> to increase the potential reach of signatories.</li> <li>• The work of the council and key information from our partners is communicated regularly using a range of communication channels. The <a href="#">South Lanarkshire View</a> pages on the council website provide a dedicated source of local information and news for communities. A variety of social media channels are used to communicate updates and share information.</li> <li>• A suite of dedicated Pandemic pages providing advice, help and public health information were created and maintained on the council website.</li> <li>• A 'Let's Talk South Lanarkshire' campaign has been established and was used to engage local people in an initial discussion about their experiences of the Pandemic and will continue to be used for ongoing dialogue with communities on both the council and community planning priorities.</li> </ul>

- The council's Community Engagement Team continue their work to increase stakeholder engagement and involvement in decision making processes through the continued development of new Community Planning Partnership Neighbourhood Plans which are aimed at improving outcomes and reducing inequalities.
- The Community Planning Partnership published its first [Community Participation and Engagement Strategy 2020-2025](#) which is also available online in [BSL](#) and the council has produced an online course for employees to complement this.
- A partnership Participation and Engagement Group has been established to ensure that there is a consistent and co-ordinated approach to engaging with communities.
- The council carried circa 200 surveys and engagement activities with residents, employees and partners, and through the council's Citizens Panel to inform policy and service delivery. Further information on our surveys is published on the [council's website](#).
- To ensure inclusivity and help shape service delivery, the council co-ordinates regular engagement with targeted groups of people such as young people, older people, people with disabilities, unpaid carers, black and ethnic minorities, etc. Groups considered items such as the budget consultation, rent setting and performance reporting.
- The [Participation Requests](#) and [Community Asset Transfer](#) processes support communities to engage with the council to improve local outcomes.
- The council's performance [Spotlights](#) set out what the council has achieved and the [18 public performance reports](#) provide a comprehensive overview of service performance. These demonstrate the council's commitment to continuous improvement and achieving Best Value; summarise the progress that the council has made in meeting its objectives and how it is performing locally and nationally.
- The council's Digital Inclusion Strategy 2020-23 sets out the actions that the council will take to assist those people who are unable to get online to access services digitally. The council also leads on a partnership Digital Inclusion Group.
- A comprehensive range of information on how the council operates is available on the website. The [Freedom of Information Publication Scheme](#) ensures that key information about how the council works is accessible to the public.

#### **Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits**

##### **Links to council's values:**

Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs

##### **How we do this:**

- The council adapted approaches in response to the Pandemic to ensure processes continued to be effective, efficient and transparent.
- The council has a Capital Strategy that has a long-term outlook on future capital investment (up to 2027/2028). This document is underpinned by a suite of Asset Management Plans which are aligned with the council's objectives and focus on creating an efficient, fit-for-purpose and sustainable core estate that delivers best value in terms of investment, running costs and environmental impact.
- The Council Plan 2017-22 and Community Plan 2017-27 have clearly defined economic, social and environmental outcomes to be delivered during the period. In light of the Pandemic, priorities for both plans will be reviewed during 2021/2022.
- A new Community Wealth Building Strategy setting out the council's ambitions in relation to spending, workforce, land and property, finance and building the generative economy was approved in March 2021.
- Annual Resource Plans which deliver the objectives of the Council Plan were reviewed and updated. These plans outline the outcomes and actions to be achieved within the year and reference linkages with other key strategic plans of the council and partnership plans.
- The [Sustainable Development and Climate Change Strategy 2017-2022](#) which sets out the council's strategic outcomes in terms of the council, environment and communities for sustainable development and climate change during the period was developed using the principles of the United Nation's Sustainable Development Goals and to reduce the council's contribution to global warming. The new strategy is in development and will be published in April 2022.
- The council's [Climate Change and Sustainability Committee](#) oversees the delivery of the Sustainable Development and Climate Change Strategy 2017-2022, the council's transition to carbon neutrality and climate resilience.
- The council's new [Procurement Strategy 2020-23](#) which will be complemented by an annual action plan, sets out how value for money, national and local priorities will be delivered. It also demonstrates how the council will deliver the wider social, economic and environmental aims of procurement as required by the sustainable procurement duty.
- Sustainability principles are embedded in procurement processes and in recognition of the importance of our suppliers in achieving the council's aim to become more sustainable.
- Strategic Environmental Assessments (SEAs) were completed for all relevant council led policies, plans and strategies developed during 2020/2021.
- The [South Lanarkshire Local Development Plan 2](#) was adopted by the council on 9 April 2021. The spatial strategy of the plan is to encourage sustainable economic growth and regeneration, a move towards a low carbon economy, protect the natural and historic environment and mitigate against the impacts of climate change.
- A summary of the findings resulting from [Equality Impact Assessments](#) of the council's key decisions on service users, communities and businesses have been published on the council's website.
- Strategic decisions of the council have been subject to a Fairer Scotland Impact Assessment which considers how inequalities of outcome can be reduced.

#### **Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

##### **Links to council's values:**

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Focused on people and their needs; Working with and respecting others

##### **How we do this:**



- Key services were adapted and delivery was maintained throughout the Pandemic in line with Public Health guidance and Government guidance and legislation.
- There is a standard approach to identifying savings across the council. The council's efficiency programme is overseen by the Senior Management Team. Frameworks are in place for holding discussions with key stakeholders. Savings achievements are monitored monthly and reported to the Senior Management Team quarterly.
- The Financial Strategy which is aligned with the council's objectives was updated during the year to reflect the latest internal and external influences. This plan sets out the assumptions in terms of commitments, grant funding and efficiency requirement and demonstrates sound financial management and the ability to address projected funding gaps.
- The annual budget setting consultations took place with members of the public, councillors, trade unions and employees to inform savings proposals. There was over 2,000 responses to the online consultation, more than 4 times the previous year's response rate. The annual budget is open to scrutiny and amendment by councillors until the approval of the final budget.
- The council's Performance Management Framework has ensured that progress against intended outcomes has been regularly reported to Management Teams; Committees; and the Performance and Review Scrutiny Forum. Decisions and actions to address performance issues have been taken and monitored to ensure that they have been effective.
- The council has complied with its statutory and regulatory reporting requirements during the year.
- The Public Bodies (Joint Working Act) sets out those Adult Care Services that are delegated to the Integration Joint Board (IJB) as set out in the South Lanarkshire Integration Scheme. These services continue to be operationally delivered by the council in line with the strategic direction set out in the Strategic Commissioning Plan and annual IJB Directions.
- The council considers the specification and achievement of community benefits, which focus on the health, economic, social and environmental wellbeing of the South Lanarkshire area, when awarding contracts.
- To improve efficiency and effectiveness, the council is the lead authority for a range of collaborative projects and services delivered through the Clyde Valley Learning and Development Group.

**Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

**Links to council's values:**

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Excellent employer; Focused on people and their needs; Working with and respecting others

**How we do this:**

- A Leadership Challenge Programme which is linked to succession planning has been developed and will be rolled out during 2021.
- Learning and Development programmes were revised and employees at all levels can now access optional accredited management qualifications.
- Training requirements were identified and online learning and development opportunities including webinars and e-briefings were developed and offered to all councillors.
- Two surveys of all council employees working from home were undertaken during 2020. On both occasions, 87% of those who responded said that they felt working from home was a positive experience. Feedback from these surveys will be used to inform future agile working arrangements.
- A range of policies and activities are in place to support the Health and Wellbeing of employees including physical and mental health and these have been regularly communicated. Online wellbeing events were held in response to the new ways of working.
- The council recognises that skilled and motivated employees are a key asset. All employees have an annual performance appraisal which links to the council values and a Personal Development Plan. The council offers a range of training interventions to support employee development.
- The council has a comprehensive and coordinated approach to workforce planning which also supports succession planning. Each Resource reviews their workforce plan and related action plan to better understand workforce capacity issues, further challenges and opportunities to ensure that resources are in the right place, at the right time and people have the right skills. The council-wide Workforce plan 2020-23 has been revised to consider the workforce requirements as a result of the Pandemic response.
- Senior Managers have overseen the annual scrutiny of the council's assets through the review of a suite of Asset Management Plans. Service Asset Management Plans have been developed in line with CIPFA guidance and these feed into the Corporate Asset Management Plan which outlines priorities and provides an overview of how the council has performed in this area.
- The council's Scheme of Delegation, Financial Regulations, Standing Orders on Contracts and Terms of Reference ensured that committees, officers and statutory officers were clear on the decisions that could be made within their area of authority. This is supplemented by councillor's role profiles which outline the key purpose, specific and core accountabilities for each role.
- The council continues to work with a range of public sector, business and academic partners to improve outcomes for those living and working in South Lanarkshire. Strategic Partnerships include the Community Planning Partnership and the Glasgow City Region City Deal.
- In terms of the 2019/2020 Local Government Benchmarking Framework results, based on the information available at the end of January 2021, the council is performing better than the Scottish average levels for under half of the indicators. The results were analysed and an action plan developed which will be monitored by the Senior Management Team.
- The council takes a risk-based approach to self-assessment which is used to review and redesign services with a focus on fundamental change. Progress and the impact of improvement activity was reported to the Senior Management Team and the Performance and Review Scrutiny Forum.

<ul style="list-style-type: none"> <li>The council has a robust complaints process which is underpinned by national complaints handling standards. Complaints performance was regularly reported to Senior Management and committee and <a href="#">learning from complaints</a> which is integral to this process is also published on the council's website. Complaint handling procedures have been updated in line with national changes and communicated to all employees.</li> </ul>
<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>
<b>Links to council's values:</b> Accountable, effective, efficient and transparent; Ambitious, self-aware and improving
<b>How we do this:</b>
<ul style="list-style-type: none"> <li>The council, in partnership with Trade Unions, ensured that safe systems of work were in place through a robust risk assessment process, changes to working methods and supply of personal protective equipment.</li> <li>The council has put in place comprehensive arrangements for identifying, evaluating and controlling significant risks which threaten the council's ability to meet its objectives to deliver services to the public. There is also a robust process in place for compliance monitoring of the council's Risk Management Strategy, Resource Risk Registers and Control Plans.</li> <li>The annual end of year compliance statement evidenced that all Resources were compliant with Risk Management Strategic requirements.</li> <li>The council's risk scoring matrix was revised as an outcome of the 2020/2021 annual review of risks.</li> <li>The council's Internal Audit Service which complies with Public Sector Internal Audit Standards completed a revised annual programme of risk based audits with an objective of providing an opinion on the adequacy and effectiveness of the council's risk management, governance and internal control arrangements. Where improvements were required, action plans were developed and monitored and where necessary follow-up audit work completed.</li> <li>In response to changes in working practices and the introduction of new systems, for example to process Pandemic grants, Internal Audit has advised on key internal controls that should be maintained through the identification of alternative controls and has been involved in the development of new systems.</li> <li>Whilst the Information Governance Board did not meet from March to December 2020, assurances have been received from Executive Directors that they have followed the Information Governance operational arrangements in order to promote effective arrangements for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</li> <li>Information security incidents have continued to be monitored and considered for notification to the Information Commissioner's Office. Throughout the period, the council's Data Protection Officer provided advice and assistance to Resources in relation to meeting their obligations under UK General Data Protection Regulations (GDPR).</li> <li>The system of internal financial control is based upon the Financial Regulations which set out the rules to ensure robust internal control over the council's finances. Control is maintained through regular management information, management supervision and a structure of delegation and accountability.</li> <li>The cost of the Pandemic on the council's budgets has been closely monitored and regular reports have been presented to the Senior Management Team and Committee.</li> <li>External Audit of the council's accounts is robust and a "clean audit certificate" was issued for 2019/2020.</li> <li>Through a well-established Performance Management Framework, the council has clearly defined processes in place for the identification, monitoring and reporting of its objectives to ensure continued effectiveness and the achievement of Best Value. Progress is monitored and reported regularly to both managers and councillors. This includes areas of under-performance and the related improvement actions.</li> <li>Trustees of the South Lanarkshire Charitable and Educational Trusts received independent legal training setting out their duties and responsibilities in ensuring that the trusts operate in a manner designed to benefit communities.</li> <li>The Executive Director of Finance and Corporate Resources is a member of the council's Senior Management Team and as such, is integral in all major decisions taken by the council, and in material matters which are submitted to councillors for decision. This involvement fulfils the expectation of CIPFA in terms of the role of the Chief Financial Officer. The council has completed a self-assessment using the principles of the CIPFA Financial Management Code and an action plan has been developed to ensure full compliance by March 2022.</li> </ul>
<b>Principle G: Fair, Open and Sustainable; Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>
<b>Links to council's values:</b> Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Working with and respecting others
<b>How we do this:</b>
<ul style="list-style-type: none"> <li>The Good Governance Group has completed the annual review of governance arrangements at resource level and in line with the CIPFA/SOLACE Delivering Good Governance Framework. Governance improvement actions have also been identified and are included in Resource/Service Action Plans. Progress against actions including those highlighted as significant governance areas for action will be reported to the Senior Management Team and committee.</li> <li>In the 2019/2020 annual audit report, the external auditor commended the council's annual governance statement as good practice for the second year.</li> <li>All Directors completed their annual Statement of Assurance and where relevant assurances have been provided.</li> <li>The council prepares and publishes an Annual Governance Statement which is aligned with national guidance and reflects on the adequacy and effectiveness of the council's governance arrangements. This is independently considered by External Audit and published with the Annual Accounts and separately on a dedicated <a href="#">governance web page</a>.</li> <li>The annual review of governance arrangements for the council's at Arm's Length External Organisation (ALEO) and key external service providers has not highlighted any compliance issues.</li> <li>The annual review of the Local Code of Corporate Governance was completed and the revised Code was approved by committee and re-published on the council's website.</li> </ul>

- Whilst temporary decision making arrangements were put into place as a result of the Pandemic restrictions on people gathering, all agendas, reports and decisions continued to be published (except those exempt under the Local Government (Scotland) Act 1973) on the council's website. Arrangements were put in place for subtitled recordings of committee meetings which can be found on the council's YouTube page. [http://bit.ly/SL\\_Committees](http://bit.ly/SL_Committees).
- The Risk and Audit Scrutiny Committee considered the adequacy and effectiveness of the council's governance arrangements and internal control environment and approved the Annual Governance Statement and Accounts.
- Internal audit activity has continued to be reported to the Senior Management Team and to the Risk and Audit Scrutiny Committee.
- Internal Audit changed how their findings are presented to the Risk and Audit Scrutiny Committee to improve scrutiny.
- Outcomes from external audit and inspection activity was reported to the appropriate committee and action plans were developed for implementation where required.

## COVID-19 Pandemic Governance Arrangements

The 2019/2020 Governance Statement set out the initial impacts of the Pandemic on the council's governance arrangements. During 2020/2021, the council, its partners and local community organisations have continued to strengthen the partnership approach in response to the Pandemic. The council continues to manage the impacts of the Pandemic through robust resilience arrangements and controls.

As the council has moved through the different phases of response and recovery, changes to governance arrangements have been made to comply with national guidance and legislation. New ways of working have been put in place to continue to maintain the delivery of essential business of the council and to respond to the Pandemic. Priority services have been maintained throughout the Pandemic and many new services/processes established. Throughout the year, schools, nurseries, etc. have adapted in accordance with national decisions including home schooling through closures, blended learning and partial re-opening on a phased basis for some pupils.

Costs associated with the Pandemic have been met from funding provided by the Scottish Government and the council will continue to monitor the financial impact of the Pandemic into 2021/2022 and beyond. This will include working with South Lanarkshire Leisure and Culture on the impact of the Pandemic on their business and their recovery.

Plans for returning to 'business as usual' and 'Pandemic recovery' developed during June 2020 are being reviewed. The council and the Community Planning Partnership are currently reviewing their priorities which will be informed through ongoing dialogue with local communities, organisations and businesses.

As the Pandemic response eases, recovery will be a significant area of work for the council and its partners and is highlighted as such in Section 7 of this statement.

A timeline providing a summary of the impact of the pandemic on the council's governance arrangements is set out in Table 1 below:-

**Table 1 - Summary of the impact of the Pandemic on the council's governance arrangements**

Timeframe	Impact on the council's governance arrangements
March/May 2020	<ul style="list-style-type: none"> <li>• Category one emergency response co-ordinated through the Lanarkshire Resilience Partnership.</li> <li>• Non-statutory services temporarily suspended to redirect employees and assets to deliver statutory services and respond to the Pandemic. South Lanarkshire Leisure and Culture employees also re-deployed. New support roles included working in Care Homes, Pharmacies, the Community Wellbeing Helpline, Community Meals, Education and Food Hubs.</li> <li>• Face-to-face services suspended to comply with Pandemic restrictions.</li> <li>• Safe Systems of Work developed with Trade Unions to ensure the safety of employees and where relevant residents who are in receipt of services.</li> <li>• Provision of Emergency Childcare Hubs for key workers and vulnerable families.</li> <li>• Temporary decision-making arrangements put in place as set out in the Scheme of Delegation. Council business was considered by the Chief Executive with all political group leaders meetings. To ensure transparency reports and decisions were published on the council website.</li> <li>• Community Wellbeing Helpline established to provide support to communities. This was later combined with the National Assistance Helpline which supported individuals/families who were shielding/vulnerable.</li> <li>• New I.T. developments to support working from home and new ways of working were established.</li> <li>• Internal control measures adapted to reflect online working methods.</li> <li>• Strategic risks reviewed, COVID-19 risks adopted.</li> <li>• Capital programme put on hold.</li> <li>• Processes and controls put in place to administer new sources of government funding.</li> <li>• COVID-19 related spend, loss of income and forecasted budget shortfalls regularly reported to Senior Managers and Councillors.</li> <li>• Extension of financial support to individuals and families in terms of school meals, clothing allowance, etc.</li> </ul>

<b>Timeframe</b>	<b>Impact on the council's governance arrangements</b>
June/August 2020	<ul style="list-style-type: none"> <li>Recovery Plan developed and Recovery Working Groups and a Recovery Board established to oversee delivery and provide scrutiny.</li> <li>Committee and Forum meetings resumed online which included a period of blended meetings with some people connecting from a meeting room and others from home.</li> <li>Continued provision of the National Assistance and Community Wellbeing Helplines with additional Vitamin D assistance.</li> <li>All services suspended due to the Pandemic were reviewed using the council's Service Restart Framework which is aligned with the council's priorities.</li> <li>Following review and in accordance with government guidelines and public health advice, a phased return of suspended and face-to-face services resumed.</li> <li>A Pan Lanarkshire Economic Forum was established to support economic recovery.</li> <li>Internal Audit Plan updated to focus on known/emerging COVID-19 risks.</li> <li>Conversations with communities regarding the impacts of the Pandemic begin.</li> <li>Local Community Networks established.</li> <li>Continued administration of government funding.</li> <li>Continued provision of Emergency Childcare Hubs for key workers and vulnerable families.</li> <li>Continued provision of financial support to individuals and families in terms of school meals, clothing allowance.</li> </ul>
September/December 2020	<ul style="list-style-type: none"> <li>Council returns to a full Pandemic response as a result of the second wave of the Pandemic and national lockdown.</li> <li>Processes and controls put in place to administer new streams of government funding.</li> <li>Continued provision of National Assistance and Community Wellbeing Helplines now expanded to include Test and Protect Self Isolation Support and Grant.</li> <li>Premises, vehicles made available and employees deployed to deliver the Lanarkshire COVID-19 Vaccination, Contact Tracing and Community Testing programmes.</li> <li>Continued provision of Emergency Childcare Hubs for key workers and vulnerable families.</li> <li>Continued provision of financial support to individuals and families in terms of school meals, clothing allowance.</li> </ul>
January/March 2021	<ul style="list-style-type: none"> <li>Committee and Forum meetings now recorded and added to the council's YouTube channel for public viewing.</li> <li>Live streaming of Committee and Forum meetings tested.</li> <li>Continued provision of National Assistance and Community Wellbeing Helplines including Test and Protect Self Isolation Support and Grant</li> <li>Administration of government funding.</li> <li>Continued provision of Emergency Childcare Hubs for key workers and vulnerable families.</li> <li>Continued provision of financial support to individuals and families in terms of school meals, clothing allowance.</li> </ul>

## **CIPFA Financial Management Code**

The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability. The following information sets out the council's level of compliance with the Code.

The council has reviewed the principles of the FM Code as part of its internal governance process. A self-assessment was carried out during the shadow implementation year (2020/2021) which identified that the council had embedded 13 of the 17 principles of the Code in its normal business by the end of that financial year. For the remaining four principles which are not fully embedded, an action plan has been developed, to ensure full compliance by the end of the first full year of implementation (2021/2022). The action plan is summarised below and will be complete by March 2022:-

1. A detailed financial resilience assessment will be carried out;
2. A statement re the adequacy of reserves will be included in the 2022/2023 budget strategy paper;
3. It is proposed that, alongside our usual consultation process, we include key stakeholders in the development of medium and long-term financial plans; and
4. The council's Options Appraisal guidance and template will be re-issued to Resources via the Senior Management Team, to encourage its use in demonstrating value for money in decision-making.

## **6. Review of Effectiveness**

The review of governance arrangements for 2020/2021 has also considered the following assurance outcomes:-

### **Group Assurances**

In respect of the Joint Boards, Charities and Companies that fall within the council's group boundary, the review of their internal financial control systems is informed by:-

- Annual Governance Statements included in the respective financial statements of the Joint Boards;
- Assurances from company directors and/or other senior company officials; and

- The work of the relevant bodies respective external auditors (and where relevant internal auditors) and other interim reports.

The Executive Director of Finance and Corporate Resources, the council's Chief Financial Officer, has considered the effectiveness of the group's internal financial control system for the year ended 31 March 2021. It is the Executive Director of Finance and Corporate Resources' opinion that reasonable assurance can be placed on its effectiveness.

## Internal Assurance

It is the opinion of the council's Risk Management Service that a good level of assurance can be placed on the council's strategic risk control environment and a good level of assurance can be placed on the council's operational risk control environment.

It is the opinion of the council's Audit and Compliance Manager that, overall, reasonable assurance can be placed on the adequacy and effectiveness of the council's framework of governance, risk management and control arrangements for the year ending 31 March 2021.

## 7. Significant Governance Areas

The 2019/2020 Annual Governance Statement identified 12 significant governance areas that the council were working to address. Progress updates can be found on the council's website; see the Significant Governance Areas Update Q4 2020/2021. Of these areas, three have progressed and are now embedded in our processes, the other nine remain as significant areas of action for the council moving forward into 2021/2022 and will continue to be monitored as such.

Through the 2020/2021 annual governance review, the following areas which outline the actions being taken to address them have been identified as significant areas of work for the council during 2021/2022:-

No.	Areas identified in 2019/2020	Actions	Lead Officer
1	<b>COVID-19 Pandemic</b> The council will continue to respond to matters arising from the COVID-19 Pandemic	The council will continue to monitor national guidance; maintain ongoing resilience arrangements; and implement further measures as and when required in response to the Pandemic.  Corporate and Resource risk registers will continue to be monitored and updated to reflect national and local developments.	Chief Executive and all Directors
2	<b>COVID-19 Pandemic recovery</b> Recovery actions	As conditions improve, the council will deliver the right services in the right way, for the benefit of our residents and communities.	Chief Executive and all Directors
3	<b>I.T Infrastructure</b> Migration of computer systems to an external provider	<ul style="list-style-type: none"> <li>• Conduct procurement to identify and award contract for external hosting services.</li> <li>• Complete planning for migration of all computer systems from Caird Data Centre.</li> <li>• Complete preparatory work to set up new network hubs.</li> </ul> Commence move of IT systems to new provider.	Director of Finance and Corporate Resources
4	<b>Cyber Resilience</b> Compliance with legislative and regulatory policy	<ul style="list-style-type: none"> <li>• Maintaining Public Sector Network (PSN) accreditation and instilling an ethos of ongoing compliance.</li> <li>• Continued compliance and accreditation to Cyber Essentials Plus.</li> <li>• Moving forward working towards the guidelines outlined within the Scottish Public Sector Cyber Resilience Framework.</li> </ul> Continued awareness training for all SLC staff around the area of Cyber Resilience.	Director of Finance and Corporate Resources
5	<b>Participatory Budgeting</b> 1% of the council's budget to be subject to Participatory Budgeting	<p>All Scottish councils are required to commit 1% of their budget to Participatory Budgeting (with the "council budget" being defined as the council's Total Estimated Expenditure (TEE) less Assumed Council Tax Income both taken from the Government's Finance Settlement).</p> <p>Councillor's awareness sessions have been conducted and a webinar made available for councillors. The Executive Committee has agreed the first wave of services to be considered under Participatory Budgeting.</p>	Director of Finance and Corporate Resources

6	<b>Financial Challenges</b> Reduction in council funding, resulting in difficulties maintaining front line services	<p>The council faces a challenging situation in the medium to long-term because of reduced funding in real terms, rising costs and an increase in demand.</p> <p>The council has developed a long-term strategy which identifies budget pressures, future risks and uncertainties, and projects budget gaps to 2028/2029.</p> <p>The Budget Strategy for 2022/2023 will be updated and presented to councillors during autumn 2021.</p>	Director of Finance and Corporate Resources
7	<b>Integrated Joint Board – Health and Social Care</b> The need for the council to deliver the objectives set out in the Integrated Joint Board (IJB) Strategic Commissioning Plan 2019-22	<p>The current strategic direction set out and approved by the IJB is detailed within the Strategic Commissioning Plan. The council and NHS Board are required to deploy their resources in line with this strategic direction.</p> <p>The IJB issues Directions that set out the key actions to be delivered by the council during the year 2021/2022 and these Directions were agreed by the IJB at its special budget meeting in March 2021.</p> <p>The council will provide progress updates against Directions for which it is the lead organisation.</p>	Director, Health and Social Care, South Lanarkshire Health and Social Care Partnership
8	<b>Integrated Joint Board – Health and Social Care</b> The need for the council to deliver improvements within Care at Home to meet regulatory requirements	<p>Following inspection activity in the latter half of 2019, the Care Inspectorate identified concerns in the delivery of Care at Home services in both the Hamilton and Rutherglen/Cambuslang services.</p> <p>Individual Improvement Action Plans have been developed and progressed for Rutherglen and Hamilton Services. An overarching improvement plan has been developed and progress updates are overseen by the Care at Home Transformation Board. Regular updates on progress are provided to the Health and Social Care Partnership Senior Management Team; the council's Senior Management Team; the Social Work Committee; and the Integrated Joint Board.</p>	Director, Health and Social Care, South Lanarkshire Health and Social Care Partnership
9	<b>National expansion in early years education and childcare provision</b> The COVID-19 Pandemic and the various announcements by the Scottish Government for schools and educational settings has impacted on the delivery of 1140 hours early learning and childcare with a change to the target date now being August 2021	<p>In line with the Education Recovery Plan, a restart of the significant investment made through the capital programme to expand the delivery of 1140 hours has taken place. The support of council services has been instrumental in re-starting the building programme.</p> <p>Woodhill Early Learning and Childcare in Kirkmuirhill opened its doors to children and staff in September 2020. The nursery offers 63 places and is an important milestone in the expansion of early years' capacity (Target South Lanarkshire Council wide: 1658 places). Admissions were reviewed and places reallocated. All families (approximately 7300 children as at April 2021) have been allocated the statutory minimum of 600 hours, however, it has been possible to provide 1140 hours places to almost 6,000 (83%) eligible families. As the capital programme progresses, further 1140 hours places will increase.</p> <p>Approximately 2,200 families are accessing places through our contracted funded providers, all at 1140 hours. Regular monitoring and review will be undertaken and progress reports made to the council.</p>	Director of Education Resources
10	<b>Review of Community Planning</b> Provide support to the review of Community Planning arrangements	<p>During 2019, the Community Planning Partnership Board undertook a self-assessment of the current Community Planning arrangements. Improvement actions were later supplemented by the recommendations from the council's Best Value</p>	Director of Finance and Corporate Resources

		<p>Assurance Review and a group has been set up to take these forward.</p> <p>The review focuses on several key areas including structures, governance and accountability arrangements. The council will provide resources to support the implementation of the agreed actions.</p> <p>The proposal was approved by the Community Planning Partnership Board at their meeting in September 2020. This highlighted a two phase approach to implementation, with interim actions to be delivered during the 2021/2022 year leading to final improvements, particularly around structures, during 2022/2023 in order to ensure that the partnership is fit for purpose to deliver the outcomes within the new Community Plan, which will be created using a co-production model during 2021/2022.</p>	
11	<b>Community Wealth Building</b> Deliver the Community Wealth Building Strategy	<p>The Community Wealth Building Strategy which was approved in March 2021 will bring fundamental changes to how the council delivers its services and works with its partners and communities. Work has started to develop an action plan and performance monitoring and reporting arrangements. A robust assessment of risks will be undertaken and a risk register will be developed.</p> <p>Other key actions for delivery during 2021/2022 include the establishment of a Community Wealth Building Commission and engaging with Community Planning partners on the Community Wealth Building Principles.</p>	Director of Finance and Corporate Resources
12	<b>Sustainable Development and Climate Change</b>	<p>The council acknowledges the serious and immediate threat of climate change and is committed to accelerating the pace of action in response to the climate emergency and in Scotland's transition to a net-zero and climate resilient society and economy. During 2021/2022, a review of the council's Sustainable Development and Climate Change Strategy (2017-2022) will be carried out and concluded; and a new Strategy for 2022-2027 will be developed.</p>	Director of Community and Enterprise
13	<b>Economic Recovery and Renewal</b>	<p>Economic recovery from the Pandemic will incorporate the principles of Community Wealth Building and during 2021/2022 an Economic, 'Response, Recovery and Renewal' Strategy framed around the themes of: People; Place; and Business will be developed.</p> <p>The council will also lead on local economic recovery for South Lanarkshire businesses through promotion of local economic support networks and contribution to the pan-Lanarkshire Economic Forum.</p>	Director of Community and Enterprise
14	<b>Implement the outcomes following the Cross Party Working Group review of South Lanarkshire Leisure and Culture (SLLC)</b>	<p>The review of leisure and culture provision concluded on 19 May 2021. Outcomes to be implemented over the course of the year include changes to:-</p> <ul style="list-style-type: none"> <li>• governance arrangements (a new constitution will be developed, reflecting a modernised governance model. This will also involve a review of various Service Level Agreements that exist for the provision of shared services with the aim of strengthening the SLC/SLLC partnership);</li> <li>• pricing arrangements (SLLC will now have latitude to adjust commercial pricing without prior approval by the Council); and</li> <li>• Further engagement with community groups on community asset transfer of SLLC assets.</li> </ul>	Director of Community and Enterprise

## **8. Summary**

The annual review of governance arrangements across the council and overall compliance with the council's Code demonstrate sufficient evidence that the Code's principles of Delivering Good Governance in Local Government operated effectively and that the council complies with its Code.

During 2021/2022, steps will be taken to address the significant governance areas highlighted in this statement to further strengthen the council's governance arrangements and evidence our commitment to continuous improvement.

**Councillor John Ross**  
**Leader of the Council**

**Signature:**

**Date: 22 June 2021**

**Cleland Sneddon**  
**Chief Executive**

**Signature:**

**Date: 22 June 2021**



## **Statement of Responsibilities**

### **The council is required to:**

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). South Lanarkshire Council has designated the Executive Director of Finance and Corporate Resources as the officer with these responsibilities.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014 and the Coronavirus (Scotland) Act 2021), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- approve the Annual Accounts for signature.

**Councillor John Ross**  
Leader of the Council

### **Executive Director of Finance and Corporate Resources' responsibilities**

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

In preparing the Annual Accounts, the Executive Director of Finance and Corporate Resources has:

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

The Executive Director of Finance and Corporate Resources has also:

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

### **Annual Accounts**

I certify that the financial statements give a true and fair view of the financial position of the council (and its group) at the reporting date and the transactions of the council (and its group) for the year ended 31 March 2021.

**Paul Manning**  
Executive Director  
(Finance and Corporate Resources)

South Lanarkshire Council

Date: 22 June 2021

## Remuneration Report

### Remuneration Policy

#### Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Officers of Scottish local authorities. Circular CO/150 sets the amount of salary for Chief Officers and the Chief Executive of South Lanarkshire Council for 2018/2019 to 2020/2021.

#### Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended most recently by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2020 (SSI 2020/26). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (or Provost), Senior Councillors or Councillors. The Leader of the Council and the Civic head (or Provost) cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2020/2021 the salary for the Leader of the Council is £41,662. The Regulations permit the Council to remunerate one Civic Head or Provost. The regulations set out the maximum salary that may be paid to that Civic Head. The Council follows the regulations and pays a salary of £31,248 to the Provost.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of its Senior Councillors shall not exceed £466,455 (excluding the Leader and Provost). The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors up to a maximum of 19 and their salary within these maximum limits.

In 2020/2021, the Council had 18 Senior Councillors and the salary paid to these councillors totalled £445,014. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme.

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

#### Audit Arrangements

All information disclosed in the tables numbered 1 to 6 in this Remuneration Report will be audited by the Council's auditors, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

Note 14 to the Accounts contains total payments made to all Councillors and will be audited as part of the audit of the Financial Statements and supplementary Notes to the Accounts.

**Table 1 – General Pay Band Disclosure for Senior Employees**

<b>Annual Remuneration</b>	<b>2020/21 Number of Employees</b>	<b>2019/20 Number of Employees</b>
<b>50,000 - 54,999</b>	<b>351</b>	<b>331</b>
<b>55,000 - 59,999</b>	<b>180</b>	<b>172</b>
<b>60,000 - 64,999</b>	<b>138</b>	<b>138</b>
<b>65,000 - 69,000</b>	<b>47</b>	<b>42</b>
<b>70,000 - 74,999</b>	<b>21</b>	<b>16</b>
<b>75,000 - 79,999</b>	<b>4</b>	<b>4</b>
<b>80,000 - 84,999</b>	<b>1</b>	<b>1</b>
<b>85,000 - 89,999</b>	<b>6</b>	<b>6</b>
<b>90,000 - 94,999</b>	<b>5</b>	<b>8</b>
<b>95,000 - 99,999</b>	<b>17</b>	<b>14</b>
<b>100,000 - 104,999</b>	<b>2</b>	<b>3</b>
<b>105,000 - 109,999</b>	<b>1</b>	<b>-</b>
<b>110,000 - 134,999 (Note 1)</b>	<b>-</b>	<b>-</b>
<b>135,000 - 139,999</b>	<b>-</b>	<b>4</b>
<b>140,000 - 144,999</b>	<b>4</b>	<b>-</b>
<b>145,000 - 149,999</b>	<b>1</b>	<b>-</b>
<b>150,000 - 154,999</b>	<b>-</b>	<b>1</b>
<b>155,000 - 159,999</b>	<b>-</b>	<b>-</b>
<b>160,000 - 164,999</b>	<b>1</b>	<b>-</b>

Note 1: These are merged pay bands covering more than £5,000 due to the fact that no employees fell into these bands in either financial year.

## Disclosure of Exit Packages

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

**Table 2 – Exit Packages**

Exit package cost band (including special payments) £	Number of Compulsory Redundancies 2020/21	Number of Compulsory Redundancies 2019/20	Number of Other Departures Agreed 2020/21	Number of Other Departures Agreed 2019/20	Total Number of Exit Packages by cost Band 2020/21	Total Number of Exit Packages by cost Band 2019/20	Cash Value £ 2020/21	Notional CAY Value £ 2020/21	Total Cost Of Exit Packages In Each Band £ 2020/21	Cash Value £ 2019/20	Notional CAY Value £ 2019/20	Total Cost Of Exit Packages In Each Band £ 2019/20
0 - 20,000	-	-	-	-	-	-	-	-	-	-	-	-
20,001 - 40,000	-	-	-	-	-	-	-	-	-	-	-	-
40,001 - 60,000	-	-	-	-	-	-	-	-	-	-	-	-
60,001 - 80,000	-	-	-	-	-	-	-	-	-	-	-	-
80,001 - 100,000	-	-	-	-	-	-	-	-	-	-	-	-
100,001 - 150,000	-	-	-	1	-	1	-	-	-	24,109	125,053	149,162
>150,000	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>1</b>	-	<b>1</b>	-	-	-	<b>24,109</b>	<b>125,053</b>	<b>149,162</b>
<b>Provision</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total incl Provisions</b>	-	-	-	<b>1</b>	-	<b>1</b>	-	-	-	<b>24,109</b>	<b>125,053</b>	<b>149,162</b>

There were no exit packages agreed by the Council in 2020/2021, therefore the total cost of exit packages shown for 2020/2021 totals is nil.

The table does not include any provisions as there are no known exit packages that relate to employees who will leave the Council in the coming year (2021/2022).

## Disclosure of Remuneration

The tables below provide details of the remuneration paid to the Council's Senior Employees and Senior Councillors and to the Chief Executive of Routes to Work South which is a subsidiary of South Lanarkshire Council. Comparative figures for 2019/2020 have been shown if they were in post at that time. We have also disclosed the remuneration of Councillors who hold Convenor and Vice-Convenor roles with Joint Boards. The Council pays the Councillor on behalf of the Joint Board for their role and recovers these charges from the Joint Board. The annual return of Councillors' remuneration for 2020/2021 is available on the Council's website ([www.southlanarkshire.gov.uk](http://www.southlanarkshire.gov.uk)).

**Table 3 – Senior Officers**

Post	Salary / fees £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2020/21 Total £	2019/20 Total £
C Sneddon Chief Executive (From 6 January 2020)	164,701	-	-	-	164,701	37,281  (Full Year Equivalent 156,755)
P Manning Executive Director of Finance and Corporate Resources	147,802	-	-	-	147,802	153,576
V De Souza Executive Director of Health and Social Care (Note 1)	140,113	-	-	-	140,113	136,032
D Lowe Executive Director of Housing and Technical Resources	140,113	-	-	-	140,113	136,032
T McDaid Executive Director of Education Resources	140,113	-	-	-	140,113	136,032
M McGlynn Executive Director of Community and Enterprise Resources	140,113	-	-	-	140,113	136,865
L Purdie Chief Social Work Officer	105,078	-	-	-	105,078	102,030
2019/20 senior officers where post holders are no longer in post	-	-	-	-	-	88,988
<b>Total</b>	<b>978,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>978,033</b>	<b>926,836</b>

The senior employees included in the table include any local authority employee:

- Who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons.
- Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

Note 1 While the Executive Director of Health and Social Care is contractually employed by the Council, a proportion of their total remuneration is funded by the South Lanarkshire Health and Social Care Partnership in respect of their role as Chief Officer of the Partnership.

**Table 4 - Senior Employees of the Council's Subsidiary Bodies**

Name and Post	Salary/fees	Taxable Expenses £	Compensation for Loss of office £	Any other Remuneration £	2020/21 Total £	2019/20 Total £
D Booth General Manager of South Lanarkshire Leisure and Culture Ltd (From 10 February 2020)	95,296	-	-	-	95,296	13,131 (Full Year Equivalent 92,522)
S Barr Chief Executive of Routes to Work South	69,883	-	-	-	69,883	67,848
2019/20 senior employees where post holders are no longer in post	-	-	-	-	-	51,290
<b>Total</b>	<b>165,179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,179</b>	<b>132,269</b>

**Table 5 - Remuneration of Senior Councillors and Convenors and Vice-Convenors of Joint Boards**

The table below shows the full year remuneration for all senior councillors in 2020/2021. This includes senior councillors who started or ended their role during the year.

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2020/21 Total £	2019/20 Total £
A Allison Opposition Leader - Conservative	23,630	-	-	-	23,630	23,122

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2020/21 Total £	2019/20 Total £
J Anderson Community and Enterprise Resources Committee Chair	27,099	-	-	-	27,099	26,515
J Bradley Social Work Resources Committee Chair	27,099	-	-	-	27,099	26,515
A Buchanan East Kilbride Area Committee Chair	21,320	-	-	-	21,320	20,861
M Chalmers Depute Leader of the Council	27,099	-	-	-	27,099	26,515
G Convery Depute Opposition Leader - Labour (From 30 May 2019)	23,630	-	-	-	23,630	19,448 (Full Year Equivalent 23,122)
P Craig Business Manager Majority Party	27,099	-	-	-	27,099	26,515
M Devlin Business Manager - Opposition (From 19 September 2019)	21,320	-	-	-	21,320	11,145 (Full Year Equivalent 20,861)
M Donnelly Hamilton Area Committee Chair	21,320	-	-	-	21,320	20,861
I Dorman Planning Committee Chair (From 29 May 2019)	27,099	-	-	-	27,099	22,374 (Full Year Equivalent 26,515)
J Fagan Opposition Leader - Labour	27,099	-	-	-	27,099	26,515

Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2020/21 Total £	2019/20 Total £
R Lockhart Clydesdale Area Committee Chair	21,320	-	-	-	21,320	20,861
K Loudon Education Resources Committee Chair	27,099	-	-	-	27,099	26,515
I McAllan Provost	31,248	-	-	-	31,248	30,575
G Miller Finance and Corporate Resources Committee Chair	27,099	-	-	-	27,099	26,515
C Nugent Cambuslang and Rutherglen Area Committee Chair	21,320	-	-	-	21,320	20,861
J Ross Leader of the Council	41,662	-	-	-	41,662	40,765
D Shearer Licensing Committee Chair	21,320	-	-	-	21,320	20,861
C Stevenson Depute Provost	25,943	-	-	-	25,943	25,385
J Wilson Housing and Technical Resources Committee Chair	27,099	-	-	-	27,099	26,515
2019/20 senior councillors where post holders are no longer in post	-	-	-	-	-	15,495
<b>Total</b>	<b>517,924</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>517,924</b>	<b>504,734</b>
<b>Councillors with Joint Board Responsibilities</b>						
L Hamilton Depute Convenor Lanarkshire Valuation Joint Board	21,204	-	-	-	21,204	20,748
<b>Total</b>	<b>21,204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,204</b>	<b>20,748</b>



The Council is reimbursed by Lanarkshire Valuation Joint Board for the additional remuneration that the Council paid to the member for being a Depute Convenor (equivalent to Vice Convenor) of the Joint Board.

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

- Recharge to Lanarkshire Valuation Joint Board in 2020/2021 - £3,336 (2019/2020 - £3,267)

## Pension Rights

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

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

Local government employees had a final salary pension scheme prior to 1 April 2015. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. As of 1 April 2015, local government employees are now part of a defined benefit pension scheme worked out on a career average basis. Benefits built up are calculated using pensionable pay each scheme year, rather than final salary. All benefits built up prior to this date are protected.

From 1 April 2009, a five-tier contribution system was introduced with contributions from scheme members based on how much pay falls into each tier. This is designed to give more equality between the costs and benefits of scheme membership. Under The Local Government Pension Scheme (Scotland) Regulations 2014, the earnings ranges used to determine annual contribution rates are to be increased each year by any increase applied to pensions under the Pensions (Increase) Act 1971. In accordance with this the salary bands for 2019/2020 were uprated by the Consumer Prices Index (CPI) increase for 2020/2021.

The member contribution rates and tiers for 2020/2021 are shown below along with those that applied in 2019/2020:

Pensionable Pay	Contribution rate 2020/21	Pensionable Pay	Contribution Rate 2019/20
On earnings up to an including £22,200	5.50%	On earnings up to an including £21,800	5.50%
On earnings above £22,200 and up to £27,100	7.25%	On earnings above £21,800 and up to £26,700	7.25%
On earnings above £27,100 and up to £37,200	8.50%	On earnings above £26,700 and up to £36,600	8.50%
On earnings above £37,200 and up to £49,600	9.50%	On earnings above £36,600 and up to £48,800	9.50%
On earnings above £49,600	12.00%	On earnings above £48,800	12.00%

From April 2015, if a person works part-time their contribution is based on their part-time pay. Prior to this, if a person worked part-time, their contribution rate was worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

From 1 April 2015, benefits are calculated on the basis of a revalued annual pension built up of 1/49<sup>th</sup> of pensionable pay each year, plus inflation to keep up with the cost of living. Prior to this date, the accrual rate guaranteed a pension based on 1/60<sup>th</sup> of final pensionable salary and years of pensionable service and prior to 2009 the accrual rate guaranteed a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> of final pensionable salary and years of pensionable service.

The value of the benefits has been calculated without exercising any option to commute pension entitlement into a lump sum and without any adjustment for the effects of future inflation.

In those cases where members have transferred pension entitlements from previous employments, the pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment. It also reflects both employer and employee contributions.

**Table 6 – Pension Benefits: Senior Employees**

The Pension entitlement of Senior Employees for the year to 31 March 2021 are shown in the table below, together with the contribution made by the council to each senior employees' pension during the year. The accrued pension benefit reflects both the employer and the employee contributions.

Name and Post Title		Accrued Pension Benefits to 31 March 2021 £000	Movement in Accrued pension Benefits since 31 March 2020 £000	Pension Contribution Made by the Council 2020/21 £	Pension Contribution Made by the Council 2019/20 £
C Sneddon Chief Executive (From 6 January 2020)	Pension Lump Sum	72 118	6 6	31,787	7,195
P Manning Executive Director	Pension Lump Sum	63 92	5 3	28,526	27,695
V De Souza Executive Director	Pension Lump Sum	51 66	4 2	27,042	26,254
D Lowe Executive Director	Pension Lump Sum	60 89	5 3	27,042	26,254
T McDaid Executive Director	Pension Lump Sum	44 71	3 -	27,042	26,254
M McGlynn Executive Director	Pension Lump Sum	66 106	5 3	27,042	26,254
L Purdie Chief Social Work Officer	Pension Lump Sum	46 74	3 2	20,280	19,691
2019/20 senior officers where post holders are no longer in post					17,175
<b>Total</b>				<b>188,761</b>	<b>176,772</b>

All senior employees shown in the table above are members of the Local Government Pension Scheme (LGPS). Where employees have joined the council but not transferred previous employment pension benefits into the Strathclyde Pension Fund the pension figures shown relate only to their current appointment, otherwise the figures shown relate to the benefits that the pension has accrued as a consequence of their total local government service including payments for election duties.

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

Name and Post Title		Accrued Pension Benefits to 31 March 2021 £000	Movement in Accrued pension Benefits since 31 March 2020 £000	Pension Contribution 2020/21 £	Pension Contribution 2019/20 £
D Booth General Manager of South Lanarkshire Leisure and Culture Ltd (From 10 February 2020)	Pension Lump Sum	2 -	2 -	19,205	2,534
S Barr Chief Executive of Routes to Work South	Pension Lump Sum	- -	- -	5,590	5,428
2019/20 senior employees where post holders are no longer in post				-	9,762
<b>Total</b>				<b>24,795</b>	<b>17,724</b>

Routes to Work South operates a defined contributions scheme for its employees. Accordingly, the only information to be provided in respect of its senior employees is the amount of any pension contributions made to that scheme by the subsidiary body.

**Table 8 – Pension Benefits: Senior Councillors**

The Pension entitlement of Senior Councillors for the year to 31 March 2021 are shown in the table below, together with the contribution made by the council to each Senior Councillors’ pension during the year. The accrued pension benefit reflects both the employer and the employee contributions.

Name and Post Title		Accrued Pension Benefits to 31 March 2021 £000	Movement in Accrued pension Benefits since 31 March 2020 £000	Pension Contribution Made by the Council 2020/21 £	Pension Contribution Made by the Council 2019/20 £
A Allison Opposition Conservative Leader	Pension Lump Sum	2 -	1 -	4,561	4,463

Name and Post Title		Accrued Pension Benefits to 31 March 2021	Movement in Accrued pension Benefits since 31 March 2020	Pension Contribution Made by the Council 2020/21	Pension Contribution Made by the Council 2019/20
		£000	£000	£	£
J Anderson Community and Enterprise Resources Committee Chair	Pension Lump Sum	6 2	1 -	5,230	5,117
J Bradley Cambuslang and Rutherglen Area Committee Chair	Pension Lump Sum	2 -	1 -	5,230	5,117
A Buchanan East Kilbride Areas Committee Chair	Pension Lump Sum	5 1	1 -	4,115	4,026
M Chalmers Depute Leader of the Council	Pension Lump Sum	2 -	- -	5,230	5,117
P Craig Business Manager Majority Party	Pension Lump Sum	6 2	1 1	5,230	5,117
M Devlin Business Manager - Opposition (From 19 September 2019)	Pension Lump Sum	3 -	- -	4,115	2,151
I Dorman Planning Committee Chair (From 29 May 2019)	Pension Lump Sum	4 -	1 -	5,230	4,318
J Fagan Opposition Leader – Labour	Pension Lump Sum	2 -	1 -	5,230	5,117
K Loudon Education Resources Committee Chair	Pension Lump Sum	2 -	- -	5,230	5,117
I McAllan Provost	Pension Lump Sum	2 -	- -	6,031	5,901
G Miller Finance and Corporate Resources Committee Chair	Pension Lump Sum	4 -	1 -	5,230	5,117
J Ross Leader of the Council	Pension Lump Sum	4 -	1 -	8,041	7,868

Name and Post Title		Accrued Pension Benefits to 31 March 2021 £000	Movement in Accrued pension Benefits since 31 March 2020 £000	Pension Contribution Made by the Council 2020/21 £	Pension Contribution Made by the Council 2019/20 £
D Shearer Licensing Committee Chair	Pension Lump Sum	7 7	- -	4,115	4,026
C Stevenson Depute Provost	Pension Lump Sum	2 -	1 -	5,007	4,899
2019/20 senior councillors where post holders are no longer in post or are no longer a member of a pension fund	Pension Lump Sum	-	-	-	2,990
<b>Total</b>				<b>77,825</b>	<b>76,461</b>
<b>Councillors with Joint Board Responsibilities</b>					
L Hamilton Depute Convenor Lanarkshire Valuation Joint Board	Pension Lump Sum	3 -	- -	4,092	4,004
<b>Total</b>				<b>4,092</b>	<b>4,004</b>

All Senior Councillors shown in the table above are members of the Local Government Pension Scheme (LGPS). The pension figures shown relate to the benefits that the pension has accrued as a consequence of their total local government service and not just their current appointment.

The council is reimbursed by the Joint Board for the additional pension contributions paid by the council for the Depute Convenor (equivalent of Vice-Convenor) of such a Joint Board.

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

Recharge to Lanarkshire Valuation Joint Board in 2020/2021 - £644 (2019/2020 - £630)

### Trade Union Facility Time

In addition to the regulation governing Senior Employees and Councillors, the Trade Union (Facility Time Publication Requirements) Regulations 2017, which apply from 1 April 2017, require public sector employers to collect and publish a range of information on trade union facility time in respect of their employees who are Trade Union Representatives. The figures below cover the period 1 April 2020 to 31 March 2021 and include employees of South Lanarkshire Council, South Lanarkshire Leisure and Culture, SEEMIS and Lanarkshire Valuation Joint Board.

### Relevant Trade Union Officials

Number of employees who were relevant union officials during the relevant period	185
FTE Employee Number	174.1

### Percentage of Time Spent on Facility Time

% Time	Number of Representatives
0%	52
1% - 50%	124
51% - 99%	3
100%	6

### Percentage of Pay Bill Spent on Facility Time

Total cost of facility time	£518,592
Total pay bill	£572,124,194
Percentage of the total pay bill spent on facility time	0.09%

### Paid Trade Union Activities

Time spent on paid Trade Union activities as a percentage of total paid facility time hours	6.04%
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Councillor John Ross  
Leader of the Council

Date: 22 June 2021

Cleland Sneddon  
Chief Executive

Date: 22 June 2021

## Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the council (i.e. government grants, rents, fees and charges, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the council in accordance with the CIPFA Accounting Code of Practice. The Expenditure and Funding Analysis 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 xx. The segmental analysis in the Expenditure and Funding Analysis reflects the council's management structure, as reported to the relevant Committees during the financial year.

2019/20				2020/21		
Net Expenditure Chargeable To the General Fund And HRA Balance £000	(Note 4) Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable To the General Fund And HRA Balance £000	(Note 4) Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
110,864	30,970	141,834	Community and Enterprise Resources	116,749	25,336	142,085
338,325	(24,033)	314,292	Education Resources	343,155	(13,110)	330,045
34,616	7,017	41,633	Finance and Corporate Resources	35,851	5,993	41,844
			Housing and Technical Resources			
(240)	(5,445)	(5,685)	- Housing Revenue Account	(2,569)	(3,425)	(5,994)
16,950	7,678	24,628	- Housing Other	22,253	6,385	28,638
166,858	16,934	183,792	Social Work Resources	173,119	13,769	186,888
2,150	-	2,150	Joint Board	1,966	-	1,966
1,460	(15,107)	(13,647)	Corporate Items	3,476	(324)	3,152
-	114	114	Corporate and Democratic Core (HRA)	-	108	108
-	-	-	Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-
<b>670,983</b>	<b>18,128</b>	<b>689,111</b>	<b>Net Cost of Services</b>	<b>694,000</b>	<b>34,732</b>	<b>728,732</b>
(654,481)	(37,418)	(691,899)	Other (Income) and Expenditure	(730,527)	(51,948)	(782,475)
<b>16,502</b>	<b>(19,290)</b>	<b>(2,788)</b>	<b>(Surplus) or Deficit</b>	<b>(36,527)</b>	<b>(17,216)</b>	<b>(53,743)</b>

General Fund	HRA	Total General Fund and HRA		General Fund	HRA	Total General Fund and HRA
(82,785)	(9,011)	(91,796)	Opening General Fund and HRA Balance	(75,579)	(9,713)	(85,292)
16,742	(240)	16,502	Less/plus (Surplus) or Deficit on General Fund	(33,958)	(2,569)	(36,527)
(9,536)	(462)	(9,998)	Transfers to/from Other Reserves	(1,872)	(502)	(2,374)
(75,579)	(9,713)	(85,292)	Closing General Fund and HRA Balance	(111,409)	(12,784)	(124,193)



## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with the CIPFA Accounting Code of Practice, rather than the amount to be funded from taxation. The council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis and Movement in Reserves Statements.

2019/20				2020/21			
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000	
181,943	40,109	141,834	Community and Enterprise Resources	173,666	31,581	142,085	
347,718	33,426	314,292	Education Resources	378,580	48,535	330,045	
119,685	78,052	41,633	Finance and Corporate Resources	118,047	76,203	41,844	
			Housing and Technical Resources				
85,318	91,003	(5,685)	- Housing Revenue Account	88,962	94,956	(5,994)	
71,305	46,677	24,628	- Housing Other	74,871	46,233	28,638	
394,774	210,982	183,792	Social Work Resources	420,450	233,562	186,888	
2,150	-	2,150	Joint Board	2,465	499	1,966	
(13,096)	551	(13,647)	Corporate Items	8,369	5,217	3,152	
114	-	114	Corporate and Democratic Core (HRA)	108	-	108	
-	-	-	Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-	
<b>1,189,911</b>	<b>500,800</b>	<b>689,111</b>	<b>Net Cost of Services</b>	<b>1,265,518</b>	<b>536,786</b>	<b>728,732</b>	
-	1,262	(1,262)	Other Operating Expenditure (Note 9)	-	27	(27)	
76,488	2,772	73,716	Financing and Investment (Income) and Expenditure (Note 10)	72,082	1,067	71,015	
-	764,353	(764,353)	Taxation and Non Specific Grant Income (Note 11)	-	853,463	(853,463)	
<b>1,266,399</b>	<b>1,269,187</b>	<b>(2,788)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>1,337,600</b>	<b>1,391,343</b>	<b>(53,743)</b>	
		(107,963)	(Surplus) / Deficit on Revaluation of Fixed Assets			(216,241)	
		(242,093)	Re-measurement of the Net Defined Benefit Liability / (Asset)			50,535	
		<b>(350,056)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(165,706)</b>	
		<b>(352,844)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(219,449)</b>	

**Note 1** Internal recharges totalling £81.956m have been removed from the figures (2019/2020: £83.667m).

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories.

- The first category of reserves are usable reserves, that is those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- The second category of reserves is those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2020 £000		Note	31 March 2021 £000
3,241,866	Property, Plant and Equipment	20	3,517,195
3,826	Heritage Assets	21	3,826
129	Intangible Assets	21	239
2,065	Long Term Debtors		1,859
<b>3,247,886</b>	<b>Non Current Assets</b>		<b>3,523,119</b>
62,658	Short Term Investments		48,019
3,580	Inventories		3,780
68,516	Short Term Debtors	23	83,979
819	Assets Held for Sale	21	819
89,348	Cash and Cash Equivalents (see cash flow notes)		109,734
<b>224,921</b>	<b>Current Assets</b>		<b>246,331</b>
(39,393)	Short Term Borrowing	32	(50,028)
(160,649)	Short Term Creditors	25	(169,110)
(156)	Contract Liability – IFRS15	7	-
(7,704)	Other Short Term Liabilities (PPP / Finance Leases)	28	(7,452)
(521)	Provisions	26	(5,412)
(2,033)	Receipts in Advance	27	(12,039)
<b>(210,456)</b>	<b>Current Liabilities</b>		<b>(244,041)</b>
(704)	Long Term Provisions	26	(673)
(1,005,540)	Long Term Borrowing	32	(964,586)
(193,743)	Other Long Term Liabilities (PPP / Finance Lease)	28	(186,291)
(351,027)	Other Long Term Liabilities (Pension)	30	(443,073)
<b>(1,551,014)</b>	<b>Long Term Liabilities</b>		<b>(1,594,623)</b>
<b>1,711,337</b>	<b>Net Assets</b>		<b>1,930,786</b>
103,590	Usable Reserves		140,249
1,607,747	Unusable Reserves		1,790,537
<b>1,711,337</b>	<b>Total Reserves</b>		<b>1,930,786</b>

The notes on pages 55 to 105 form part of the financial statements. The unaudited accounts were authorised for issue on 22 June 2021.

Paul Manning  
Executive Director (Finance and Corporate Resources)  
22 June 2021

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance £000	Housing Revenue Account £000	Revenue Statutory Fund Repairs and Renewals Fund £000	Revenue Statutory Fund Insurance Fund £000	Capital Statutory Fund £000	Capital Receipts Reserve £000	Total Usable Reserves £000	(Note 13) Unusable Reserves £000	Total Council Reserves £000
<b>Balance at 1 April 2020</b>	<b>75,579</b>	<b>9,713</b>	<b>5,918</b>	<b>2,053</b>	<b>8,234</b>	<b>2,093</b>	<b>103,590</b>	<b>1,607,747</b>	<b>1,711,337</b>
<b><u>Movement in reserves during 2020/21</u></b>									
<b>Total Comprehensive Expenditure and Income</b>	<b>41,781</b>	<b>11,962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,743</b>	<b>165,706</b>	<b>219,449</b>
Adjustments between accounting basis and funding basis under regulations (note 8)	(7,823)	(9,393)	-	-	-	132	(17,084)	17,084	-
<b>Net Increase / (Decrease) before Transfers to Reserves</b>	<b>33,958</b>	<b>2,569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132</b>	<b>36,659</b>	<b>182,790</b>	<b>219,449</b>
Transfers to/ (from) Reserves	1,872	502	1,566	251	(3,900)	(291)	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>35,830</b>	<b>3,071</b>	<b>1,566</b>	<b>251</b>	<b>(3,900)</b>	<b>(159)</b>	<b>36,659</b>	<b>182,790</b>	<b>219,449</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>111,409</b>	<b>12,784</b>	<b>7,484</b>	<b>2,304</b>	<b>4,334</b>	<b>1,934</b>	<b>140,249</b>	<b>1,790,537</b>	<b>1,930,786</b>

	General Fund Balance £000	Housing Revenue Account £000	Revenue Statutory Fund Repairs and Renewals Fund £000	Revenue Statutory Fund Insurance Fund £000	Capital Statutory Fund £000	Capital Receipts Reserve £000	Total Usable Reserves £000	(Note 13) Unusable Reserves £000	Total Council Reserves £000
<b>Restated Balance at 1 April 2019</b>	<b>82,785</b>	<b>9,011</b>	<b>6,929</b>	<b>3,278</b>	<b>10,496</b>	<b>5,409</b>	<b>117,908</b>	<b>1,240,585</b>	<b>1,358,493</b>
<b><u>Movement in reserves during 2019/20</u></b>									
<b>Total Comprehensive Expenditure and Income</b>	<b>(6,603)</b>	<b>9,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,788</b>	<b>350,056</b>	<b>352,844</b>
Adjustments between accounting basis and funding basis under regulations (note 8)	(10,139)	(9,151)	-	-	-	2,184	(17,106)	17,106	-
<b>Net Increase / (Decrease) before Transfers to Reserves</b>	<b>(16,742)</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,184</b>	<b>(14,318)</b>	<b>367,162</b>	<b>352,844</b>
Transfers to/ (from) Reserves	9,536	462	(1,011)	(1,225)	(2,262)	(5,500)	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>(7,206)</b>	<b>702</b>	<b>(1,011)</b>	<b>(1,225)</b>	<b>(2,262)</b>	<b>(3,316)</b>	<b>(14,318)</b>	<b>367,162</b>	<b>352,844</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>75,579</b>	<b>9,713</b>	<b>5,918</b>	<b>2,053</b>	<b>8,234</b>	<b>2,093</b>	<b>103,590</b>	<b>1,607,747</b>	<b>1,711,337</b>

## Cash Flow Statement

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

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
2,788	Net surplus / (deficit) on the provision of services	53,743
77,920	Adjust net surplus / deficit on the provision of services for non cash movements	137,541
(65,419)	Adjust for items included in the net surplus / deficit on the provision of services that are investing and financing activities	(80,835)
<b>15,289</b>	<b>Net cash flows from Operating Activities</b>	<b>110,449</b>
37,542	Investing Activities	(52,466)
(38,068)	Financing Activities	(37,597)
<b>14,763</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>20,386</b>
74,585	Cash and cash equivalents at the beginning of the reporting period	89,348
<b>89,348</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>109,734</b>

## Cash Flow Statement Note – Non Cash Movements

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

<b>31 March</b>		<b>31 March</b>
<b>2020</b>		<b>2021</b>
<b>£000</b>		<b>£000</b>
42,772	Depreciation, impairment and amortisation of assets	60,272
6,598	Movement in creditors	30,744
(18,773)	Movement in debtors	4,800
(151)	Movement in inventories	(200)
46,400	Movement in pension liability	41,511
1,074	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	414
-	Other non cash items charged to the net surplus / deficit on the provision of services	-
<b>77,920</b>	<b>Net cash flows from the provision of services for non cash movements</b>	<b>137,541</b>

## Cash Flow Statement Note – Operating Activities – Items Included in Net Surplus / (Deficit) on the Provision of Services That are Investing and Financing Activities

The cash flows for these activities include the following items:

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
(63,083)	Capital grants and contributions	(80,394)
(2,336)	Capital receipts applied	(441)
<b>(65,419)</b>	<b>Net cash flows from items included in the net surplus / (deficit) on the provision of services that are investing and financing activities</b>	<b>(80,835)</b>

## Cash Flow Statement Note – Investing Activities

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
(111,662)	Purchase of property, plant and equipment and intangible assets	(119,735)
(261,500)	Purchase of short term investments	(126,000)
77,704	Proceeds from the sale of property, plant and equipment and intangible assets	52,769
333,000	Proceeds from short term investments	140,500
-	Other receipts from investing activities	-

<b>37,542</b>	<b>Net cash flows from investing activities</b>	<b>(52,466)</b>
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### Cash Flow Statement Note – Financing Activities

<b>2019/20 £000</b>		<b>2020/21 £000</b>
-	Cash receipts of short term and long term borrowing	-
(7,478)	Cash payments for the reduction of the outstanding liabilities relating to finance leases for PPP contracts	(7,704)
(30,590)	Repayments of short term and long term borrowing	(29,893)
<b>(38,068)</b>	<b>Net cash flows from financing activities</b>	<b>(37,597)</b>

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

<b>31 March 2020 £000</b>		<b>31 March 2021 £000</b>
105	Cash held by officers	105
(3,326)	Bank current accounts	6,028
92,569	Short term deposits	103,601
<b>89,348</b>	<b>Total cash and cash equivalents</b>	<b>109,734</b>

The credit figures shown against Bank Accounts in 2021 relate to balances in the financial ledger. This is due to timing differences in posting transactions in the ledger. Actual balances held at bank are not in an overdraft position.

## Notes to the Financial Statements

### Note 1 Accounting Standards Issued but Not Adopted

The Accounting Code of Practice requires the council to disclose information relating to the impact of an accounting change that is required by a new standard that has been issued but not yet adopted.

For this disclosure, the standards introduced by the 2021/2022 Code, which are required to be applied by 1 April 2021, and will be adopted by the council on 1 April 2021 are:

- **Amendments to IFRS 3 Business Combinations: Definition of a business**  
The amendments clarify the definition of a business, with the aim of helping entities to determine whether a transaction should be accounted for as an asset acquisition or a business combination.
- **Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (Phases 1 and 2)**  
The amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.

Adoption of the standards by the council on 1 April 2021 is not expected to have a significant impact on the financial statements.

### Note 2 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability – Actuarial Assumptions	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by Strathclyde Pension Fund, to provide the council with expert advice about the assumptions to be applied. Following recent decisions in relation to Age Discrimination and Guaranteed Minimum Pensions, the Actuary has included the estimated impact of these in the reported pension liability figure. However, the actual impact is influenced by a number of factors and therefore the actual impact could vary from the impact currently estimated and included in the liability.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £281.130m. However, the assumptions interact in complex ways. During 2020/2021, the council's actuaries advised that the net pension liability had decreased by £488.516m as a result of the return on fixed assets and estimates being corrected through experience and had increased by £539.051m attributable to the updating of the demographic and financial assumptions.
Property, Plant and Equipment – Useful Life	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The Council has a programme of repairs and maintenance on its assets. Any decision to reduce spend in this area could affect the useful lives of assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls, it is estimated that the annual depreciation charge would increase and the carrying value would fall by £10.624m for each year that useful lives were reduced.
COVID-19 Impact on Asset Valuations	The 2020/2021 Asset Valuation program had a valuation date of 1st April 2021.  Any potential effect on asset values has not been evidenced at this point, therefore the asset values	If asset values were impacted by a reduction of 5%, then the carrying amount of the assets would fall by £88.087m. This asset value figure is based on the values of Operational Land and Buildings and Surplus and Historical Surplus assets.

	<p>have not been reappraised and are deemed appropriate. This situation will continue to be monitored and reviewed.</p> <p>The ongoing response to COVID-19 means there remains a level of uncertainty over the future reaction of markets as they are fully exposed to the impact of COVID-19, for example, following the removal of Government support for businesses.</p>	
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This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

### Note 3 Material Items of Expenditure and Income

Where material items of expenditure and income are not disclosed on the face of the Consolidated Expenditure Income Statement, or contained within other notes, the Code requires disclosure of the nature and amounts of these items. Material items of expenditure and income are detailed below:

Item	Nature	Amount £000
Housing Benefit Paid	Benefit paid to support customers on low income with Housing rent costs	70,450
Housing Benefit Received	Benefit received to support customers on low income with Housing rent costs	64,371
COVID-19 Related Expenditure	<p>The expenditure incurred related to Education Recovery including teachers and support staff, PPE equipment (sanitisers, wipes, masks, screens), IT equipment to enable staff to work from home and devices to assist children in learning remotely, payments to assist voluntary organisations and also assistance to families including Free School Meals during lockdown and school holidays and winter clothing payments.</p> <p>The expenditure was funded through financial assistance from the Scottish Government.</p>	35,488



**Note 4 Notes to the Expenditure and Funding Analysis Statement**  
**Adjustments Between Funding and Accounting Basis**

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

2020/21				
	Adjustments for Capital Purposes (Note a) £000	Net change for the Pensions Adjustments (Note b) £000	Other Differences (Note c) £000	Total Adjustments between Funding and Accounting Basis £000
Community and Enterprise Resources	15,946	8,363	1,027	25,336
Education Resources	7,054	4,346	(24,510)	(13,110)
Finance and Corporate Resources	1,191	3,429	1,373	5,993
Housing and Technical Resources				
- Housing Revenue Account	7,464	1,395	(12,284)	(3,425)
- Housing Other	2,433	4,449	(497)	6,385
Social Work Resources	1,730	10,647	1,392	13,769
Joint Board	-	-	-	-
Corporate Items	-	47	(371)	(324)
Corporate and Democratic Core (HRA)	-	-	108	108
Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-	-
<b>Net Cost of Services</b>	<b>35,818</b>	<b>32,676</b>	<b>(33,762)</b>	<b>34,732</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(91,699)	8,835	30,916	(51,948)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(55,881)</b>	<b>41,511</b>	<b>(2,846)</b>	<b>(17,216)</b>

2019/20				
	Adjustments for Capital Purposes (Note a) £000	Net change for the Pensions Adjustments (Note b) £000	Other Differences (Note c) £000	Total Adjustments between Funding and Accounting Basis £000
Community and Enterprise Resources	18,891	11,808	271	30,970
Education Resources	(11,352)	7,865	(20,546)	(24,033)
Finance and Corporate Resources	1,001	5,206	810	7,017
Housing and Technical Resources				
- Housing Revenue Account	4,210	1,966	(11,621)	(5,445)
- Housing Other	1,773	6,342	(437)	7,678
Social Work Resources	1,905	14,507	522	16,934
Joint Board	-	-	-	-
Corporate Items	-	(14,995)	(112)	(15,107)
Corporate and Democratic Core (HRA)	-	-	114	114
Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-	-
<b>Net Cost of Services</b>	<b>16,428</b>	<b>32,699</b>	<b>(30,999)</b>	<b>18,128</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(80,109)	13,701	28,990	(37,418)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(63,681)</b>	<b>46,400</b>	<b>(2,009)</b>	<b>(19,290)</b>



### Note a – Adjustments for Capital Purposes

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

- Other Operating Expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure – the statutory charges for capital financing and other contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and Non-Specific Grant Income and Expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those 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.

### Note b – Net Change for the Pensions Adjustment

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For Services this represents the removal of the employer pension contributions made by the council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### Note c – Other Differences

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

- For Services, this represents the accrual made for the cost of holiday leave entitlements earned by employees but not taken before the year end which employees can carry into the next financial year. These require to be included in the Net Cost of Services under generally accepted accounting practices, however, are not chargeable to the General Fund.
- For Financing and Investment Income and Expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

### Note 5 Reconciliation of Adjustments Between Funding and Accounting Basis Shown in the Expenditure and Funding Analysis (EFA) to Those Shown In the Movement in Reserves Statement (MIRS)

2019/20 £000		2020/21 £000
(19,290)	Adjustments between Funding and Accounting Basis as per EFA	(17,216)
2,336	Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve (Note 8)	441
(152)	Use of Capital Receipts Reserve to finance capital expenditure (Note 8)	(309)
<b>(17,106)</b>	<b>Adjustments between Funding and Accounting Basis as per MIRS</b>	<b>(17,084)</b>

## Note 6 Expenditure and Income Analysed by Nature

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

	Community and Enterprise £000	Education £000	Finance and Corporate £000	Housing Revenue Account £000	Housing and Technical £000	Social Work £000	Joint Boards £000	Corporate Items £000	Other Non Resource Lines £000	2020/21 Total £000	2019/20 Total £000
<b>Expenditure</b>											
Employee Benefits Expenses	92,431	286,952	39,586	10,437	47,488	109,850	-	189	-	586,933	562,091
Other Services Expenditure	65,289	84,574	77,270	46,607	24,950	308,870	2,465	8,180	108	618,313	585,048
Support Services Recharges	-	-	-	-	-	-	-	-	-	-	-
Depreciation, Amortisation, Impairment	15,946	7,054	1,191	31,918	2,433	1,730	-	-	-	60,272	42,772
Interest Payment	-	-	-	-	-	-	-	-	58,279	58,279	59,885
Pension Net Interest Expense	-	-	-	-	-	-	-	-	8,835	8,835	13,701
Impairment on Financial Instruments	-	-	-	-	-	-	-	-	4,968	4,968	2,902
Loss on the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>173,666</b>	<b>378,580</b>	<b>118,047</b>	<b>88,962</b>	<b>74,871</b>	<b>420,450</b>	<b>2,465</b>	<b>8,369</b>	<b>72,190</b>	<b>1,337,600</b>	<b>1,266,399</b>
<b>Income</b>											
Fees and Charges and Other Service Income	27,258	3,556	5,828	94,956	45,814	226,184	499	282	-	404,377	391,109
Interest and Investment Income	-	-	-	-	-	-	-	-	315	315	2,139
Impairment on Financial Instruments	-	-	-	-	-	-	-	-	752	752	633
Gain on the Disposal of Assets	-	-	-	-	-	-	-	-	27	27	1,262
Income from Council Tax	-	-	-	-	-	-	-	-	139,757	139,757	136,268
Government Grants and Contributions	4,323	44,979	70,375	-	419	7,378	-	4,935	713,706	846,115	737,776
<b>Total Income</b>	<b>31,581</b>	<b>48,535</b>	<b>76,203</b>	<b>94,956</b>	<b>46,233</b>	<b>233,562</b>	<b>499</b>	<b>5,217</b>	<b>854,557</b>	<b>1,391,343</b>	<b>1,269,187</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>142,085</b>	<b>330,045</b>	<b>41,844</b>	<b>(5,994)</b>	<b>28,638</b>	<b>186,888</b>	<b>1,966</b>	<b>3,152</b>	<b>(782,367)</b>	<b>(53,743)</b>	<b>(2,788)</b>

## Note 7 Revenue from Contracts with Service Recipients

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

2019/20 £000		2020/21 £000
46,608	Revenue from contracts with service recipients	36,961
-	Impairment of receivables or contract assets	-
<b>46,608</b>	<b>Total included in Comprehensive Income and Expenditure Statement</b>	<b>36,961</b>

Amounts included in Balance Sheet for contracts with service recipients.

2019/20 £000		2019/20 £000
125	Receivables which are included in debtors (note 23)	-
-	Contract Assets	-
(156)	Contract Liabilities	-
<b>(31)</b>	<b>Total Included in Net Assets</b>	<b>-</b>

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

2019/20 Contract Asset £000	2019/20 Contract Liability £000		2020/21 Contract Asset £000	2020/21 Contract Liability £000
-	(239)	Contract assets and liabilities at the beginning of the year	-	(156)
-	83	Increases / decreases due to cash received (paid)	-	156
-	<b>(156)</b>	<b>Transfers from contract assets / (liabilities) recognised at the beginning of the period to receivables (payables)</b>	-	-
-	-	Changes as a result of changes in the measure of progress	-	-
-	<b>(156)</b>	<b>Contract assets and liabilities at the end of the year</b>	-	-

## Note 8 Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

### General Fund

The General Fund is the statutory fund into which all the receipts of the council are required to be paid and out of which all liabilities of the council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the council is required to recover) at the end of the financial year.

### Housing Revenue Account

The Housing Revenue Account balance reflects the statutory obligation to maintain a revenue account for local authority housing in accordance with the Local Government and Housing (Scotland) Act 1987. It contains the balance of income and expenditure as defined by the 1987 Act that is available to fund future expenditure in connection with the council's landlord function.

### Repairs and Renewals Fund

The Repairs and Renewals Fund comprises a combination of balances brought forward from previous years adjusted for any utilisation of funds and contributions to the Fund in year. The funds will be used to deal with repairing or renewing council assets.

### Insurance Fund

The Insurance Fund is held as a provision against unpaid claims. Council Services contribute to the Fund which meets the cost of property damage, public liability, employee liability, vehicle fleet and other claims. The council holds insurance cover to meet any large claims, the premium for which is charged to the Fund. Actuarial reviews are required on a regular basis and for South Lanarkshire this will occur every 3 years. The last full review took place during 2017.

### Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

<b>Usable Reserves</b>							
<b>2020/21</b>							
	<b>General Fund Balance £000</b>	<b>Housing Revenue Account £000</b>	<b>Repairs And Renewals Fund £000</b>	<b>Insurance Fund £000</b>	<b>Capital Statutory Funds £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Total £000</b>
<b>Adjustments to Revenue Resources</b>							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
▪ Pensions Costs transferred to (or from) the Pensions Reserve	39,768	1,743	-	-	-	-	41,511
▪ Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(278)	(81)	-	-	-	-	(359)
▪ Holiday Pay (transferred to (or from) the Accumulated Absences Reserve)	4,990	228	-	-	-	-	5,218
▪ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	20,748	32,234	-	-	-	-	52,982
<b>Total Adjustments to Revenue Resources</b>	<b>65,228</b>	<b>34,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,352</b>
<b>Adjustments between Revenue and Capital Resources</b>							
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(437)	(4)	-	-	-	441	-
Statutory Provision for the repayment of debt (transfer from Capital Adjustment Account)	(6,544)	(6,320)	-	-	-	-	(12,864)
Capital expenditure financed from revenue balances (transfer to Capital Adjustment Account)	(4,735)	(18,134)	-	-	-	-	(22,869)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(11,716)</b>	<b>(24,458)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>441</b>	<b>(35,733)</b>
<b>Adjustments to Capital Resources</b>							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	(309)	(309)
Application of capital grants to finance capital expenditure	(61,335)	(19,059)	-	-	-	-	(80,394)
<b>Total Adjustments to Capital Resources</b>	<b>(61,335)</b>	<b>(19,059)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(309)</b>	<b>(80,703)</b>
<b>Total Adjustments</b>	<b>(7,823)</b>	<b>(9,393)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132</b>	<b>(17,084)</b>
Total Adjustments	(7,823)	(9,393)	-	-	-	132	(17,084)
Total Comprehensive Expenditure and Income	41,781	11,962	-	-	-	-	53,743
<b>Net Increase / (Decrease) before transfers to / (from) Reserves</b>	<b>33,958</b>	<b>2,569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132</b>	<b>36,659</b>
Transfers to / (from) Reserves	1,872	502	1,566	251	(3,900)	(291)	-
<b>Increase / (Decrease) in Year</b>	<b>35,830</b>	<b>3,071</b>	<b>1,566</b>	<b>251</b>	<b>(3,900)</b>	<b>(159)</b>	<b>36,659</b>

<b>Usable Reserves</b>							
<b>2019/20</b>	<b>General Fund Balance £000</b>	<b>Housing Revenue Account £000</b>	<b>Repairs And Renewals Fund £000</b>	<b>Insurance Fund £000</b>	<b>Capital Statutory Funds £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Total £000</b>
<b>Adjustments to Revenue Resources</b>							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
▪ Pensions Costs transferred to (or from) the Pensions Reserve	43,892	2,508	-	-	-	-	46,400
▪ Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(279)	(81)	-	-	-	-	(360)
▪ Holiday Pay (transferred to (or from) the Accumulated Absences Reserve)	5,763	66	-	-	-	-	5,829
▪ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	5,761	30,607	-	-	-	-	36,368
<b>Total Adjustments to Revenue Resources</b>	<b>55,137</b>	<b>33,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,237</b>
<b>Adjustments between Revenue and Capital Resources</b>							
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(2,290)	(46)	-	-	-	2,336	-
Statutory Provision for the repayment of debt (transfer from Capital Adjustment Account)	(14,004)	(5,755)	-	-	-	-	(19,759)
Capital expenditure financed from revenue balances (transfer to Capital Adjustment Account)	(1,760)	(20,589)	-	-	-	-	(22,349)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(18,054)</b>	<b>(26,390)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,336</b>	<b>(42,108)</b>
<b>Adjustments to Capital Resources</b>							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	(152)	(152)
Application of capital grants to finance capital expenditure	(47,222)	(15,861)	-	-	-	-	(63,083)
<b>Total Adjustments to Capital Resources</b>	<b>(47,222)</b>	<b>(15,861)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(152)</b>	<b>(63,235)</b>
<b>Total Adjustments</b>	<b>(10,139)</b>	<b>(9,151)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,184</b>	<b>(17,106)</b>
Total Adjustments	(10,139)	(9,151)	-	-	-	2,184	(17,106)
Total Comprehensive Expenditure and Income	(6,603)	9,391	-	-	-	-	2,788
<b>Net Increase / (Decrease) before transfers to / (from) Reserves</b>	<b>(16,742)</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,184</b>	<b>(14,318)</b>
Transfers to / (from) Reserves	9,536	462	(1,011)	(1,225)	(2,262)	(5,500)	-
<b>Increase / (Decrease) in Year</b>	<b>(7,206)</b>	<b>702</b>	<b>(1,011)</b>	<b>(1,225)</b>	<b>(2,262)</b>	<b>(3,316)</b>	<b>(14,318)</b>

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

<b>2019/20 £000</b>		<b>2020/21 £000</b>
(1,262)	(Gains) / losses on the disposal of non-current assets	(27)
<b>(1,262)</b>	<b>Total</b>	<b>(27)</b>

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

<b>2019/20 £000</b>		<b>2020/21 £000</b>
59,885	Interest payable and similar charges	58,279
13,701	Pensions interest cost and expected return on pensions assets	8,835
(2,139)	Interest receivable and similar income	(315)
2,269	Impairment on Financial Instruments	4,216
<b>73,716</b>	<b>Total</b>	<b>71,015</b>

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

<b>2019/20 £000</b>		<b>2020/21 £000</b>
(136,268)	Council tax income	(139,757)
(341,166)	National non domestic rates	(226,179)
(223,836)	Non-ringfenced government grants	(407,133)
(63,083)	Capital grants and contributions	(80,394)
<b>(764,353)</b>	<b>Total</b>	<b>(853,463)</b>



## Note 12 Movements in Usable Reserves

This note sets out the movements in the Usable Reserves including amounts set aside in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2020/2021.

	2019/20 Balance At 1 April 2019 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	2019/20 Closing Balance 31 March 2020 £000	2020/21 Balance At 1 April 2020 £000	Transfers Out 2020/21 £000	Transfers In 20/21 £000	2020/21 Closing Balance 31 March 2021 £000
<b>General Fund</b>								
Future Budget Strategies – allocated to specific years	21,654	(9,618)	6,990	19,026	19,026	(17,525)	14,289	15,790
Developing Scotland's Young Workforce (Specific funding)	393	(85)	-	308	308	-	90	398
Early Years (Multi-year)	4,874	(2,287)	1,603	4,190	4,190	(400)	7,326	11,116
Children and Young People Act inc. Getting It Right for Every Child (Multi-year)	4,035	(1,872)	-	2,163	2,163	-	-	2,163
Pupil Equity Fund (Specific funding)	1,534	(1,534)	1,422	1,422	1,422	(1,422)	2,326	2,326
Multi Year Projects	1,019	(297)	222	944	944	(61)	3,189	4,072
Schools (Multi-year)	2,093	(1,144)	221	1,170	1,170	(676)	1,600	2,094
Scheme of Assistance	455	(111)	-	344	344	-	-	344
Property Masterplan	322	(59)	-	263	263	(27)	-	236
Eddlewood Catering Facility – Productivity Kitchen	184	(184)	-	-	-	-	-	-
Community and Enterprise Resources including Public Health and Local Plan	894	(572)	30	352	352	(87)	445	710
Social Work and Bequest	236	(215)	-	21	21	-	-	21
Temporary Homelessness / Community Safety (Specific funding)	1,819	(54)	434	2,199	2,199	(237)	574	2,536
Scottish Welfare Fund	-	-	-	-	-	-	129	129
Prevent Grant (Specific funding)	9	-	-	9	9	-	-	9
Community Participation Team (Multi-year)	587	(330)	-	257	257	(257)	-	-
New Initiatives (Multi-year)	5,202	(4,288)	-	914	914	-	-	914
Sanitary Products Funding	168	-	-	168	168	-	171	339
Counselling in Schools	-	-	542	542	542	-	714	1,256
Additional Support for Learning	-	-	959	959	959	-	330	1,289
Grants to Voluntary Organisations - Area Grants c/f	-	-	-	-	-	-	60	60
Children and Families - Residential Care	-	-	-	-	-	-	762	762
Lanarkshire Valuation Joint Board - Scottish Government funding	-	-	-	-	-	-	277	277
COVID-19 Funding c/f	-	-	-	-	-	-	31,490	31,490
<b>Total Earmarked General Fund</b>	<b>45,478</b>	<b>(22,650)</b>	<b>12,423</b>	<b>35,251</b>	<b>35,251</b>	<b>(20,692)</b>	<b>63,772</b>	<b>78,331</b>
<b>Uncommitted General Fund</b>								
Funding for Future Strategies	24,264	-	3,021	27,285	27,285	(8,695)	1,445	20,035
Uncommitted General Fund	13,043	-	-	13,043	13,043	-	-	13,043

<b>Total Uncommitted General Fund</b>	<b>37,307</b>	<b>-</b>	<b>3,021</b>	<b>40,328</b>	<b>40,328</b>	<b>(8,695)</b>	<b>1,445</b>	<b>33,078</b>
<b>Total General Fund</b>	<b>82,785</b>	<b>(22,650)</b>	<b>15,444</b>	<b>75,579</b>	<b>75,579</b>	<b>(29,387)</b>	<b>65,217</b>	<b>111,409</b>

	<b>2019/20 Balance At 1 April 2019 £000</b>	<b>Transfers Out 2019/20 £000</b>	<b>Transfers In 2019/20 £000</b>	<b>2019/20 Closing Balance 31 March 2020 £000</b>	<b>2020/21 Balance At 1 April 2020 £000</b>	<b>Transfers Out 2020/21 £000</b>	<b>Transfers In 20/21 £000</b>	<b>2020/21 Closing Balance 31 March 2021 £000</b>
<b>Repairs and Renewals</b>								
Crematorium Sinking Fund and Shelter	350	-	-	350	350	(68)	25	307
Fleet Sinking Fund	160	-	-	160	160	(77)	90	173
Waste	488	-	-	488	488	(273)	1,220	1,435
Roads Defects	979	-	-	979	979	(979)	-	-
Committee Room Audio Visual Upgrade	-	-	-	-	-	-	150	150
Repairs and Restorations (Various Projects)	2,322	(103)	642	2,861	2,861	(38)	516	3,339
Winter Maintenance	2,630	(1,550)	-	1,080	1,080	-	1,000	2,080
<b>Total Repairs and Maintenance</b>	<b>6,929</b>	<b>(1,653)</b>	<b>642</b>	<b>5,918</b>	<b>5,918</b>	<b>(1,435)</b>	<b>3,001</b>	<b>7,484</b>
<b>Capital Fund</b>								
Capital Fund	4,786	(116)	33	4,703	4,703	(4,709)	6	-
Education Capital Items Replacement Fund	1,415	(293)	9	1,131	1,131	-	597	1,728
Adoptions	488	(213)	3	278	278	-	-	278
IT Development Fund / Digital Transformation	2,946	(1,567)	21	1,400	1,400	(630)	1,072	1,842
Central Energy Efficiency Fund	861	(408)	269	722	722	(479)	243	486
<b>Total Capital Fund</b>	<b>10,496</b>	<b>(2,597)</b>	<b>335</b>	<b>8,234</b>	<b>8,234</b>	<b>(5,818)</b>	<b>1,918</b>	<b>4,334</b>
<b>Total Usable Capital Receipts</b>	<b>5,409</b>	<b>(5,652)</b>	<b>2,336</b>	<b>2,093</b>	<b>2,093</b>	<b>(600)</b>	<b>441</b>	<b>1,934</b>
<b>Total Insurance Fund</b>	<b>3,278</b>	<b>(1,237)</b>	<b>12</b>	<b>2,053</b>	<b>2,053</b>	<b>(763)</b>	<b>1,014</b>	<b>2,304</b>
<b>Total Housing Revenue Account</b>	<b>9,011</b>	<b>-</b>	<b>702</b>	<b>9,713</b>	<b>9,713</b>	<b>-</b>	<b>3,071</b>	<b>12,784</b>
<b>Total Usable Reserves</b>	<b>117,908</b>	<b>(33,789)</b>	<b>19,471</b>	<b>103,590</b>	<b>103,590</b>	<b>(38,003)</b>	<b>74,662</b>	<b>140,249</b>

### **Note 13 Balance Sheet – Unusable Reserves**

Unusable Reserves are those that the council is not able to utilise to provide services. These reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the council.

The two reserves arising from the system of capital accounting are the Revaluation Reserve and the Capital Adjustment Account. The former represents the gains on revaluation of fixed assets not yet realised through sales and the latter relates to amounts set aside from capital resources to meet past expenditure.

The reserve arising from accounting for financial instruments is the Financial Instruments Adjustment Account. This is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending and borrowing by the council.

The Pensions Reserve arises from IAS19 Accounting Disclosures for Retirement Benefits and recognises the council's share of actuarial gains and losses in the Strathclyde Pension Fund and the change in the council's share of the Pension Fund liability chargeable to the CIES.

The Accumulated Absences Reserve arises from IAS19 accounting disclosures for Short Term Accumulated Benefits and recognises the council's liability for compensated absences (annual leave) earned by staff but not taken in the year. The Statutory Arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Reserve.

<b>Unusable Reserves</b>						
<b>2020/21</b>						
	<b>Revaluation Reserve £000</b>	<b>Capital Adjustment Account £000</b>	<b>Financial Instruments Adjustment Account £000</b>	<b>Pension Reserve £000</b>	<b>Accumulating Compensated Absences Adjustment Account £000</b>	<b>Total £000</b>
<b>Restated Opening Balance</b>	<b>1,021,907</b>	<b>960,201</b>	<b>(5,290)</b>	<b>(351,027)</b>	<b>(18,044)</b>	<b>1,607,747</b>
Movement in Year	191,251	88,444	359	(92,046)	(5,218)	182,790
<b>Closing Balance</b>	<b>1,213,158</b>	<b>1,048,645</b>	<b>(4,931)</b>	<b>(443,073)</b>	<b>(23,262)</b>	<b>1,790,537</b>
Other Comprehensive Income and Expenditure	216,241	-	-	(50,535)	-	165,706
<b>Adjustments Between Accounting Basis and Funding Basis Under Regulation</b>						
Charges for Depreciation and Impairment of Non Current Assets	-	(85,246)	-	-	-	(85,246)
Revaluation Gains / Losses on Property, Plant and Equipment	-	25,028	-	-	-	25,028
Amortisation of Intangible Assets	-	(54)	-	-	-	(54)
Non Current Assets Written Off on Disposal or Sale	-	(240)	-	-	-	(240)
Difference Between Fair Value and Historic Cost Depreciation	(24,816)	24,816	-	-	-	-
Accumulated Gains on Assets Sold or Scrapped	(174)	-	-	-	-	(174)
Use of Capital Receipts Reserve to Finance New Capital Expenditure	-	309	-	-	-	309
Capital Grants and Contributions	-	80,394	-	-	-	80,394
Statutory Charge for the Repayment of Debt	-	12,864	-	-	-	12,864
Statutory Provision for Financing of Capital Investment	-	7,704	-	-	-	7,704
Capital Expenditure Charged Against the General Fund and HRA Balance	-	22,869	-	-	-	22,869
Premiums to be Charged Against the General Fund and HRA Balance	-	-	359	-	-	359
Reversal of Items Relating to Retirement Benefits	-	-	-	(97,749)	-	(97,749)
Employer's Pension Contribution Payable in Year	-	-	-	56,238	-	56,238
Amounts Accrued at the End of the Financial Year	-	-	-	-	(5,218)	(5,218)
<b>Total Movement in Year</b>	<b>191,251</b>	<b>88,444</b>	<b>359</b>	<b>(92,046)</b>	<b>(5,218)</b>	<b>182,790</b>

<b>Unusable Reserves</b>						
<b>2019/20</b>	<b>Revaluation Reserve £000</b>	<b>Capital Adjustment Account £000</b>	<b>Financial Instruments Adjustment Account £000</b>	<b>Pension Reserve £000</b>	<b>Accumulating Compensated Absences Adjustment Account £000</b>	<b>Total £000</b>
<b>Restated Opening Balance</b>	<b>937,115</b>	<b>868,055</b>	<b>(5,650)</b>	<b>(546,720)</b>	<b>(12,215)</b>	<b>1,240,585</b>
Movement in Year	84,792	92,146	360	195,693	(5,829)	367,162
<b>Closing Balance</b>	<b>1,021,907</b>	<b>960,201</b>	<b>(5,290)</b>	<b>(351,027)</b>	<b>(18,044)</b>	<b>1,607,747</b>
Other Comprehensive Income and Expenditure	107,963	-	-	242,093	-	350,056
<b>Adjustments Between Accounting Basis and Funding Basis Under Regulation</b>						
Charges for Depreciation and Impairment of Non Current Assets	-	(84,743)	-	-	-	(84,743)
Revaluation Gains / Losses on Property, Plant and Equipment	-	42,030	-	-	-	42,030
Amortisation of Intangible Assets	-	(59)	-	-	-	(59)
Non Current Assets Written Off on Disposal or Sale	-	(429)	-	-	-	(429)
Difference Between Fair Value and Historic Cost Depreciation	(22,526)	22,526	-	-	-	-
Accumulated Gains on Assets Sold or Scrapped	(645)	-	-	-	-	(645)
Use of Capital Receipts Reserve to Finance New Capital Expenditure	-	152	-	-	-	152
Capital Grants and Contributions	-	63,083	-	-	-	63,083
Statutory Charge for the Repayment of Debt	-	19,759	-	-	-	19,759
Statutory Provision for Financing of Capital Investment	-	7,478	-	-	-	7,478
Capital Expenditure Charged Against the General Fund and HRA Balance	-	22,349	-	-	-	22,349
Premiums to be Charged Against the General Fund and HRA Balance	-	-	360	-	-	360
Reversal of Items Relating to Retirement Benefits	-	-	-	(98,119)	-	(98,119)
Employer's Pension Contribution Payable in Year	-	-	-	51,719	-	51,719
Amounts Accrued at the End of the Financial Year	-	-	-	-	(5,829)	(5,829)
<b>Total Movement in Year</b>	<b>84,792</b>	<b>92,146</b>	<b>360</b>	<b>195,693</b>	<b>(5,829)</b>	<b>367,162</b>

## Note 14 Members Allowances

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

	2020/21 £	2019/20 £
Salaries	1,025,863	997,363
Mileage Allowance	3,450	38,582
Expenses	933	3,049
<b>Total</b>	<b>1,030,246</b>	<b>1,038,994</b>

## Note 15 External Audit Costs

The council has incurred the following external audit costs:

	2020/21 £000	2019/20 £000
Fee payable to Audit Scotland for external audit services	508	499
<b>Total</b>	<b>508</b>	<b>499</b>

The council incurred these costs in relation to the audit of the Annual Accounts, the certification of grant claims and a contribution towards Audit Scotland's national work programme. Fees payable in respect of other services provided by the appointed auditor were nil (2019/2020: nil).

## Note 16 Related Parties

The council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence 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.

### Central Government

Central government has effective control over the general operations of the council – it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 6.

### Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2020/2021 is shown in Note 14. During 2020/2021, works and services to the value of £2.589 million were commissioned from companies in which 13 members had an interest (2019/2020 – £3.686 million). Contracts were entered into in full compliance with the council's standing orders. In addition, grants totalling £2.123 million were paid to voluntary organisations in which 46 members had an interest (2019/2020 – £2.289 million). In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest which can be found on the council's website. As these payments relate to payments ledgered in the financial year there are no outstanding balances to be disclosed.

### Officers

During 2020/2021, no senior officer of the council declared an interest in any organisation outwith those controlled or significantly influenced by the council. In addition, no senior officer declared an interest of close family members in any organisations outwith those controlled or significantly influenced by the council.

During 2019/2020, no senior officer of the council declared an interest in any organisation outwith those controlled or significantly influenced by the council.

## Receipts and Payments Between the Council and Entities Controlled or Significantly Influenced by the Council

	2020/21 Receipts £000	2020/21 Payments £000	2019/20 Receipts £000	2019/20 Payments £000
Lanarkshire Valuation Joint Board	978	2,417	731	2,102
South Lanarkshire Health and Social Care Partnership	206,417	139,441	183,787	136,616
<b>Total Joint Boards</b>	<b>207,395</b>	<b>141,858</b>	<b>184,518</b>	<b>138,718</b>
Strathclyde Partnership for Transport	1,842	10,793	1,069	11,018
Strathclyde Concessionary Travel Scheme Joint Committee	-	597	-	595
South Lanarkshire Leisure and Culture Limited	2,752	20,055	4,341	19,503
Routes to Work South	-	1,023	-	1,891
Regen FX Youth Trust	-	113	-	113
Clyde Valley Learning and Development Joint Committee	59	10	59	11
SEEMIS Group LLP	78	317	77	307
Common Good	28	60	58	105
	<b>212,154</b>	<b>174,826</b>	<b>190,122</b>	<b>172,261</b>

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

	2020/21 £	2019/20 £
Strathclyde Partnership for Transport	1,936	1,803
South Lanarkshire Leisure and Culture Limited	1,433	514
South Lanarkshire Health and Social Care Partnership	(1,276)	(612)

## Note 17 Leases

### Council as Lessee

#### Finance Leases

The council currently has obligations in relation to Glasgow Southern Orbital infrastructure and secondary schools. These are classed as PPP/PFI finance leases and are reported under Note 28 – Public Private Partnerships and Similar Contracts.

#### Operating Leases

The council has entered into a number of operating leases and details are provided across the asset categories of Vehicles, Property, Plant and Equipment, and Land and Buildings.

Vehicles, Plant and Equipment – the council uses vehicles, computers, photocopying equipment and items of plant financed under the terms of an operating lease. The amount paid under these arrangements in 2020/2021 was £5.104 million (2019/2020 £4.480 million).

Land and Buildings – the council leases a number of properties which have been accounted for as operating leases. The rentals payable in 2020/2021 were £2.892 million (2019/2020 £2.951 million).

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

	31 March 2021 £000	31 March 2020 £000
Not later than one year	6,180	7,672
Later than one year and not later than five years	12,450	16,201
Later than five years	37,330	41,531
<b>Total</b>	<b>55,960</b>	<b>65,404</b>

The sub lease payments receivable in future years are:

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Not later than one year	408	335
Later than one year and not later than five years	1,360	940
Later than five years	-	170
<b>Total</b>	<b>1,768</b>	<b>1,445</b>

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

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Minimum lease payments	7,996	7,432
Sublease payments receivable	(612)	(369)
<b>Total</b>	<b>7,384</b>	<b>7,063</b>

## **Council as Lessor**

### **Operating Leases**

The council leases out property under operating leases. The purpose of the Lease Portfolio is principally Socio Economic – by supporting the wider corporate objectives of the council as stated in the Council Plan, Connect 2017-22, through strategic influence, control, occupational use and management of lease agreements. In particular, but not exclusively, to ‘support the local Economic Development by providing the right conditions for growth, improving skills and employability’.

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

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Not later than one year	4,697	4,173
Later than one year and not later than five years	17,350	10,700
Later than five years	111,814	114,696
<b>Total</b>	<b>133,861</b>	<b>129,569</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/2021, no contingent rents were receivable by the council (2019/2020 - £0.002 million).



## Note 18 Grant Income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/2021:

	2020/21 £000	2019/20 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Council Tax	139,757	136,268
Non Ring Fenced Government Grants *	407,133	223,836
Non Domestic Rate Redistribution	226,179	341,166
<b>Total</b>	<b>773,069</b>	<b>701,270</b>
<b>Credited to Services</b>		
Scottish Government *	63,167	35,788
European Grant Funding	1,224	1,903
Skills Development Scotland	379	297
Central Government	66,820	69,192
Lottery	205	75
Creative Scotland	-	410
NHS	29	23
Other Grants	585	2,003
<b>Total</b>	<b>132,409</b>	<b>109,691</b>

\*The Non-Ring Fenced Government Grants and Scottish Government funding lines include one-off COVID-19 Funding paid to the council during 2020/2021.

## Note 19 Events After the Balance Sheet Date

The unaudited Annual Accounts were authorised for issue by the Executive Director (Finance and Corporate Resources) on 22 June 2021. There were no events that occurred between 1 April 2020 and the date that the unaudited Accounts were authorised for issue that would have an impact on the financial statements. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 20 Property, Plant and Equipment

### Movements on Balances

Movements in 2020/2021:

	<b>Council Dwellings £000</b>	<b>Other Land And Buildings £000</b>	<b>Vehicles, Plant And Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment £000</b>	<b>PFI assets Included in Property, Plant and Equipment £000</b>
<b>Cost or Valuation</b>									
As at 1 April 2020	1,174,172	1,766,840	38,173	445,921	2,768	9,185	53,822	3,490,881	500,831
Additions	15,924	3,756	17,142	27,855	20	19	55,004	119,720	27
Revaluation increases / (decreases) recognised in the Revaluation Reserve	132,496	27,752	(2)	-	17	83	-	160,346	-
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	4,654	-	-	-	34	-	4,688	5,793
De-recognition – Disposals	(315)	(1,175)	(3,325)	-	-	-	-	(4,815)	-
Assets reclassified from Held for Sale	-	-	-	-	-	-	-	-	-
Other movements in Cost or Valuation	15,164	15,189	2,026	-	24	37	(32,440)	-	-
<b>At 31 March 2021</b>	<b>1,337,441</b>	<b>1,817,016</b>	<b>54,014</b>	<b>473,776</b>	<b>2,829</b>	<b>9,358</b>	<b>76,386</b>	<b>3,770,820</b>	<b>506,651</b>

	<b>Council Dwellings £000</b>	<b>Other Land And Buildings £000</b>	<b>Vehicles, Plant And Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment £000</b>	<b>PFI assets Included in Property, Plant and Equipment £000</b>
<b>Accumulated Depreciation and Impairment</b>									
As at 1 April 2020	-	75,933	20,525	152,480	30	47	-	249,015	5,549
Depreciation Charge	31,395	34,561	6,275	12,983	17	15	-	85,246	9,322
Depreciation written out to the Revaluation Reserve	(31,437)	(24,456)	(2)	-	-	-	-	(55,895)	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	(20,338)	-	-	-	(2)	-	(20,340)	(2,019)
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
De-recognition – Disposals	-	(1,076)	(3,325)	-	-	-	-	(4,401)	-
Eliminated on reclassification to Assets Held for Sale	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	42	(42)	-	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>-</b>	<b>64,582</b>	<b>23,473</b>	<b>165,463</b>	<b>47</b>	<b>60</b>	<b>-</b>	<b>253,625</b>	<b>12,852</b>

<b>Net book value</b>									
<b>At 31 March 2021</b>	<b>1,337,441</b>	<b>1,752,434</b>	<b>30,541</b>	<b>308,313</b>	<b>2,782</b>	<b>9,298</b>	<b>76,386</b>	<b>3,517,195</b>	<b>493,799</b>

<b>At 31 March 2020</b>	<b>1,174,172</b>	<b>1,690,907</b>	<b>17,648</b>	<b>293,441</b>	<b>2,738</b>	<b>9,138</b>	<b>53,822</b>	<b>3,241,866</b>	<b>495,282</b>
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## Movements on Balances

Restated Movements in 2019/2020:

	<b>Council Dwellings £000</b>	<b>Other Land And Buildings £000</b>	<b>Vehicles, Plant And Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment £000</b>	<b>PFI assets Included in Property, Plant and Equipment £000</b>
<b>Cost or Valuation</b>									
As at 1 April 2019 (Restated)	1,170,857	1,636,670	54,135	416,910	2,045	8,804	44,715	3,334,136	400,659
Additions	13,421	6,065	3,539	26,813	96	10	62,394	112,338	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(43,600)	84,821	-	-	124	(273)	23	41,095	74,183
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	26,149	-	-	219	(178)	-	26,190	25,989
De-recognition – Disposals	(48)	(2,046)	(20,030)	(32)	-	(5)	-	(22,161)	-
Assets reclassified from Held for Sale	-	-	-	-	-	(717)	-	(717)	-
Other movements in Cost or Valuation	33,542	15,181	529	2,230	284	1,544	(53,310)	-	-
<b>At 31 March 2020</b>	<b>1,174,172</b>	<b>1,766,840</b>	<b>38,173</b>	<b>445,921</b>	<b>2,768</b>	<b>9,185</b>	<b>53,822</b>	<b>3,490,881</b>	<b>500,831</b>

	<b>Council Dwellings £000</b>	<b>Other Land And Buildings £000</b>	<b>Vehicles, Plant And Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment £000</b>	<b>PFI assets Included in Property, Plant and Equipment £000</b>
<b>Accumulated Depreciation and Impairment</b>									
As at 1 April 2019 (Restated)	-	92,568	35,478	140,288	16	32	-	268,382	35,083
Depreciation Charge	29,313	38,085	5,077	12,224	14	30	-	84,743	9,780
Depreciation written out to the Revaluation Reserve	(29,313)	(37,495)	-	-	(25)	(34)	-	(66,867)	(29,065)
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	(15,780)	-	-	-	(61)	-	(15,841)	(10,249)
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
De-recognition – Disposals	-	(1,293)	(20,030)	(32)	-	-	-	(21,355)	-
Eliminated on reclassification to Assets Held for Sale	-	-	-	-	-	(47)	-	(47)	-
Other movements in Depreciation and Impairment	-	(152)	-	-	25	127	-	-	-
<b>At 31 March 2020</b>	<b>-</b>	<b>75,933</b>	<b>20,525</b>	<b>152,480</b>	<b>30</b>	<b>47</b>	<b>-</b>	<b>249,015</b>	<b>5,549</b>

<b>Net book value</b>									
<b>At 31 March 2020</b>	<b>1,174,172</b>	<b>1,690,907</b>	<b>17,648</b>	<b>293,441</b>	<b>2,738</b>	<b>9,138</b>	<b>53,822</b>	<b>3,241,866</b>	<b>495,282</b>

At 31 March 2019 (Restated)	1,170,857	1,544,102	18,657	276,622	2,029	8,772	44,715	3,065,754	365,576
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## Capital Commitments

At 31 March 2021, the council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment for housing and non-housing projects in 2021/2022 and future years. The major commitments for both Housing and General Services are as follows:

<b>Housing Projects</b>	<b>£000</b>	<b>Non-Housing Projects</b>	<b>£000</b>
Housing investment projects including Heating Projects, Windows and Doors and External Fabric Upgrades	19,690	City Deal – Greenhills Road/A726 Strathaven Road	3,614
New Build Housing	93,438	Ponfeigh Bridge	1,452
		Cleghorn Bridge	250
		Cambuslang Park and Ride	974
		Spaces for People, Town Centres, 20mph Schools	548
		Newton Farm Primary - Extension	234
		Crawfordyke Primary - Conversion	524
		St Charles Primary - Extension	945
		St Mary's Primary - Extension	904
		Early Years (1140 Hours) Nursery Infrastructure	2,471
		Auchingramont Road (former Audiology Unit)	434
		Hamilton Mausoleum	396
		Eastfield Pitches Upgrade	230
		Blantyre Residential Care Facility	6,911
		Education Information Computer Technology	27,200
		Abington Campus for Enterprise	1,221
		Town Centre Funds – Cambuslang Streetscape	620

## Revaluations

The council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

Vehicles, plant and equipment, despite being valued in the Balance Sheet at current costs are not included in the five year revaluation programme as any changes in valuation are considered to be immaterial. Council dwellings are revalued every year.

The significant assumptions applied in estimating the fair values are:

- All valuations are prepared in accordance with the current edition of the RICS Valuation Standards.
- All valuations are provided by a Valuer directly employed by South Lanarkshire Council and are accordingly defined as internal valuations.

## Valuation Assumptions

Unless the Appointed Valuer is advised or reports to the contrary, the following valuation assumptions shall apply to all asset valuations provided under this service:

- It is assumed that the Local Authority shall continue to provide the services to which the assets relate;
- It is assumed that the property valued, is not at the date of valuation, affected by any mining subsidence and will not be affected in the future;
- It is assumed that the site is stable and will not occasion any extraordinary costs with regard to mining subsidence;
- It is assumed that the title to the subject contains no onerous burdens and restrictive conditions and that it has not been ascertained what minerals, rights of support and compensation is attached to the land nor whether rights of use and re-entry have been reserved;
- It is assumed that the property and its value are unaffected by any matters which would be revealed by local search and replies to the usual enquiries or by inspection of any register and that its condition, use, or intended use was, is or will be lawful;
- It is assumed that the property has the necessary statutory consents for the current buildings and use and that there are no policies or proposals by statutory authorities that could impact positively or adversely on the value;
- No investigation shall be undertaken or information provided regarding the use of hazardous or deleterious materials or techniques in the construction of the property. It is assumed that no such materials or techniques have been used;
- No investigation shall be undertaken or information provided regarding the presence of contamination or hazardous substances in the property (including the site) and neighbouring properties. It is assumed that no such contamination or hazardous substances are present;
- No environmental assessment shall be carried out or information provided on the presence of naturally occurring radon gas. It is assumed that no radon gas is present in the property;
- It is assumed that adequate repairs and maintenance is being undertaken;
- Unless otherwise stated, the date of valuation shall be 1 April of the specified financial year; and

## Revaluation Programme

The table below shows the progress of the council's programme for the revaluation of Property, Plant and Equipment that ensures that all its PPE assets required to be measured at fair value are revalued at least every five years. The measurement basis used for determining the gross carrying amount, and the significant assumptions applied in estimating the fair values are disclosed above and in Note 36 Accounting Policies under Section P 'Property, Plant and Equipment'.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £0000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	-	-	30,541	308,313	2,782	-	76,386	418,022
Valued at fair value								
2020/21	1,337,441	476,300	-	-	-	4,410	-	1,818,151
2019/20	-	584,486	-	-	-	1,928	-	586,414
2018/19	-	314,606	-	-	-	445	-	315,051
2017/18	-	182,146	-	-	-	242	-	182,388
2016/17	-	194,896	-	-	-	2,273	-	197,169
5 years ago and greater	-	-	-	-	-	-	-	-
<b>Total Cost or Valuation</b>	<b>1,337,441</b>	<b>1,752,434</b>	<b>30,541</b>	<b>308,313</b>	<b>2,782</b>	<b>9,298</b>	<b>76,386</b>	<b>3,517,195</b>

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

	Intangible Assets	Intangible Assets	Heritage Assets	Heritage Assets	Assets Held for Sale	Assets Held for Sale
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
<b>Cost or Valuation</b>						
<b>Balance at 1 April</b>	<b>263</b>	<b>1,063</b>	<b>3,826</b>	<b>3,826</b>	<b>866</b>	<b>431</b>
Additions	164	9	-	-	-	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	-	-	-	-	-
Revaluation increases / (decreases) in the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
De-recognition – Disposals	(28)	(809)	-	-	-	(282)
Assets reclassified (to) / from Assets Held for Sale	-	-	-	-	-	717
<b>Balance at 31 March</b>	<b>399</b>	<b>263</b>	<b>3,826</b>	<b>3,826</b>	<b>866</b>	<b>866</b>
<b>Accumulated Depreciation</b>						
<b>Balance at 1 April</b>	<b>134</b>	<b>884</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>14</b>
Depreciation charge	54	59	-	-	-	-
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	-
Depreciation written out to the Surplus / Deficit on Provision of Services	-	-	-	-	-	-
Depreciation – Disposals	(28)	(809)	-	-	-	(14)
Elimination on reclassification to Assets Held for Sale	-	-	-	-	-	47
<b>Balance at 31 March</b>	<b>160</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>47</b>
<b>Net book value at 31 March</b>	<b>239</b>	<b>129</b>	<b>3,826</b>	<b>3,826</b>	<b>819</b>	<b>819</b>



## Note 22 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed. The CFR is analysed in the second part of this note.

	<b>General Fund 2020/21 £000</b>	<b>HRA 2020/21 £000</b>	<b>Total 2020/21 £000</b>	<b>General Fund 2019/20 £000</b>	<b>HRA 2019/20 £000</b>	<b>Total 2019/20 £000</b>
<b>Opening Capital Financing Requirement</b>	<b>1,020,543</b>	<b>244,233</b>	<b>1,264,776</b>	<b>1,030,003</b>	<b>235,305</b>	<b>1,265,308</b>
<b>Capital Investment</b>						
Property, Plant and Equipment	70,359	49,361	119,720	61,103	51,235	112,338
Intangible Assets	164	-	164	9	-	9
Decrease in PPP Finance Lease Liability	(7,704)	-	(7,704)	(7,478)	-	(7,478)
<b>Sources of Finance</b>						
Capital Receipts	-	(309)	(309)	(106)	(46)	(152)
Government Grants and Other Contributions	(61,335)	(19,111)	(80,446)	(47,223)	(15,918)	(63,141)
Sums set aside from revenue:						
▪ Direct Revenue Contributions	(4,735)	(18,134)	(22,869)	(1,760)	(20,589)	(22,349)
▪ Loans Fund Principal	(6,544)	(6,320)	(12,864)	(14,005)	(5,754)	(19,759)
<b>Closing Capital Financing Requirement</b>	<b>1,010,748</b>	<b>249,720</b>	<b>1,260,468</b>	<b>1,020,543</b>	<b>244,233</b>	<b>1,264,776</b>
<b>Explanation of movements in year:</b>						
Increase in Underlying Need to Borrow	4,453	11,808	16,261	12,023	14,682	26,705
Loans Fund Repayments	(6,544)	(6,320)	(12,864)	(14,005)	(5,754)	(19,759)
Assets Acquired Under PFI/PPP Contracts	(7,704)	-	(7,704)	(7,478)	-	(7,478)
<b>Increase / (Decrease) in Capital Financing Requirement</b>	<b>(9,795)</b>	<b>5,488</b>	<b>(4,307)</b>	<b>(9,460)</b>	<b>8,928</b>	<b>(532)</b>

## Note 23 Short Term Debtors

	31 March 2021 £000	31 March 2020 £000
Trade Receivables	46,964	18,024
Prepayments	6,189	5,560
Other Receivable Amounts	30,826	44,932
<b>Total</b>	<b>83,979</b>	<b>68,516</b>

## Note 24 Debtors for Local Taxation

The past due but not impaired amount for local taxation and non-domestic rates can be analysed by age as follows:

	31 March 2021 Council Tax £000	31 March 2021 NDR £000	31 March 2020 Council Tax £000	31 March 2020 NDR £000
Less than one year	2,278	5,454	2,428	139
One to two years	1,180	-	627	-
Two to five years	-	-	-	-
More than five years	-	-	-	-
<b>Total</b>	<b>3,458</b>	<b>5,454</b>	<b>3,055</b>	<b>139</b>

## Note 25 Short Term Creditors

	31 March 2021 £000	31 March 2020 £000
Trade Payables	52,223	45,967
Other Payables	116,887	114,682
<b>Total</b>	<b>169,110</b>	<b>160,649</b>

**Note:** Included within the Other Payables balance of £169.110m are balances held on behalf of third parties totalling £5.507m. They relate to Lanarkshire Valuation Joint Board, Clyde Valley Learning and Development Joint Committee, SEEMIS LLP, Regen FX Youth Trust, Supplier Development Programme, Common Good and Trust Funds whose financial transactions are hosted in the Council's Financial Management System.

## Note 26 Provisions

	Injury and damage compensation claims (1) £000	Other provisions (2) £000	Total £000
<b>Balance at 1 April 2020</b>	<b>704</b>	<b>521</b>	<b>1,225</b>
Additional provisions made in 2020/21	-	5,412	5,412
Amount used in 2020/21	(31)	(521)	(552)
Unused amounts reversed in 2020/21	-	-	-
Unwinding of discounting in 2020/21	-	-	-
<b>Balance at 31 March 2021</b>	<b>673</b>	<b>5,412</b>	<b>6,085</b>

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

	Injury and damage compensation claims (1) £000	Other provisions (2) £000	Total £000
Short Term	-	5,412	5,412
Long Term	673	-	673
<b>Balance at 31 March 2021</b>	<b>673</b>	<b>5,412</b>	<b>6,085</b>

- (1) The majority of this amount relates to a long-term provision in respect of ongoing compensation claims. The council believes that the amount provided accurately represents the best estimate of the amounts due.
- (2) The amount relates to provisions in respect of orders for bespoke adaptations and property dilapidations, COVID-19 sustainability payments to social care providers and also residential care employees.

## Note 27 Receipts in Advance

The council has received a number of grants and contributions that have yet to be recognised as income. This is because they have conditions attached to them which requires the monies or property to be returned to the giver if these conditions are not met. These monies are committed to spend in 2021/2022.

The balances at 31 March 2021 are as follows:

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Revenue Grants and Contributions</b>		
Big Lottery	106	110
Clyde Gateway	100	94
National Health Service	73	19
Scottish Coal	511	511
Scottish Government	783	751
Scottish Government – COVID-19 Business Support	10,019	-
Department of Works and Pensions	2	-
Scottish Environmental Protection Agency (SEPA)	-	125
Wind Turbine Construction Compensation (Various)	220	220
Home Office	112	118
Other	113	85
<b>Total</b>	<b>12,039</b>	<b>2,033</b>

## Note 28 Public Private Partnership and Similar Contracts

The council entered the PPP agreement in June 2006 for the provision of 17 new build schools (which includes 2 named Additional Support Needs schools ) as well as the major refurbishment of Stonelaw High School and Hamilton Grammar. The Unitary Charge is index linked with the inflation rate in the January of the preceding financial year used to agree the charge for the new financial year. The agreement will last 30 years and will end in 2039/2040.

The unitary charge includes the repayment of construction costs, interest and service charges and the projected payments due under the agreement, based on assumed RPI of 2.5% per annum.

The council entered the PPP agreement in July 2006 for the Design, Build, Finance and Operate Contract which covered both the Glasgow Southern Orbital and the M77 Extension with a contract value of £130m. The agreement will last 30 years and will end in 2035/2036.

Payments remaining to be made under PFI contracts for both Schools and Glasgow Southern Orbital as at 31 March 2021 (assuming an inflation rate of 2.5% for Schools PPP and excluding any estimation of availability/ performance deductions) are as follows:

	<b>Payment For Services £000</b>	<b>Reimbursement Of Capital Expenditure £000</b>	<b>Interest £000</b>	<b>Contingent Rents £000</b>	<b>Total £000</b>
Payable in 2021/22	12,025	7,452	10,200	7,697	37,374
Payable within two to five years	57,995	29,243	36,940	34,889	159,067
Payable within six to ten years	94,151	37,651	37,400	53,023	222,225
Payable within eleven to fifteen years	80,026	63,770	24,811	82,788	251,395
Payable within sixteen to twenty years	62,771	55,627	6,076	70,896	195,370
<b>Total</b>	<b>306,968</b>	<b>193,743</b>	<b>115,427</b>	<b>249,293</b>	<b>865,431</b>

The impact of a 1% movement in inflation would mean a movement of £0.117m and £0.247m on the Payments for Services charge and Contingent Rentals respectively at 2021/2022 prices for 1 year.

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

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Balance outstanding at start of year	201,447	208,925
Payments during year	(7,704)	(7,478)
Capital expenditure incurred in the year	-	-
Reduction in liability for prepaid assets	-	-
<b>Balance outstanding at year end</b>	<b>193,743</b>	<b>201,447</b>

## Note 29 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the council are members of the Teachers' Pension Scheme, administered by the Scottish Government. The Scheme provides teachers with specified benefits upon their retirement, and the council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of the Financial Statements, it is therefore accounted for on the same basis as a defined contribution scheme.

As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2021, the council's own contributions equate to approximately 6.25%.

In 2020/2021, the council paid £34.934 million to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.0% of pensionable pay. The figures for 2019/2020 were £30.215 million and 17.2% of pensionable pay from 1 April to 31 August 2019 and 23.0% from 1 September 2019 to 31 March 2020.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 30.

## **Note 30 Pension Schemes Accounted for as Defined Benefit Schemes**

### **Participation in Pension Schemes**

The post-employment scheme for employees other than teachers is the Local Government Pension Scheme (LGPS), and is administered in the West of Scotland by Glasgow City Council in respect of all local authorities and admitted bodies in the former Strathclyde area. This is a multi-employer scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. Employer's liabilities can be evaluated directly by the Actuary at any time on membership data. Individual employer assets have been apportioned to each employer since 2002. Prior to that date, each employer was considered to have the same funding as the whole Fund.

### **Benefits**

- It is a defined benefit final salary scheme, meaning that the council and employees pay contributions into a fund, calculated at a level to balance the pensions liability with investment assets.
- A new Career Average Related Earnings (CARE) pension scheme has been introduced from 1 April 2015. The pension accrual rate guarantees a pension that is built up at a rate of 1/49th of the pensionable pay in the financial year. The amount built up in the year is transferred to the member's pension account and at the end of each financial year the total in the member's pension account is adjusted in line with the cost of living to ensure it retains its purchasing power.
- For pension contributions from 2009 to 2015, the pension is based on 1/60th of final pensionable salary and years of service, and prior to 2009, the accrual rate guarantees a pension based on 1/80th and a lump sum based on 3/80th of final pensionable pay and years of pensionable service.
- There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004. The scheme's retirement age is the normal age for the state pension. Pensions are increased annually in line with changes to the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

### **Governance**

- The Strathclyde Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Strathclyde Pension Fund Committee. This committee is comprised solely of Elected Members of Glasgow City Council. Employing authorities (including South Lanarkshire Council) are represented at the Strathclyde Pension Fund Representative Forum.
- Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.
- Under the Regulations, employers fall into three categories, scheme employers (also known as schedule bodies) such as South Lanarkshire Council, community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other parties. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

### **Principal Risks**

- The principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amount due by statute as described in the accounting policy note.

### **Discretionary Post-employment Benefits**

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

## **Age Discrimination (McCloud) and Guaranteed Minimum Pension**

### **McCloud Ruling – Age Discrimination**

When the Local Government Pension Scheme (LGPS) Scotland benefit structure was reformed in 2015, transitional protections were applied to certain older members close to retirement age. The benefits accrued from 1 April 2015 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure.

In December 2018, the Court of Appeal upheld a ruling (McCloud case) that similar transitional protections were unlawful on the grounds of age discrimination. This means that the LGPS Scotland benefits accrued from 2015 may need to be enhanced so that all eligible members, regardless of age, will benefit from the underpin. The impact of this will depend on the compensation awarded, members' future salary increases, length of service, retirement age and whether (when) members withdraw from active service.

In 2019, Strathclyde Pension Fund's actuary included an estimate of the impact of this in their IAS19 reports and the Pension Liability reported in the council's Balance Sheet. In July 2020, the Government published a consultation covering Scotland which proposed amendments to the Local Government Pension Scheme in order to provide a remedy for the McCloud and Sargeant legal rulings and actuaries reviewed their assumptions in the IAS19 reports.

### **Guaranteed Minimum Pension**

#### **Indexation Treatment (Lloyd's Ruling)**

Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. Although the value of GMP was inherently unequal between males and females due to a number of factors, the overall equality of benefits was achieved through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement, bringing uncertainty over the ongoing indexation of GMP's which could lead to inequalities between men and women's benefits.

An interim solution passed the responsibility for ensuring GMP's kept pace with inflation to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This leads to increased costs for schemes including the LGPS and scheme employers. The Strathclyde Pension Fund's actuary has carried out calculations to estimate the impact, assuming that the interim solution will be applied to all members retiring from 6 April 2016 onwards. The value has been included in the pension liability reported in the Council's Balance Sheet. These figures will be updated as part of the Pension Fund valuations and as more information becomes available.

#### **Historical Transfers (Further Lloyd's Ruling)**

A further ruling was passed in relation to historical transfers and it is the opinion of Strathclyde Pension Fund's actuary that this is unlikely to have a significant impact on the pension obligations of a typical employer and also, the historic individual member data to assess the impact is not readily available, therefore no allowance has been made in the calculations.

### **Goodwin**

A recent circular from the Scottish Public Pension Agency (Local Government Pension Scheme 2020/04) refers to a ruling that same-sex survivors were originally entitled to survivor benefits, taking into account the member's service from 6 April 1978. Following the Goodwin Tribunal, regulatory amendments will now need to be made with effect from the same date to extend that entitlement to male spouse survivors of female members. Previously, the male spouse survivor's entitlement was based on service accrued from 6 April 1988. The change is backdated to 5 December 2005, therefore affects the pension of male spouse survivors where their entitlement arose on or after 5 December 2005.

While there is still uncertainty surrounding the potential remedy to the Goodwin judgement, Strathclyde Pension Fund's actuary has carried out analysis in order to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits and have ascertained that they feel the impact is very small for a typical fund, therefore no allowance has currently been made in the calculations.

### **Other Cases (Walker and O'Brien)**

The actuary is also aware of 2 other court cases which may impact on Local Government Pension Scheme benefits in the future. The first was the Walker case where it was ruled that surviving spouses in same sex marriages should be entitled to the same benefits as those in different sex marriages and also the O'Brien case where it was ruled that recognition of part time benefits should apply to service for the period prior to 7 April 2000. view is that they are unlikely to be significant judgements in terms of impact on pension obligations

## Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by the council's employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made against the Council Tax is based upon the pension contributions payable by the council in the year, and an adjustment is made in the Movement in Reserves Statement to achieve this.

The following transactions have been made in the accounting statements in 2020/2021 and the prior year 2019/2020.

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Comprehensive Income and Expenditure Statement (CIES)</b>		
Cost of Services:		
Service cost comprising:		
• current service cost	88,914	100,146
• past service costs	-	(15,728)
• unfunded benefits	-	-
Financing and Investment Income and Expenditure		
• net interest expense	8,835	13,701
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>97,749</b>	<b>98,119</b>
Other Benefits Charged to the CIES		
Re-measurement of the net defined liability comprising:		
• Expected return on pension fund assets	(466,819)	142,325
• Actuarial (gains) or losses arising on changes in demographic assumptions	(69,316)	(89,609)
• Actuarial (gains) or losses arising on changes in financial assumptions	608,367	(280,740)
• Actuarial (gains) or losses arising on changes in other experiences	(21,697)	(14,069)
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>148,284</b>	<b>(143,974)</b>
Net charge to the Surplus / Deficit on the Provision of Services brought forward	97,749	98,119
<b>Movement in Reserves Statement (MIRS)</b>		
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(41,511)	(46,400)
Actual amount charged against the General Fund balance for pensions in the year:		
<b>Employers' contributions payable to Strathclyde Pension Fund</b>	<b>56,238</b>	<b>51,719</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the council's obligation in respect of its defined benefit plan is as follows:

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Present value of the defined benefit obligation*	(2,952,854)	(2,398,810)
Fair value of pension fund assets	2,509,781	2,047,783
<b>Net Liability arising from Defined Benefit Obligation</b>	<b>(443,073)</b>	<b>(351,027)</b>
*Unfunded liabilities included in the figure for present value of liabilities		
• unfunded liabilities for Pension Fund	(58,305)	(53,626)
• teachers' unfunded pensions	(79,523)	(73,853)
• unfunded liabilities prior to 1996 local government reorganisation	(16,365)	(16,857)

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

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Opening balance at 1 April</b>	<b>(2,398,810)</b>	<b>(2,679,399)</b>
Current service cost	(88,914)	(100,146)
Interest cost	(55,980)	(64,959)
Contributions by Pension Fund participants	(14,846)	(13,608)
Re-measurement gains and (losses)		
• Actuarial gains and losses arising on changes in demographic assumptions	69,316	89,609
• Actuarial gains and losses arising on changes in financial assumptions	(608,367)	280,740
• Actuarial losses arising on changes in other experiences	77,727	14,069
Past service costs (including curtailment)	-	15,728
Settlements	-	-
Benefits paid	67,020	59,156
<b>Closing balance at 31 March</b>	<b>(2,952,854)</b>	<b>(2,398,810)</b>

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

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Opening fair value of pension fund assets</b>	<b>2,047,783</b>	<b>2,132,679</b>
Interest Income	47,145	51,258
Re-measurement gains and (losses)		
• Expected rate of return on pension fund assets	466,819	(142,325)
• Actuarial gains and( losses)	-	-
• Actuarial losses arising on changes in other experiences	(56,030)	-
The effect of changes in foreign exchange rates	-	-
Contributions from employers	56,238	51,719
Contributions from employees into the scheme	14,846	13,608
Benefits paid	(67,020)	(59,156)
<b>Closing balance at 31 March</b>	<b>2,509,781</b>	<b>2,047,783</b>

#### Analysis of Pension Fund's Assets

		<b>31 March 2021</b>			<b>31 March 2020</b>	
	<b>Quoted Prices in Active Markets £000</b>	<b>Prices not quoted in Active Markets £000</b>	<b>Total £000</b>	<b>Quoted Prices in Active Markets £000</b>	<b>Prices not quoted in Active Markets £000</b>	<b>Total £000</b>
Cash and cash equivalents	40,433	1,701	42,134	105,418	101,596	207,014
Equity Instruments	586,178	2,698	588,876	472,379	1,240	473,619
Debt Instruments	-	1	1	64,252	1	64,253
Real Estate	-	203,346	203,346	-	185,407	185,407
Derivatives	452	-	452	42	-	42
Private Equity	-	448,901	448,901	-	244,701	244,701
Investment Funds	23,620	1,202,451	1,226,071	672,175	200,572	872,747
<b>Total Assets</b>	<b>650,683</b>	<b>1,859,098</b>	<b>2,509,781</b>	<b>1,314,266</b>	<b>733,517</b>	<b>2,047,783</b>



## Basis for Estimating Assets and Liabilities

The council's share of the net obligations of the Strathclyde Pension Fund is an estimated figure based on actuarial assumptions about the future and is a snapshot at the end of the financial year. The net obligation has been assessed using the "projected unit method", that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on.

The Fund's obligation has been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2020. The significant assumptions used by the actuary are shown in the table below. Note 2 includes a sensitivity analysis for the pension obligation based on reasonably possible changes of these assumptions occurring at the reporting date.

	31 March 2021 £000	31 March 2020 £000
Long term expected rate of return on assets in the Fund		
• Equity investment	25.10%	4.30%
• Bonds	25.10%	4.30%
• Property	25.10%	4.30%
• Cash	25.10%	4.30%
Mortality Assumptions (years):		
• Men	19.8	20.7
• Women	22.6	22.9
Longevity at 65 for future pensioners (years):		
• Men	21.2	22.2
• Women	24.7	24.6
Rate of inflation	2.85%	1.90%
Rate of increase in salaries	3.55%	3.00%
Rate of increase in pensions	2.85%	1.90%
Rate for discounting Fund liabilities	2.00%	2.30%
Take-up option to convert annual pension into retirement lump sum		
- Pre April 2009 service	50.0%	50.0%
- Post April 2009 service	75.0%	75.0%

## Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching strategy [ALM] as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. The Fund invests in equities, bonds, properties and in cash.

## Impact of COVID-19

The Fund's actuary confirmed that the IAS19 Balance Sheet is based on financial market values and future market expectation indicators as at 31 March to comply with the standard. The financial markets at the accounting date will have taken into account COVID-19 risks as one of the many national and worldwide economic considerations. There has been no explicit additional allowance or adjustment made for COVID-19 by the actuary.

## Impact on the Authority's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 19.3% for 2020/2021. Following the completion of the triennial valuation as at 31 March 2020, employers' contributions have been set at 19.3% for the next three years (2021/2022 to 2023/2024). The next triennial valuation of the Fund will take place as at 31 March 2023.

The Fund will need to take account of impending national changes to the Local Government Pension Scheme in Scotland such as the move from 1 April 2015 to a new career average revalued earning scheme (CARE) for future accruals.

The total contributions expected to be made by the council to Strathclyde Pension Fund in the year to 31 March 2022 is £47.934 million.

The assumed weighted average duration of the defined benefit obligation for scheme members is 19.0 years.

## **Note 31 Contingent Assets and Liabilities**

As at 31 March 2021 the council has the following material contingent liabilities:

### **Historical Childhood Abuse**

The council recognises the potential for compensation claims deriving from the Scottish Government's Limitation (Childhood Abuse) Scotland Act 2017. At this stage the extent of the council's potential liability is unknown. The Government have introduced a Redress Scheme which should be implemented by December 2021. This may have an impact on the extent of the Council's liability. This cannot be quantified.

### **European Structural Funds**

The council delivers projects which form part of the European Structural and Investment Funds Scotland Programme. The Scottish Government has advised that payments to councils and other Lead Partners from the European Social Fund (ESF) are subject to a full suspension by the European Commission. At this stage, the extent of any potential liability is unknown. There is no reason at this time to believe that this affects the amount of funds that the council will receive.

### **COVID-19 Impact**

The full costs of additional costs for services implemented by the council during the lockdown, loss of income, and the costs of the recovery process placed a significant financial burden on the council in 2020/2021. By the end of the year, Government funding allowed this to be managed in-year with some funding being available to be carried forward for use on COVID-19 activities in 2021/2022.

While new Government monies have been identified for 2021/2022 and the Council also has carry forward monies to assist in meeting any further costs, there is still uncertainty regarding future residual costs, and a lack of confirmation of support funding from the Government. The impact of COVID-19 continues to present a financial risk to the council.

### **Pensions**

A circular from the Scottish Public Pensions Agency (Local Government Pension Scheme 2020/04) refers to a ruling that same-sex survivors were originally entitled to survivor benefits, taking into account the member's service from 6 April 1978. Previously, the male spouse survivor's entitlement was based on service accrued from 6 April 1988. The change is backdated to 5 December 2005, therefore affects the pension of male spouse survivors where their entitlement arose on or after 5 December 2005. Following the Goodwin Tribunal, regulatory amendments will now need to be made with effect from the same date to extend that entitlement to male survivors of female members.

While this could have a financial impact on future years' costs, and the impact cannot yet be quantified, current information from the Strathclyde Pension Fund actuary suggests that this is likely to be minimal. Given the uncertainty, and the immaterial nature of any potential impact, no provision has been made in the Accounts.

In addition, the actuary also highlighted an awareness of 2 other court cases which may impact on pension benefits in the future. The first was the Walker case where it was ruled that surviving spouses in same sex marriages should be entitled to the same benefits as those in different sex marriages and also the O'Brien case where it was ruled that recognition of part time benefits should apply to service for the period prior to 7 April 2000. The actuaries understanding is that these are unlikely to be significant judgements in terms of impact on future pension obligations of Employers. Again, given the uncertainty, and the immaterial nature of any potential impact, no provision has been made in the Accounts.

### **Job Evaluation Scheme**

As part of the Council's Job Evaluation Scheme, a range of posts have been identified as requiring review. No outcome has been agreed as yet, therefore any liability in respect of these reviews cannot be determined.

## Note 32 Financial Instruments

### Categories of Financial Instruments

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

		31 March 2021			31 March 2020	
	Long Term £000	Current £000	Total £000	Long Term £000	Current £000	Total £000
<b>Financial Assets</b>						
Fair value through profit and loss	-	-	-	-	-	-
Amortised Cost	-	171,101	171,101	-	155,166	155,166
<b>Total Financial Assets</b>	-	171,101	171,101	-	155,166	155,166
<b>Financial Liabilities</b>						
Fair value through profit and loss	-	-	-	-	-	-
Amortised cost	1,150,876	57,480	1,208,356	1,199,283	47,097	1,246,380
<b>Total Financial Liabilities</b>	1,150,876	57,480	1,208,356	1,199,283	47,097	1,246,380

# Income, Expense, Gains and Losses

		2020/21			2019/20	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Total £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Total £000
<b>Net Gains/Losses on:</b>						
Financial Assets Measured at Fair Value Through Profit and Loss	-	-	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-	-	-
Investments in Equity Instruments Designated at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-
Financial Liabilities Measured at Amortised Cost	-	-	-	-	-	-
<b>Total Net Gains/Losses</b>	-	-	-	-	-	-
<b>Interest Revenue</b>						
Financial Assets Measured at Amortised Cost	240	-	240	1,627	-	1,627
Other Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-
<b>Total Interest Revenue</b>	<b>240</b>	<b>-</b>	<b>240</b>	<b>1,627</b>	<b>-</b>	<b>1,627</b>
<b>Interest Expense</b>	<b>(39,570)</b>	<b>-</b>	<b>(39,570)</b>	<b>(40,771)</b>	<b>-</b>	<b>(40,771)</b>
<b>Fee Income</b>						
Financial Assets or Financial Liabilities that are not at Fair Value Through Profit and Loss	-	-	-	-	-	-
Trust and Other Fiduciary Activities	-	-	-	-	-	-
<b>Total Fee Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fee Expense</b>						
Financial Assets or Financial Liabilities that are not at Fair Value Through Profit and Loss	-	-	-	-	-	-
Trust and Other Fiduciary Activities	-	-	-	-	-	-
<b>Total Fee Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Fair Value of Financial Assets

There are no financial assets held at fair value.

## Transfers Between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1 and 2 during the year.

## Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

## The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required)

All financial assets and liabilities held by the authority are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loans Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For non PWLB loans, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- Where an instrument has a maturity of less than 12 months the fair value is taken to be the principal outstanding.

The fair values calculated are as follows:

	<b>2020/21 Carrying Amount £000</b>	<b>2020/21 Fair Value £000</b>	<b>2019/20 Carrying Amount £000</b>	<b>2019/20 Fair Value £000</b>
<b>Financial Liabilities</b>				
Financial Liabilities held at amortised cost: PWLB Debt	1,006,003	1,457,491	1,035,753	1,635,128
Financial Liabilities held at amortised cost: Non PWLB Debt	8,611	11,578	9,180	12,939
PFI and Finance Lease Liabilities	193,743	288,359	201,447	296,857
<b>Total Financial Liabilities</b>	<b>1,208,357</b>	<b>1,757,428</b>	<b>1,246,380</b>	<b>1,944,924</b>
<b>Financial Assets</b>				
Financial Assets held at amortised cost	171,101	171,101	155,166	155,166
<b>Total Financial Assets</b>	<b>171,101</b>	<b>171,101</b>	<b>155,166</b>	<b>155,166</b>

The fair value of the liabilities is greater than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £1,457.491 million measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB redemption interest rates. The difference between the carrying amount and the fair value measures the additional interest that the council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £1,006.003 million would be valued at £1,296.292 million. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £421.488 million for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £1,457.491 million.

**Fair Value Hierarchy for Financial Assets and Financial Liabilities that are not Measured at Fair Value as at 31 March 2021:**

	Quoted Prices in Active Markets for Identical Assets (Level 1) £000	Other Significant Observable Inputs (Level 2 ) £000	Significant Unobservable Inputs (Level 3) £000	Total £000
<b>Recurring fair value measurements using:</b>				
<b>Financial Liabilities</b>				
Financial Liabilities held at amortised cost: PWLB Debt	-	1,457,491	-	1,457,491
Financial Liabilities held at amortised cost: Non PWLB Debt	-	11,578	-	11,578
PFI and Finance Lease Liabilities	-	288,359	-	288,359
	-	<b>1,757,428</b>	-	<b>1,757,428</b>
<b>Financial Assets</b>				
Financial Assets held at amortised cost	171,101	-	-	171,101
<b>Total Assets / Liabilities</b>	<b>171,101</b>	<b>1,757,428</b>	-	<b>1,928,529</b>

**Fair Value Hierarchy for Financial Assets and Financial Liabilities that are not Measured at Fair Value as at 31 March 2020:**

	Quoted Prices in Active Markets for Identical Assets (Level 1) £000	Other Significant Observable Inputs (Level 2 ) £000	Significant Unobservable Inputs (Level 3) £000	Total £000
<b>Recurring fair value measurements using:</b>				
<b>Financial Liabilities</b>				
Financial Liabilities held at amortised cost: PWLB Debt	-	1,635,128	-	1,635,128
Financial Liabilities held at amortised cost: Non PWLB Debt	-	12,939	-	12,939
PFI and Finance Lease Liabilities	-	322,028	-	322,028
	-	<b>1,970,095</b>	-	<b>1,970,095</b>
<b>Financial Assets</b>				
Financial Assets held at amortised cost	155,166	-	-	155,166
<b>Total Assets / Liabilities</b>	<b>155,166</b>	<b>1,970,095</b>	-	<b>2,125,261</b>

**Note 33 Disclosure of Nature and Extent of Risks Arising From Financial Instruments**

**Key Risks**

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

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

## Overall Procedures for Managing Risk

The procedures for risk management are set out through a legal framework set out in the Local Government (Scotland) Act 2003 and the associated regulations. These require the council to comply with the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice. Overall these procedures require the Council to manage risk in the following ways:

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties;
- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - ✦ The council's overall borrowing
  - ✦ Its maximum and minimum exposures to fixed and variable rates
  - ✦ Its maximum and minimum exposures of the maturity structure of its debt
  - ✦ Its maximum annual exposures to investments maturing beyond a year

These are required to be reported and approved at, or before, the council's annual Council Tax budget setting. These items are reported within the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the council's financial instrument exposure. Actual performance is also reported quarterly to Members.

These policies are implemented by a central treasury team. The council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs).

## Nature and Extent of Risks – Credit Risk

### Credit Risk

Credit Risk arises from deposits with banks and financial institutions, as well as credit exposures to the council's customers

The council manages this risk by ensuring that investments are placed with the Debt Management Office, other local authorities or Banks and Building Societies having sufficiently high credit worthiness as set out in the Treasury Management Strategy.

The table below summarises the nominal value of the Council's investment portfolio at the end of 31 March 2021 into the relative credit ratings.

Balance Invested as at 31 March 2021								
Counterparty/Country	Long Term Rating (Fitch)	Up to 1 month £000	Greater than 1 month and up to 3 months £000	Greater than 3 months and up to 6 months £000	Greater than 6 months and up to 9 months £000	Greater than 9 months and up to 12 months £000	Greater than 12 months £000	Total £000
Debt Management Office	AA-	37,600	-	-	-	-	-	37,600
<b>Total UK Government</b>		<b>37,600</b>	-	-	-	-	-	<b>37,600</b>
Local Authorities	AA-	61,007	38,009	5,003	10,001	-	-	114,020
<b>Total UK Local Authorities</b>		<b>61,007</b>	<b>38,009</b>	<b>5,003</b>	<b>10,001</b>	-	-	<b>114,020</b>
Bank of Scotland	A+	10,000	-	-	-	-	-	10,000
The Royal Bank of Scotland	A+	9,481	-	-	-	-	-	9,481
<b>Total UK Banks</b>		<b>19,481</b>	-	-	-	-	-	<b>19,481</b>
<b>Total</b>		<b>118,088</b>	<b>38,009</b>	<b>5,003</b>	<b>10,001</b>	-	-	<b>171,101</b>

The Ratings are as at 31 March 2021 and are intended to provide an indication of credit risk. These are not necessarily the ratings of institutions at the time deposits were placed.

The Ratings above are from Fitch ratings. The Long-Term Rating is the benchmark measure of probability of default.

## Amounts Arising from Expected Credit Losses

The council's investments have been assessed and it has been concluded that the expected credit loss is not material and therefore no allowances have been made.

The following analysis summarises the council's potential maximum exposure to credit risk on the level of default on debtors.

	<b>2020/21 £000</b>	<b>Bad Debt Provision £000</b>	<b>2019/20 £000</b>	<b>Bad Debt Provision £000</b>
Debtors	76,756	5,724	54,935	4,971

The Debtors figure above does not include debtors for Council Tax, Non Domestic Rates and Council House Rents as these are not considered to be financial assets.

Of the gross Debtors figure included in the note, £13.496m (2019/20: £12.284m) is considered to be past its date for payment.

The past due amount can be analysed by age as follows:

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Less than three months	6,681	5,851
Three to six months	740	1,221
Six months to one year	845	1,218
More than one year	5,230	3,994
<b>Total</b>	<b>13,496</b>	<b>12,284</b>

## Nature and Extent of Risks – Liquidity Risk

### Liquidity Risk

As the council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. There may be a risk that the council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The approved prudential indicator sets limits on the maturity structure of debt, and the council's approved treasury and investment strategies address the main risks, and the central Treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt.
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow requirements.

The maturity analysis of financial liabilities is as follows:

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Less than one year	50,028	39,393
Between one and two years	43,884	40,954
Between two and five years	117,894	99,424
More than five years	802,808	865,162
<b>Total</b>	<b>1,014,614</b>	<b>1,044,933</b>

All trade and other payables are due to be paid in less than one year.



## Nature and Extent of Risks – Market Risk

### Interest Rate Risk

The council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the council.

For instance, a rise in interest rates would have the following effects:

- **borrowings at variable rates** – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- **borrowings at fixed rates** – the fair value of the liabilities borrowings will fall
- **investments at variable rates** – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- **investments at fixed rates** – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance pound for pound. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement unless the investments have been designated at fair value through the Comprehensive Income and Expenditure Statement.

The council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central Treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately.

A sensitivity analysis has been carried out to assess the financial effect of a 1% variance in interest rates as suggested in the Code Guidance Notes 2020/2021.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	85
Increase in interest receivable on variable rate investments	(1,831)
Impact on Comprehensive Income and Expenditure Statement	(1,746)
Share of overall impact credited to the HRA	(393)
Decrease in fair value of fixed rate investment assets	-
Impact on Comprehensive Income and Expenditure Statement	-
Decrease in fair value of fixed rate borrowing liabilities (no impact on Comprehensive Income and Expenditure Statement)	(171,751)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair Value of Assets and Liabilities carried at Amortised Cost.

### Price Risk

The council does not invest in equity shares, and is therefore not exposed to losses arising from movements in the price of shares.

### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore, has no exposure to loss arising from movements in exchange rates.

## Note 34 Common Good

Common Good funds are for the benefit of the geographical areas of the former burghs and the council's Finance and Corporate Resources Committee considers the uses to which funds can be put.

### Summary of Common Good Funds

2019/20 Total £000		Lanark £000	Biggar £000	Hamilton £000	Rutherglen £000	2020/21 Total £000
	<b>Income and Expenditure Accounts</b>					
161	Income for Year	14	-	133	-	147
(136)	Expenditure for Year	(22)	-	(75)	-	(97)
<b>25</b>	<b>Surplus / (Deficit) To Balance Sheet</b>	<b>(8)</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>50</b>
	<b>Balance Sheet</b>					
	<b>Fixed Assets</b>					
2,985	Property, Plant and Equipment	1,500	-	1,464	-	2,964
	<b>Investments</b>					
-	General	-	-	-	-	-
802	Advances to South Lanarkshire Council Loans Fund	333	32	348	128	841
-	Debtors	-	-	53	-	53
<b>3,787</b>	<b>Total Assets</b>	<b>1,833</b>	<b>32</b>	<b>1,865</b>	<b>128</b>	<b>3,858</b>
	<b>Current Liabilities</b>					
(5)	Creditors	(3)	-	(13)	-	(16)
<b>3,782</b>	<b>Total Assets less Current Liabilities</b>	<b>1,830</b>	<b>32</b>	<b>1,852</b>	<b>128</b>	<b>3,842</b>
	<b>Represented by:</b>					
2,751	Common Good Account	1,364	32	1,257	128	2,781
25	Surplus / (Deficit)	-	-	58	-	58
5	Amortisation of Revaluation Reserve	(8)	-	1	-	(7)
-	Gain / Loss on Disposal of Fixed Assets	4	-	-	-	4
<b>2,781</b>		<b>1,360</b>	<b>32</b>	<b>1,316</b>	<b>128</b>	<b>2,836</b>
	<b>Revaluation Reserve</b>					
996	Opening Balance	469	-	532	-	1,001
10	Gain / Loss on Revaluation	5	-	5	-	10
(5)	Amortisation of Revaluation Reserve	(4)	-	(1)	-	(5)
<b>1,001</b>	<b>Closing Balance</b>	<b>470</b>	<b>-</b>	<b>536</b>	<b>-</b>	<b>1,006</b>

<b>3,782</b>

<b>1,830</b>	<b>32</b>	<b>1,852</b>	<b>128</b>	<b>3,842</b>

## Note 35 Trust Funds

The council administers a total of 64 Trust Funds, all of which are historically significant and some of which are financially significant.

The most significant fund is the Loudon Bequest (shown within the Charitable section) which is used to finance holiday projects for elderly people. The balance of the fund as at 31 March 2021 was £0.893m.

The Educational Trusts consist mainly of school prize funds. The Charitable Trust Funds include charitable trusts held by the previous District Councils and are used to provide financial assistance to organisations and individuals who meet the terms set by the specific funds.

A report is made to the Finance and Corporate Resources Committee after the year end detailing the expenditure made from each fund and the balance remaining within the fund. The governance arrangements are considered and reviewed by the council.

These Trusts Funds do not represent assets of the council and as a result are not included in the council's Balance Sheet. The individual funds are the subject of a separate audit and audit opinion.

### Summary of Trust Funds

2019/20 Total £000		Charitable £000	Educational £000	EK ITEC £000	2020/21 Total £000	Note
	<b>Income and Expenditure Account</b>					
40	Income for Year	34	-	-	34	
(43)	Expenditure for Year	(18)	(5)	-	(23)	
<b>(3)</b>	<b>Surplus / (Deficit) to Balance Sheet</b>	<b>16</b>	<b>(5)</b>	<b>-</b>	<b>11</b>	
	<b>Balance Sheet</b>					
	Assets					
	Investments					
841	- General	836	-	-	836	
343	- South Lanarkshire Council	200	127	27	354	
<b>1,184</b>		<b>1,036</b>	<b>127</b>	<b>27</b>	<b>1,190</b>	
	Liabilities					
-	Accruals	-	-	-	-	
<b>1,184</b>	<b>Net Assets</b>	<b>1,036</b>	<b>127</b>	<b>27</b>	<b>1,190</b>	
	Represented by:					
1,087	Capital Account as at 1/4/2020	965	110	-	1,075	
(12)	Movement During Year	(27)	(4)	-	(31)	1
<b>1,075</b>	Capital Account as at 31/3/2021	<b>938</b>	<b>106</b>	<b>-</b>	<b>1,044</b>	
100	Revenue Account as at 1/4/2020	60	22	27	109	
9	Movement During Year	38	(1)	-	37	2
<b>109</b>	Revenue Account as at 31/3/2021	<b>98</b>	<b>21</b>	<b>27</b>	<b>146</b>	
<b>1,184</b>	<b>Total Reserves</b>	<b>1,036</b>	<b>127</b>	<b>27</b>	<b>1,190</b>	

**Note 1** The movement on the Capital Account represents the net purchase and sale of investments on the Loudon Bequest during the year and a transfers to revenue reserves.

**Note 2** The movement on the Revenue Account represents a surplus of £0.011 million after deducting payments for trusts and from the receipt of interest on internally and externally invested funds and a transfer from capital reserves of £0.026 million.

specific accruals in respect of further material items.

## Note 36 Accounting Policies

### A General Principles

The Annual Accounts summarise the council's transactions for the 2020/2021 financial year and its position at the year-end of 31 March 2021. The council is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

The accounting policies have been applied consistently.

### B Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts is recognised reflecting the transfer of goods or services to the recipient at the amount which the council expects to be entitled to in exchange for those goods or services.
- Other revenue is recognised when the council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- Supplies are recorded as expenditure when they are consumed – where there is a difference between the date supplies are received and their consumption, they are carried as stock on the council's Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when the services are received, rather than when payments are made.
- The Corporate i-Procurement system operates across the council's service areas.
  - For all purchases made via the i-Procurement system, sundry creditors are now accrued on the basis of all goods and services received by 31 March 2021, regardless of value and materiality. During the financial year, period end accruals have also been made on a similar period by period basis.
  - For any residual purchases, not made via the i-Procurement System sundry creditors are accrued on the basis of payments made during the first 3 weeks following 31 March together with

- Interest payable on borrowings and receivable on investments is accounted for respectively as expenditure and income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.
- Where revenue relating to a contract has been recognised but cash has not yet been received, this is recorded in the Balance Sheet as a contract asset.
- Where cash relating to a contract has been received in advance of the transfer of goods or services, this is recorded in the Balance Sheet as a contract liability.
- Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Where the council is acting as an agent for another party (for example in the collection of National Non Domestic Rates and Council Tax), income and expenditure are recognised only to the extent that commission is receivable by the council for the agency services rendered or the council incurs expenses directly on its own behalf in rendering the services.

### C Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

### D Charges to Revenue for Non- Current Assets

Services are debited or credited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service
- the reversal of a revaluation or impairment loss previously charged to the Surplus or Deficit on the Provision of Services.

The council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to contribute towards the reduction in its overall borrowing requirement through loans fund principal charges. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by a statutory adjustment in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **E Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave and any non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a debit / credit to the Accumulating Compensated Absences Account in the Movement in Reserves Statement.

In February 2018, the Scottish Government issued Financial Circular 2/2018 (replacing FC 3/2010), that amends the absences covered by the statutory mitigation. From 1 April 2018, the flexi and time in lieu absences are no longer covered by the statute and therefore cannot be reversed out. In addition, any reversals held in the Statutory Accumulated Absences Account Reserve require to be charged back to the Comprehensive Income and Expenditure Statement, by 31 March 2020.

In terms of the teachers Statutory Accumulated Compensated Absences, the methodology for 2020/2021 reflects the changes to teachers' terms and conditions as per SCNT 11/26 (12 July 2011).

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the council to the pension fund or pensioner in the year. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### **Post Employment Benefits**

Employees of the council are members of two separate pension schemes:

- The Local Government Pension Scheme (Strathclyde Pension Fund), administered by Glasgow City Council.
- Teachers Pension Scheme administered by the Scottish Pension Agency (Scottish Government).

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payment of benefits is recognised in the Balance Sheet and the Education Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

### **The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Strathclyde Pension Fund are included in the Balance Sheet on an actuarial basis using the projected unit method – that is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on an average of high quality corporate bonds.
- The assets of the Strathclyde Pension Fund are included in the Balance Sheet at their fair value at current bid prices as required under IAS19, principally the bid price for quoted securities, estimated fair value for unquoted securities and market price for property.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **F Events After the Reporting Period**

There are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts is authorised for issue.

An adjustment is made to the financial statements where there is evidence that the event relates to the reporting period, otherwise the financial statements are not adjusted, and where the amount is material, a disclosure is made in the notes.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

### **G Material Items of Income and Expenditure**

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the financial statements, depending on how significant the items are to an understanding of the council's financial performance.

### **H Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost.

For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Costs associated with debt restructuring (premiums and discounts) are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repayment of the original debt in accordance with accounting regulations.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations permit the costs of restructuring to be released to revenue over the period of the replacement loan. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## **I Financial Assets**

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

### **Loans and Receivables**

Loans and receivables are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value, then at amortised cost. For most of the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.



## Available-for-Sale Assets

Available for sale assets are assets that have a quoted market price and / or do not have fixed or determinable payments and are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

## J Government Grants and Contributions

Government grants, third party contributions and donations are recognised as due to the council when there is reasonable assurance that:

- the council will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

## K Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (for example, software licences) is capitalised when it is expected that it will bring benefits to the council for more than 12 months.

Intangible assets are measured initially at cost. Amounts are not revalued as the fair value of the assets held cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The useful life of these assets is deemed to be five years.

## L Interests in Companies and Other Entities

The council has material interests in companies and other entities that have the nature of associates and jointly controlled entities and require it to prepare group accounts. More information about these entities is detailed in the Group Accounts and Notes to the Group Accounts (pages 110-122).

## M Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The value of work in progress has been made at cost plus an appropriate proportion of overheads, with allowances for foreseeable losses.



## **N Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

### **The Council as Lessee**

#### **Finance Leases**

Assets held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

#### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

### **The Council as Lessor**

#### **Operating Leases**

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet.

## **O Overheads and Support Services**

The 2016/2017 Code removed the requirement for councils to report on a total cost basis per the CIPFA Service Reporting Code of Practice. Councils are only required to reallocate overheads and support costs if this is how they treat/report these services in their management reports throughout the year.

The council reports these as services during the year and does not allocate them in the management reports, therefore the only overhead and support allocation will be to the Housing Revenue Account, where appropriate.

## **P Property, Plant and Equipment**

Assets that have physical substance and are held for use in the supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset e.g. repairs and maintenance is charged as an expense when it is incurred.

## **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- other land and buildings – fair value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV)
- vehicles, plant and equipment – where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value
- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets – fair value based on market value in highest and best use.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Council Dwellings and non-operational lease portfolio are valued annually. The remainder of the land and property assets are valued through a five year rolling programme. The programme is prioritised by asset type to ensure consistency. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, the revaluation loss is accounted for as follows:

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The values for land and property assets in the accounts are based upon certificates produced by the council valuer who is MRICS qualified (Member of Royal Institute of Chartered Surveyors) and issued in the name of the council's Executive Director of Housing and Technical Resources.

### **Impairment or Revaluation Loss**

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired.

Where indications of impairment exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Assets Held for Sale**

Property, land and buildings are classified as 'Held for Sale' when the following criteria are met:

- The property is available for immediate sale in its present condition;
- The sale must be highly probable and an active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale should be expected to qualify for recognition as a completed sale within one year (although events or circumstances, may extend the period to complete the sale beyond one year)

When these criteria are met, assets within the category 'Property, Plant and Equipment' will be reclassified to 'Assets Held for Sale'

### **Disposals**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value costs to sell, the loss is taken to the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit in Provision of Services.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable finite useful life (that is freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (dwellings 40 years, other buildings 10 – 40 years).
- vehicles, plant and equipment – straight line allocation over the useful life of the asset (5 – 20 years).
- infrastructure – straight line allocation over 40 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately, if the component has a different useful life or depreciation method that differs significantly from the remainder of the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Q Heritage Assets**

South Lanarkshire Council's heritage assets comprise collections held within the Museum Service, Archives and Information Service and the Library Service. These collections reflect different aspects of our culture, identity and history.

Heritage Assets, where the cost or value of the asset are known, are recognised on the balance sheet at valuation and no depreciation is charged on these assets. A de-minimis level of £10,000 has been applied. Assets which have a value of less than £10,000 will not be recorded on the Balance Sheet.

Heritage assets will only be revalued where there is specific evidence that a revaluation is required and where the costs of the revaluation do not outweigh the benefit to users of the Annual Accounts.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example where doubts arise as to its authenticity.

Any impairment is recognised and measured in accordance with the council's general policies on impairment – see page 103.

As a result of the cultural and education value of these assets, disposals of heritage assets tend to be rare. The proceeds of such disposals are accounted for in accordance with the council's general provisions relating to the disposal of property plant and equipment and disclosed separately in the Notes to the Accounts.

## **R Public Private Partnership (PPP) and Similar Contracts**

PPP and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passed to the PPP contractor. As the council is deemed to control the services that are provided under its PPP schemes and as ownership of the property, plant and equipment will pass to the council at the end of the contracts for no additional charge, the council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For Secondary Schools' Modernisation Programme – Public Private Partnership (PPP), the liability was written down by an initial capital contribution of £48.050m.

The amounts payable to the PPP operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- finance cost – an interest charge is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income

and Expenditure line in the Comprehensive Income and Expenditure Statement.

- payment towards liability – applied to write down the Balance Sheet liability towards the PPP operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- lifecycle replacement costs – there have been no lifecycle costs to date.

## **S Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

### **Contingent Assets and Liabilities**

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

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Accounts.

### **T Reserves**

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

### **Usable Reserves**

The council has several reserve funds within this category. The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes. The Repairs and Renewals Fund provides for the upkeep of specific assets held by the council. The Capital Fund is used to meet the costs of capital investment and for the repayment of the principal element of borrowing.

### **Unusable Reserves**

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the council. These reserves are explained in Note 13 on pages 66-68.

### **U Revenue Expenditure Funded from Capital under Statute**

Any expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer is made in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account, then reverses out the amounts charged so that there is no impact on the level of council tax.

### **V VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **Note 37 Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 36, the council has had to make certain judgments about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Annual Accounts are:

- The council has entered into a Public Private Partnership (PPP) for the provision of secondary schools, their maintenance and related facilities. The annual unitary charge payable by the council in respect of this contract is allocated across the various expenditure headings based on a detailed financial model, in line with the assumptions made within the service provider's operating model.
- In assessing potential liabilities arising from legal claims against the council, legal opinion has been sought. The council has considered and assessed its exposure to potential liabilities and made provision where it is probable that an outflow of resources will occur and where the amount of liability can be reliably quantified. Where it is not possible to measure the liability or is not probable in the council's opinion that there will be a liability to meet, the contingent liability is disclosed in Note 31.
- The accounts have been prepared on a going concern basis as it is expected that despite the uncertainty around future finance settlements, that the council's process of delivering efficiency savings will provide sufficient resources to finance future liabilities.
- Assets held at current value are revalued on a 5 year rolling basis. The council asserts that at any point in time, the carrying amount does not differ materially from that which would be determined using current value.

## Supplementary Statement No 1

### Housing Revenue Account Income and Expenditure Statement

This statement reflects the statutory requirement to account for local authority housing provision, as defined in the Housing (Scotland) Act 1987.

It shows the elements of expenditure incurred in the management and investment of the council's housing stock and the funding of this by rents, and other income.

The council has a duty to cover any deficit, and any accumulated surplus is carried forward to future years for use in the management and investment of its council housing stock.

#### Housing Revenue Account Income and Expenditure Statement

2019/20 £000		£000	2020/21 £000
	<b>Expenditure</b>		
27,778	Repairs and Maintenance	29,605	
20,466	Supervision and Management	21,588	
30,553	Depreciation and Impairment on Non-Current Assets	31,918	
2,232	Movement in the Allowance for Bad Debts	3,294	
6,521	Other Expenditure	5,851	
<b>87,550</b>	<b>Total Expenditure</b>		<b>92,256</b>
	<b>Income</b>		
(88,099)	Dwelling Rents	(92,116)	
(2,904)	Non Dwelling Rents	(2,840)	
-	Housing Support Grants	-	
-	Other Income	-	
<b>(91,003)</b>	<b>Total Income</b>		<b>(94,956)</b>
<b>(3,453)</b>	<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>		<b>(2,700)</b>
114	HRA Services share of Corporate and Democratic Core		108
-	HRA Share of Other Amounts included in the Whole Council Net Cost of Services but not Allocated to Specific Services		-
<b>(3,339)</b>	<b>Net Cost for HRA Services</b>		<b>(2,592)</b>
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
7	Gain or Loss on the Disposal of Non-Current Assets		311
9,482	Interest Payable and Similar Charges		9,082
(223)	Interest and Investment Income		(52)
543	Pension Interest Cost and Expected Return on Pension Assets		348
(15,861)	Capital Grants and Contributions Receivable		(19,059)
<b>(9,391)</b>	<b>(Surplus) / Deficit for the Year on HRA Services</b>		<b>(11,962)</b>

- Note: The expenditure in the table above is higher than that included in the Comprehensive Income and Expenditure Statement (page 49) by £3.294 million (2019/2020: £2.232 million). This reflects the CIPFA 2019/2020 Code of Practice requirement to transfer the movement in bad debt from the Net Cost of Services in the CIES to the Financing and Investment Income line, whilst in the Housing Revenue Account it remains part of the Net Cost of Services figure.



## Statement of Movement on the Housing Revenue Account Balance

2019/20 £000		Notes	£000	2020/21 £000
(9,011)	<b>Balance on the HRA at the end of the Previous Year</b>			(9,713)
(9,391)	Surplus / (Deficit) for the Year on HRA Income and Expenditure Statement		(11,962)	
9,151	Adjustments between Accounting Basis and Funding Basis Under Statute		9,393	
(240)	Net (Increase) / Decrease Before Transfers to or from Reserves		(2,569)	
(462)	Transfers (to) or from Reserves		(502)	
(702)	(Increase) / Decrease in the Year on the HRA			(3,071)
<b>(9,713)</b>	<b>Balance on the HRA at the end of the Current Year</b>			<b>(12,784)</b>

## Housing Revenue Account Disclosures

### 1. Adjustments between Accounting Basis and Funding Basis Under Statute

2019/20 £000		2020/21 £000
-	Adjustment involving Revaluation Reserve	(164)
(30,553)	Charge for Depreciation and Impairment of Non Current Assets	(31,918)
(54)	Adjustment involving Capital Adjustment Account	(152)
15,861	Capital Grants and Contributions	19,059
5,755	Statutory Provision for the Financing of Capital Investment	6,320
20,589	Capital Expenditure funded by the HRA	18,134
46	Adjustment involving Capital Receipts Reserve	4
81	Adjustments involving Financial Instruments Adjustment Account	81
(2,508)	Adjustments involving the Pension Reserve	(1,743)
(66)	Adjustments involving the Statutory Accumulated Compensated Absences Account	(228)
<b>9,151</b>	<b>Total</b>	<b>9,393</b>

### 2. Housing Stock

The council's housing stock at 31 March 2021 was 25,012 (24,864 at 31 March 2020) in the following categories:

2019/20 Number		2020/21 Number	Average Weekly Rent
11,545	Houses	11,613	£81.49
1,344	High Rose	1,345	£66.31
5,413	Tenements	5,459	£59.74
4,539	4 in a block	4,546	£73.04
2,023	Maisonettes	2,049	£60.40
<b>24,864</b>	<b>Total</b>	<b>25,012</b>	

### 3. Rent Arrears

Rent Arrears at 31 March 2021 were £7.608 million (£6.790 million at 31 March 2020).

### 4. Impairment of Debtors

In 2020/2021 an impairment of £10.926 million has been provided in the Balance Sheet for irrecoverable rents, an increase of £1.758 million from the provision in 2019/2020.

### 5. Exceptional or Prior Year Adjustments

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

### 6. Void Rent Loss

The figures above include rent loss on void properties of £2.181 million (£2.181 million for 2019/2020).



## Supplementary Statement No 2

### National Non Domestic Rates Income Accounts Statement

National Non Domestic Rates (NNDR) income is collected by councils, but all income is then remitted to the Scottish Government, where it is pooled nationally, and re-distributed back to councils along with the General Revenue Grant. The table below details the actual levels of NNDR collected by the council, and the overall increase/decrease between the rates collected and the amount that the council is entitled to receive under the National Pooling arrangement.

2019/20 £000		2020/21 £000	Note
376,184	Gross rates levied and contributions in lieu	374,070	1
	Less:		
(42,819)	Reliefs and other deductions	(77,823)	
-	Payments of interest	-	
(2,395)	Provision of bad and doubtful debts	(5,450)	
330,970	Net Non Domestic Rate Income	290,797	
-	Adjustment for years prior to the introduction of the pool	-	
330,970	Contribution to the National Non Domestic Rate pool	290,797	
10,196	Net contribution (to) / from National Non Domestic Rate pool	(64,618)	
341,166	Gross Non Domestic Rate Income to the Comprehensive Income and Expenditure Statement	226,179	
-	Non Domestic Rate income retained by council (BRIS)	-	2
341,166	<b>Non Domestic Rate Income per the Comprehensive Income and Expenditure Statement</b>	<b>226,179</b>	

**Note 1** In 2020/2021, the gross rates levied amount of £374.070 million (2019/2020: £376.184 million) includes an amount of £229.516 million (2019/2020: £221.228 million) in relation to NDR Utilities which South Lanarkshire Council collected on behalf of the Scottish Government. This has resulted in a net contribution to the NDRI pool to the council of £64.618 million.

**Note 2** The Business Rate Incentivisation Scheme (BRIS) permits the council to retain half of the NDR income, which exceeds the income target set by the Scottish Government. In 2020/2021, the council did not receive any additional funding from BRIS.

### Net Rateable Value Calculation

The amount paid for National Non Domestic Rates is determined by the rateable value placed on the property by the Assessor multiplied by the Rate per £, which is determined each year by the Scottish Government. The National Non Domestic Rates poundage set by the Scottish Government for 2020/2021 were as follows:

- 49.8p Rate Poundage (49p in 2019/2020) for properties with rateable value not greater than £51,000
- 51.1p Intermediate Property Rate (1.3p supplement on poundage) for properties with rateable value between £51,001 and £95,000
- 52.p Higher Property Rate (2.6p supplement on poundage) for properties with a rateable value greater than £95,000

The additional supplements on the rate poundage contribute towards the cost of the Small Business Bonus Scheme. The Small Business Bonus Scheme provides a discount of between 25% and 100% to businesses in Scotland with a combined rateable value of £35,000 or less.

	2020/21 £
<b>Analysis of Rateable Values:</b>	
Rateable Value at 01/04/20	751,970,325
Running Roll (Full Year Rateable Value)	(5,989,195)
Rateable Value at 31/03/21	745,981,130
Less: Wholly Exempt	(3,533,510)
Net Rateable Value at 31/03/21	742,447,620

### South Lanarkshire Council's Rateable Values at 1 April 2020:

	£
Commercial	142,319,460
Industrial and Freight Transport	57,793,310
Public Undertakings	479,338,950
Other	72,518,605
<b>Total</b>	<b>751,970,325</b>



## Supplementary Statement No 3

### Council Tax Income Account Statement

Councils raise taxes from their residents through the Council Tax – which is a property tax linked to property values. Each dwelling in a council area is placed into one of 8 valuation bands (A to H). The council determines the annual tax for a band D property and all other properties are charged a proportion of this, with lower valued properties (Bands A to C) paying less, and higher valued properties (E to H) paying more.

2019/20 £000		2020/21 £000
178,604	Gross Council Tax levied and contributions in lieu	185,747
2,072	Adjustments for prior years Council Tax	2,048
<u>180,676</u>		<u>187,795</u>
	Adjusted for:	
(19,760)	Council Tax Reduction	(21,859)
(20,677)	Other discounts and reductions	(21,195)
(3,971)	Provision for Non-collection	(4,984)
<u>136,268</u>	<b>Transfer to General Fund</b>	<u>139,757</u>

From 1 April 2013, the Council Tax Reduction Scheme replaced Council Tax Benefit, with the resultant decrease in Council Tax Income shown in the Taxation and Non Specific Grant Income line in the Comprehensive Income and Expenditure Statement. Council Tax Benefit grant and payments were previously disclosed as part of General Fund Housing in the Net Cost of Services.

### The calculation of the Council Tax Base 2020/21

	No. of Dwellings	No. of Exemptions	Disabled Relief	Discount 25%	Discount 50%	C Tax Reduction	Total Dwellings	Ratio to Band D	Band D Equivalent
Band A (discount)	-	-	(125)	13	-	-	112	5/9	62
Band A	37,348	1,692	(35)	5,146	300	10,887	19,358	6/9	12,905
Band B	31,592	1,151	(13)	3,976	227	6,535	19,716	7/9	15,335
Band C	27,139	715	(7)	2,586	142	3,587	20,116	8/9	17,881
Band D	21,930	410	(59)	1,720	94	1,611	18,154	9/9	18,154
Band E	20,569	310	109	1,125	65	741	18,219	473/360	23,938
Band F	13,135	100	54	494	41	309	12,137	585/360	19,723
Band G	6,814	58	69	224	26	97	6,340	705/360	12,416
Band H	586	5	8	17	5	5	546	882/360	1,338
							Class 18 Dwellings		-
							<b>114,698</b>	<b>Total</b>	<b>121,752</b>
						Provision for non- collection (2.875%)			(3,500)
						<b>Council Tax Base</b>			<b>118,252</b>

Dwellings fall within a valuation band between A to H which is determined by the Assessor. The Council Tax charge is calculated using the Council Tax Base i.e. Band D equivalents. This value is then increased or decreased depending on the band. Based on the Council Tax base available to South Lanarkshire Council, the Band D charge for 2020/2021 was £1,203.

### South Lanarkshire Council £ per year for 2020/2021

Band A	£802.00	Band E	£1,580.61
Band B	£935.67	Band F	£1,954.88
Band C	£1,069.33	Band G	£2,355.87
Band D	£1,203.00	Band H	£2,947.35

## GROUP ACCOUNTS

### Group Expenditure and Funding Analysis

	Restated 2019/20			2020/21		
Net Expenditure Chargeable To the General Fund And HRA Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable To the General Fund And HRA Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
113,510	30,970	144,480	Community and Enterprise Resources	119,102	25,336	144,438
338,325	(24,033)	314,292	Education Resources	343,155	(13,110)	330,045
34,573	7,017	41,590	Finance and Corporate Resources	35,848	5,993	41,841
			Housing and Technical Resources			
(240)	(5,445)	(5,685)	- Housing Revenue Account	(2,569)	(3,425)	(5,994)
16,950	7,678	24,628	- Housing Other	22,253	6,385	28,638
166,858	16,934	183,792	Social Work Resources	173,119	13,769	186,888
2,150	-	2,150	Joint Board	1,966	-	1,966
1,460	(15,107)	(13,647)	Corporate Items	3,476	(324)	3,152
-	114	114	Corporate and Democratic Core (HRA)	-	108	108
-	-	-	Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-
(25)	-	(25)	Common Good	(50)	-	(50)
<b>673,561</b>	<b>18,128</b>	<b>691,689</b>	<b>Net Cost of Services</b>	<b>696,300</b>	<b>34,732</b>	<b>731,032</b>
(654,481)	(37,418)	(691,899)	Other (Income) and Expenditure	(730,527)	(51,948)	(782,475)
<b>19,080</b>	<b>(19,290)</b>	<b>(210)</b>	<b>(Surplus) or Deficit</b>	<b>(34,227)</b>	<b>(17,216)</b>	<b>(51,443)</b>
(4,723)	(2,024)	(6,747)	Share of Associates	(16,531)	(406)	(16,937)
<b>14,357</b>	<b>(21,314)</b>	<b>(6,957)</b>		<b>(50,758)</b>	<b>(17,622)</b>	<b>(68,380)</b>

General Fund including Subsidiaries and HRA	General Fund Group Associates	Total Group General Fund including HRA		General Fund including Subsidiaries and HRA	General Fund Group Associates	Total Group General Fund including HRA
(89,369)	(21,392)	(110,761)	Opening General Fund and HRA Balance	(80,287)	(26,115)	(106,402)
19,080	(4,723)	14,357	Less/plus Surplus or Deficit on General Fund	(34,227)	(16,531)	(50,758)
(9,998)	-	(9,998)	Transfers to/from Other Reserves	(2,374)	-	(2,374)
(80,287)	(26,115)	(106,402)	Closing General Fund and HRA Balance	(116,888)	(42,646)	(159,534)

Note 1: The Group 2019/2020 statements and associated notes have been restated to reflect the change in South Lanarkshire Leisure and Culture from an Associate to a Subsidiary.

## Group Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with the CIPFA Accounting Code of Practice, rather than the amount to be funded from taxation. The council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis and Movement in Reserves Statements.

Restated 2019/20				2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000
197,823	53,343	144,480	Community and Enterprise Resources	184,310	39,872	144,438
347,718	33,426	314,292	Education Resources	378,580	48,535	330,045
120,298	78,708	41,590	Finance and Corporate Resources	118,934	77,093	41,841
			Housing and Technical Resources			
85,318	91,003	(5,685)	- Housing Revenue Account	88,962	94,956	(5,994)
71,305	46,677	24,628	- Housing Other	74,871	46,233	28,638
394,774	210,982	183,792	Social Work Resources	420,450	233,562	186,888
2,150	-	2,150	Joint Board	2,465	499	1,966
(13,096)	551	(13,647)	Corporate Items	8,369	5,217	3,152
114	-	114	Corporate and Democratic Core (HRA)	108	-	108
-	-	-	Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-
136	161	(25)	Common Good	97	147	(50)
<b>1,206,540</b>	<b>514,851</b>	<b>691,689</b>	<b>Net Cost of Services</b>	<b>1,277,146</b>	<b>546,114</b>	<b>731,032</b>
-	1,262	(1,262)	Other Operating Expenditure (Note 9)	-	27	(27)
76,488	2,772	73,716	Financing and Investment (Income) and Expenditure (Note 10)	72,082	1,067	71,015
-	764,353	(764,353)	Taxation and Non Specific Grant Income (Note 11)	-	853,463	(853,463)
<b>1,283,028</b>	<b>1,283,238</b>	<b>(210)</b>	<b>(Surplus) on Provision of Services</b>	<b>1,349,228</b>	<b>1,400,671</b>	<b>(51,443)</b>
		(6,747)	Share of the (Surplus) or Deficit on the provision of services by associates			(16,937)
		<b>(6,957)</b>	<b>Group (Surplus) / Deficit</b>			<b>(68,380)</b>
		(107,973)	(Surplus) / Deficit on Revaluation of Fixed Assets			(216,251)
		(242,093)	Re-measurement of the Net Defined Benefit Liability / (Asset)			59,447
		(16,620)	Share of Other Comprehensive (Income) and Expenditure of Associates and Joint Ventures			(556)
		<b>(366,686)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(157,360)</b>
		<b>(373,643)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(225,740)</b>

## Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories.

- The first category of reserves are usable reserves, that is those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- The second category of reserves is those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

<b>Restated Group 31 March 2020 £000</b>		<b>Single Entity 31 March 2021 £000</b>	<b>Group Adjustments 31 March 2021 £000</b>	<b>Group 31 March 2021 £000</b>
3,245,072	Property, Plant and Equipment	3,517,195	3,097	3,520,292
3,826	Heritage Assets	3,826	-	3,826
129	Intangible Assets	239	-	239
64,291	Investments in associates and joint ventures	-	82,289	82,289
1,562	Long Term Debtors	1,859	(511)	1,348
<b>3,314,880</b>	<b>Non Current Assets</b>	<b>3,523,119</b>	<b>84,875</b>	<b>3,607,994</b>
62,658	Short Term Investments	48,019	-	48,019
3,738	Inventories	3,780	123	3,903
70,147	Short Term Debtors	83,979	(138)	83,841
819	Assets Held for Sale	819	-	819
94,748	Cash and Cash Equivalents (see cash flow notes)	109,734	6,210	115,944
<b>232,110</b>	<b>Current Assets</b>	<b>246,331</b>	<b>6,195</b>	<b>252,526</b>
(39,393)	Short Term Borrowing	(50,028)	-	(50,028)
(165,516)	Short Term Creditors	(169,110)	(3,372)	(172,482)
(156)	Contract Liability – IFRS15	-	-	-
(7,704)	Other Short Term Liabilities (PPP / Finance Leases)	(7,452)	-	(7,452)
(521)	Provisions	(5,412)	-	(5,412)
(2,033)	Receipts in Advance	(12,039)	-	(12,039)
<b>(215,323)</b>	<b>Current Liabilities</b>	<b>(244,041)</b>	<b>(3,372)</b>	<b>(247,413)</b>
(9)	Long Term Creditors	-	-	-
(823)	Long Term Provisions	(673)	(118)	(791)
(1,005,540)	Long Term Borrowing	(964,586)	-	(964,586)
(103)	Liabilities in associates and joint ventures	-	(608)	(608)
(193,743)	Other Long Term Liabilities (PPP / Finance Lease)	(186,291)	-	(186,291)
(349,059)	Other Long Term Liabilities (Pension)	(443,073)	(9,628)	(452,701)
<b>(1,549,277)</b>	<b>Long Term Liabilities</b>	<b>(1,594,623)</b>	<b>(10,354)</b>	<b>(1,604,977)</b>
<b>1,782,390</b>	<b>Net Assets</b>	<b>1,930,786</b>	<b>77,344</b>	<b>2,008,130</b>
103,590	Usable Reserves	140,249	-	140,249
1,607,747	Unusable Reserves	1,790,537	-	1,790,537
71,053	Group Reserves	-	77,344	77,344
<b>1,782,390</b>	<b>Total Reserves</b>	<b>1,930,786</b>	<b>77,344</b>	<b>2,008,130</b>

The notes on pages 117 to 122 form part of the group financial statements. The unaudited accounts were authorised for issue on 22 June 2021.

Paul Manning  
Executive Director (Finance and Corporate Resources)  
22 June 2021



## Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	Revenue Statutory Funds		Revenue Statutory Funds		Revenue Statutory Funds		Revenue Statutory Funds		Revenue Statutory Funds		Revenue Statutory Funds	
	General Fund Balance £000	Housing Revenue Account £000	Repairs and Renewals Fund £000	Insurance Fund £000	Capital Statutory Fund £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Council's Share of Usable Reserves of Subsidiaries and Associates £000	Council's Share of Unusable Reserves of Subsidiaries and Associates £000	Total Group Reserves £000
<b>Restated Balance at 1 April 2020</b>	<b>75,579</b>	<b>9,713</b>	<b>5,918</b>	<b>2,053</b>	<b>8,234</b>	<b>2,093</b>	<b>103,590</b>	<b>1,607,747</b>	<b>1,711,337</b>	<b>22,485</b>	<b>48,568</b>	<b>1,782,390</b>
<b><u>Movement in reserves during 2020/21</u></b>												
<b>Total Comprehensive Expenditure and Income</b>	<b>41,781</b>	<b>11,962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,743</b>	<b>165,706</b>	<b>219,449</b>	<b>14,637</b>	<b>(8,346)</b>	<b>225,740</b>
Adjustments between accounting basis and funding basis under regulations	(7,823)	(9,393)	-	-	-	132	(17,084)	17,084	-	144	(144)	-
Adjustments for Changes in Council's share of associates	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Increase / (Decrease) before Transfers to Reserves</b>	<b>33,958</b>	<b>2,569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132</b>	<b>36,659</b>	<b>182,790</b>	<b>219,449</b>	<b>14,781</b>	<b>(8,490)</b>	<b>225,740</b>
Transfers to/ (from) Reserves	1,872	502	1,566	251	(3,900)	(291)	-	-	-	-	-	-

Increase / (Decrease) in Year	35,830	3,071	1,566	251	(3,900)	(159)	36,659	182,790	219,449	14,781	(8,490)	225,740
Balance at 31 March 2021 carried forward	111,409	12,784	7,484	2,304	4,334	1,934	140,249	1,790,537	1,930,786	37,266	40,078	2,008,130

	Revenue Statutory Funds		Revenue Statutory Funds							Council's Share of Usable Reserves of Subsidiaries and Associates £000	Council's Share of Unusable Reserves of Subsidiaries and Associates £000	Total Group Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Repairs and Renewals Fund £000	Insurance Fund £000	Capital Statutory Fund £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000			
<b>Restated Balance at 1 April 2019</b>	<b>82,785</b>	<b>9,011</b>	<b>6,929</b>	<b>3,278</b>	<b>10,496</b>	<b>5,409</b>	<b>117,908</b>	<b>1,240,585</b>	<b>1,358,493</b>	<b>20,201</b>	<b>30,766</b>	<b>1,409,460</b>
<b><u>Movement in reserves during 2019/20</u></b>												
<b>Total Comprehensive Expenditure and Income</b>	<b>(6,603)</b>	<b>9,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,788</b>	<b>350,056</b>	<b>352,844</b>	<b>4,169</b>	<b>16,630</b>	<b>373,643</b>
Adjustments between accounting basis and funding basis under regulations	(10,139)	(9,151)	-	-	-	2,184	(17,106)	17,106	-	(1,668)	1,668	-
Adjustments for Changes in Council's share of associates	-	-	-	-	-	-	-	-	-	(217)	(496)	(713)
<b>Net Increase / (Decrease) before Transfers to Reserves</b>	<b>(16,742)</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,184</b>	<b>(14,318)</b>	<b>367,162</b>	<b>352,844</b>	<b>2,284</b>	<b>17,802</b>	<b>372,930</b>
Transfers to/ (from) Reserves	9,536	462	(1,011)	(1,225)	(2,262)	(5,500)	-	-	-	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>(7,206)</b>	<b>702</b>	<b>(1,011)</b>	<b>(1,225)</b>	<b>(2,262)</b>	<b>(3,316)</b>	<b>(14,318)</b>	<b>367,162</b>	<b>352,844</b>	<b>2,284</b>	<b>17,802</b>	<b>372,930</b>
<b>Restated Balance at 31 March 2020 carried forward</b>	<b>75,579</b>	<b>9,713</b>	<b>5,918</b>	<b>2,053</b>	<b>8,234</b>	<b>2,093</b>	<b>103,590</b>	<b>1,607,747</b>	<b>1,711,337</b>	<b>22,485</b>	<b>48,568</b>	<b>1,782,390</b>



## Group Cash Flow Statement

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

<b>Restated 2019/20 £000</b>		<b>2020/21 £000</b>
193	Net surplus / (deficit) on the provision of services	51,417
81,594	Adjust net surplus / deficit on the provision of services for non cash movements	140,719
(65,419)	Adjust for items included in the net surplus / deficit on the provision of services that are investing and financing activities	(80,835)
<b>16,368</b>	<b>Net cash flows from Operating Activities</b>	<b>111,301</b>
<b>37,494</b>	<b>Investing Activities</b>	<b>(52,508)</b>
<b>(38,068)</b>	<b>Financing Activities</b>	<b>(37,597)</b>
<b>15,794</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>21,196</b>
<b>78,954</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>94,748</b>
<b>94,748</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>115,944</b>

## Cash Flow Statement Note – Non Cash Movements

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

<b>Restated 31 March 2020 £000</b>		<b>31 March 2021 £000</b>
42,976	Depreciation, impairment and amortisation of assets	60,433
6,259	Movement in creditors	31,705
(17,621)	Movement in debtors	4,137
(143)	Movement in inventories	(165)
49,049	Movement in pension liability	44,195
1,074	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	414
-	Other non cash items charged to the net surplus / deficit on the provision of services	-
<b>81,594</b>	<b>Net cash flows from the provision of services for non cash movements</b>	<b>140,719</b>

## Cash Flow Statement Note – Operating Activities – Items Included in Net Surplus / (Deficit) on the Provision of Services That are Investing and Financing Activities

The cash flows for these activities include the following items:

<b>Restated 2019/20 £000</b>		<b>2020/21 £000</b>
(63,083)	Capital contributions and grants	(80,394)
(2,336)	Capital receipts applied	(441)
<b>(65,419)</b>	<b>Net cash flows from items included in the net surplus / (deficit) on the provision of services that are investing and financing activities</b>	<b>(80,835)</b>

## Cash Flow Statement Note – Investing Activities

2019/20 £000		2020/21 £000
(111,710)	Purchase of property, plant and equipment and intangible assets	(119,777)
(261,500)	Purchase of short term investments	(126,000)
77,704	Proceeds from the sale of property, plant and equipment and intangible assets	52,769
333,000	Proceeds from short term investments	140,500
-	Other receipts from investing activities	-
<b>37,494</b>	<b>Net cash flows from investing activities</b>	<b>(52,508)</b>

## Cash Flow Statement Note – Financing Activities

2019/20 £000		2020/21 £000
-	Cash receipts of short term and long term borrowing	-
(7,478)	Cash payments for the reduction of the outstanding liabilities relating to finance leases for PPP contracts	(7,704)
(30,590)	Repayments of short term and long term borrowing	(29,893)
<b>(38,068)</b>	<b>Net cash flows from financing activities</b>	<b>(37,597)</b>

## Cash Flow Statement Note – Cash and Cash Equivalents

31 March 2020 £000		31 March 2021 £000
105	Cash held by officers	105
2,074	Bank current accounts	12,238
92,569	Short term deposits	103,601
<b>94,748</b>	<b>Total cash and cash equivalents</b>	<b>115,944</b>

The credit figures shown against Bank Accounts in 2021 relate to balances in the financial ledger. This is due to timing differences in posting transactions in the ledger. Actual balances held at bank are not in an overdraft position.

The group cash flow statement represents the single entity cash flow for South Lanarkshire Council adjusted for its subsidiaries, Routes to Work South and Common Good.

The adjusted figures are as follows:

	South Lanarkshire Council £000	Routes to Work South £000	Common Good £000	South Lanarkshire Leisure & Culture Trust £000	Total £000
Net surplus / (deficit) on provision of services	53,743	3	50	(2,379)	51,417
Adjust net surplus / (deficit) on the provision of services for non-cash movements	137,541	(55)	(50)	3,283	140,719
Adjust for items included in the net surplus / (deficit) that are investing and financing activities	(80,835)	-	-	-	(80,835)
Net Cash Flows from Operating Activities	<b>110,449</b>	<b>(52)</b>	<b>-</b>	<b>904</b>	<b>111,301</b>
Investing Activities	(52,466)	(33)	-	(9)	(52,508)
Financing Activities	(37,597)	-	-	-	(37,597)
Net increase / decrease in cash and cash equivalents	<b>20,386</b>	<b>(85)</b>	<b>-</b>	<b>895</b>	<b>21,196</b>
Cash and cash equivalents at beginning of period	89,348	1,155	-	4,245	94,748
<b>Cash and cash equivalents at end of reporting period</b>	<b>109,734</b>	<b>1,070</b>	<b>-</b>	<b>5,140</b>	<b>115,944</b>

## Notes to Group Financial Statements

**Note 1**      **Notes to the Expenditure and Funding Analysis Statement – Adjustments between Funding and Accounting Basis**  
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement

<b>2020/21</b>				
	<b>Adjustments for Capital Purposes £000</b>	<b>Net change for the Pensions Adjustments £000</b>	<b>Other Differences £000</b>	<b>Total Adjustments between Funding and Accounting Basis £000</b>
Community and Enterprise Resources	15,946	8,363	1,027	25,336
Education Resources	7,054	4,346	(24,510)	(13,110)
Finance and Corporate Resources	1,191	3,429	1,373	5,993
Housing and Technical Resources				
- Housing Revenue Account	7,464	1,395	(12,284)	(3,425)
- Housing Other	2,433	4,449	(497)	6,385
Social Work Resources	1,730	10,647	1,392	13,769
Joint Board	-	-	-	-
Corporate Items	-	47	(371)	(324)
Corporate and Democratic Core (HRA)	-	-	108	108
Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-	-
<b>Net Cost of Services</b>	<b>35,818</b>	<b>32,676</b>	<b>(33,762)</b>	<b>34,732</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(91,699)	8,835	30,916	(51,948)
<b>Surplus or Deficit</b>	<b>(55,881)</b>	<b>41,511</b>	<b>(2,846)</b>	<b>(17,216)</b>
Share of (Surplus) or Deficit on the Provision of Services by Associates	(1,085)	340	339	(406)
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(56,966)</b>	<b>41,851</b>	<b>(2,507)</b>	<b>(17,622)</b>

<b>2019/20</b>				
	<b>Adjustments for Capital Purposes £000</b>	<b>Net change for the Pensions Adjustments £000</b>	<b>Other Differences £000</b>	<b>Total Adjustments between Funding and Accounting Basis £000</b>
Community and Enterprise Resources	18,891	11,808	271	30,970
Education Resources	(11,352)	7,865	(20,546)	(24,033)
Finance and Corporate Resources	1,001	5,206	810	7,017
Housing and Technical Resources				
- Housing Revenue Account	4,210	1,966	(11,621)	(5,445)
- Housing Other	1,773	6,342	(437)	7,678
Social Work Resources	1,905	14,507	522	16,934
Joint Board	-	-	-	-
Corporate Items	-	(14,995)	(112)	(15,107)
Corporate and Democratic Core (HRA)	-	-	114	114
Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-	-
<b>Net Cost of Services</b>	<b>16,428</b>	<b>32,699</b>	<b>(30,999)</b>	<b>18,128</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(80,109)	13,701	28,990	(37,418)
<b>Surplus or Deficit</b>	<b>(63,681)</b>	<b>46,400</b>	<b>(2,009)</b>	<b>(19,290)</b>
Share of (Surplus) or Deficit on the Provision of Services by Associates	(2,176)	(1,349)	1,501	(2,024)
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(65,857)</b>	<b>45,051</b>	<b>(508)</b>	<b>(21,314)</b>

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

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

	2020/21 £000	Restated 2019/20 £000
<b>Expenditure</b>		
Employee Benefits Expenses	590,439	565,073
Other Services Expenditure	626,274	598,491
Support Services Recharges	-	-
Depreciation, Amortisation, Impairment	60,433	42,976
Interest Payment	58,279	59,885
Pension Net Interest Expense	8,835	13,701
Impairment on Financial Instruments	4,968	2,902
Loss on the Disposal of Assets	-	-
<b>Total Expenditure</b>	<b>1,349,228</b>	<b>1,283,028</b>
<b>Income</b>		
Fees and Charges and Other Service Income	413,705	405,160
Interest and Investment Income	315	2,139
Impairment on Financial Instruments	752	633
Gain on the Disposal of Assets	27	1,262
Income from Council Tax	139,757	136,268
Government Grants and Contributions	846,115	737,776
<b>Total Income</b>	<b>1,400,671</b>	<b>1,283,238</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>(51,443)</b>	<b>(210)</b>

## Note 3 Investments / Liabilities in Associates and Joint Boards

The group's share of the net asset / liabilities by associate and joint board is shown below:

	31 March 2021 £000	Restated 31 March 2020 £000
<b>Investments in associates and joint boards</b>		
Strathclyde Partnership for Transport	63,261	61,096
Strathclyde Concessionary Travel Scheme Joint Committee	511	108
South Lanarkshire Integration Joint Board	18,517	3,087
<b>Total</b>	<b>82,289</b>	<b>64,291</b>

	31 March 2021 £000	31 March 2020 £000
<b>Liabilities in associates and joint boards</b>		
Lanarkshire Valuation Joint Board	(608)	(103)
<b>Total</b>	<b>(608)</b>	<b>(103)</b>

#### **Note 4 Disclosure of Interests in Other Entities**

The council has adopted the recommendations of the Code in the United Kingdom 2020/2021, as supported by the International Financial Reporting Standard (IFRS), which requires local authorities to consider their interests in all types of entity to incorporate into Group Accounts.

A full set of Group Accounts, in addition to the council's accounts, has been prepared which incorporates material balances from identified associates and joint ventures.

The Financial Statements in the Group Accounts are prepared in accordance with the Accounting Policies set out in the Accounting Policies on pages 98-105.

#### **Note 5 Financial Impact of Consolidation**

By including the group entities (details of which are provided below), the effect on the Group Balance Sheet is an increase in both Reserves and Net Assets of £77.344m. This represents the council's share of the net assets in these entities.

#### **Note 6 Group Entities**

The Group Accounts consolidate the results of the council with eight other entities – Common Good Fund, four joint boards, South Lanarkshire Leisure and Culture Limited, Routes to Work South and Clyde Valley Learning and Development Joint Committee.

The joint boards are:

- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Lanarkshire Valuation Joint Board
- South Lanarkshire Integration Joint Board.

South Lanarkshire Council holds no shares in the bodies governed by these Boards.

The joint boards have a wide range of functions to discharge, and members of each Board are elected councillors and are appointed by the councils in proportions specified in the legislation.

Under accounting standards guidance, South Lanarkshire Council can be seen to have significant influence over these statutory bodies, through nominated Council Member involvement in the bodies' governing Boards.

The Boards are included within the Group Accounts even when our interest in these bodies is less than the 20% that is normally presumed to represent significant influence.

Further details on each of the Boards and the Trust are provided below:

#### **Common Good Fund**

The Common Good Fund is for the benefit of the geographical areas of the former burghs and is administered by the council. The council's share of the year-end net asset of £3.842m is included in the Group Balance Sheet.

The Common Good Account is included within the council's core financial statements Note 34.

#### **Strathclyde Partnership for Transport**

Strathclyde Partnership for Transport is the statutory body responsible for formulating the public transport policy for the 12 local authorities in the former Strathclyde area of the West of Scotland. The accounting period for the Board is the twelve months to 31 March 2021.

In 2020/2021, South Lanarkshire Council contributed 14.31% of the entity's estimated running costs. This body has been included as an associate in the council's Group Accounts, with the council's share of the year-end net asset of £63.261m included in the Group Balance Sheet.

Copies of the Board's accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow, G2 5JF. The accounts of the Partnership are subject to audit.

#### **Strathclyde Concessionary Travel Scheme Joint Committee**

Strathclyde Concessionary Travel Scheme Joint Committee comprises the 12 councils within the West of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The Strathclyde Passenger Transport Executive administers the Scheme on behalf of the Joint Committee. The accounting period for the Joint Committee is the twelve months to 31 March 2021.

In 2020/2021, South Lanarkshire Council contributed 14.72% of the Committee's estimated running costs. This body has been included as an associate in the council's Group Accounts with the council's share of the year-end net assets of £0.511m included in the Group Balance Sheet.

Copies of the Board's accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme Joint Committee, 131 St Vincent Street, Glasgow, G2 5JF. The accounts of the Committee are subject to audit.

### Lanarkshire Valuation Joint Board

Lanarkshire Valuation Joint Board was formed in 1996 at local government re-organisation. The Board maintains the Electoral, Council Tax and Non-Domestic Rates registers for North and South Lanarkshire. The Board's running costs are met by the two member councils. Surpluses or deficits on the Board's operations are shared between the councils. The accounting period for the Board is the twelve months to 31 March 2021.

In 2020/2021, South Lanarkshire Council contributed 50% of the Board's estimated running costs. This body has been included as an associate in the Group Accounts, with the council's share of the year-end net liability of £0.606m included in the Group Balance Sheet.

The following additional disclosures are required under accounting regulations for Lanarkshire Valuation Joint Board because the council's share of the net assets of the Board exceeds 25%.

	2020/21 £000	Restated 2019/20 £000
Expenditure	4,729	4,240
Total Comprehensive Income and Expenditure	1,008	(2,810)
Fixed Assets	-	2
Current Assets	1,466	1,042
Liabilities due within one year	(479)	(131)
Liabilities due after one year	(2,200)	(1,118)
Capital and reserves	(1,213)	(205)
Contingent liabilities	-	-
Capital commitments	-	-

Copies of the Board's accounts may be obtained from the Treasurer to the Lanarkshire Valuation Joint Board, Floor 4, Council Offices, Almada Street, Hamilton, ML3 0AB. The accounts of the Board are subject to audit.

### South Lanarkshire Integration Joint Board

South Lanarkshire Integration Joint Board was established by South Lanarkshire Council with NHS Lanarkshire to formally integrate health and social care provision within South Lanarkshire.

South Lanarkshire Council delegated resources of £139.441m or 22.21% of the Board's income in 2020/2021. This body has been included as a joint venture in the Group Accounts, with the council's 50% share of the year end net asset of £18.516m included in the Group Balance Sheet.

The following table details the main elements of South Lanarkshire Council's share of assets, liabilities and revenues of the Board.

	2020/21 £000	2019/20 £000
Expenditure	597,069	552,311
Total Comprehensive Income and Expenditure	(30,859)	4,850
Fixed Assets	-	-
Current Assets	37,032	6,173
Liabilities due within one year	-	-
Liabilities due after one year	-	-
Capital and reserves	37,032	6,173
Contingent liabilities	-	-
Capital commitments	-	-

### South Lanarkshire Leisure and Culture Limited

South Lanarkshire Leisure Limited was established as a Charitable Trust on 1 April 2002. The Trust became South Lanarkshire Leisure and Culture Limited in October 2010, when Cultural Services transferred from South Lanarkshire Council.

It provides the council with a full range of leisure and cultural services within the South Lanarkshire area.

The Trust is entirely independent of the council under law and for taxation purposes. The council has neither any shares in, nor ownership of the Trust. The Company is limited by guarantee, with each member's liability limited to £1 in the event of the Company being wound up. The accounting period for the trust is the twelve months to 31 March 2021. South Lanarkshire Council currently has 5 out of the 12 Board positions (2 currently vacant) meaning 41.67% representation on the Board of Directors.

However, a review of the relationship between the council and the Trust has identified that the Trust meets the definition of a structured entity. This describes an entity that has been designed so that the relevant activities are directed by means of

contractual arrangements. In recognition of this, South Lanarkshire Leisure and Culture Limited is included in the Group Financial Statements as a

100% subsidiary. The Group Financial Statements for 2019/2020 have been restated to reflect this.

The accounts of the Trust are published separately and may be obtained from the Secretary, South Lanarkshire Leisure and Culture Limited, Council Office, Floor 1, North Stand, Cadzow Avenue, Hamilton, ML3 0LX. The accounts of the Trust are subject to audit.

The following additional disclosures are required under accounting regulations for South Lanarkshire Leisure and Culture Limited because the council's share of the net assets of the Board exceeds 25%.

	2020/21 £000	2019/20 £000
Expenditure	33,477	39,741
Total Comprehensive Income and Expenditure	(11,291)	8,098
Fixed Assets	103	221
Long Term Assets	-	1,968
Current Assets	6,735	5,510
Liabilities due within one year	(5,108)	(4,314)
Liabilities due after one year	(511)	(503)
Long Term Liabilities	(9,628)	-
Capital and reserves	(8,409)	2,882
Contingent liabilities	-	-
Capital commitments	-	-

#### Routes to Work South

Routes to Work South was established in 1998. Its main activity is supporting unemployed and workless residents of South Lanarkshire into employment, training or further education. Routes to Work South delivers services to the council and is funded by the council.

South Lanarkshire Council is the sole member of Routes to Work South. In recognition of this, Routes to Work South is included in the Group Financial Statements as a 100% subsidiary.

The accounts of Routes to Work South are published separately and may be obtained from the Secretary, Routes to Work South, 1-5 Main Street, Cambuslang, Glasgow G72 7EX.

The following additional disclosures are required under accounting regulations for Routes to Work South because the Council's share of the net assets exceeds 25%

	2020/21 £000	2019/20 £000
Expenditure	1,910	2,503
Total Comprehensive Income and Expenditure	(3)	(44)
Fixed Assets	30	-
Current Assets	1,800	1,679
Liabilities due within one year	(1,149)	(988)
Liabilities due after one year	(117)	(129)
Capital and reserves	564	562
Contingent liabilities	-	-
Capital commitments	-	-

#### Clyde Valley Learning and Development Joint Committee

Clyde Valley Learning and Development Joint Committee was established, with the backing of the Scottish Government's Efficiency and Reform Fund, to provide procurement of training activities to each of its member councils. South Lanarkshire Council is the lead authority for this project and its constituent membership totals 12%. This body has been included as an associate in the council's Group Accounts, however, as the Joint Committee net assets at 31 March 2021 are nil, there has been no financial impact on South Lanarkshire's Single Entity Accounts.

The accounts of Clyde Valley Learning and Development Joint Committee are published separately and may be obtained from the Treasurer, Finance and Corporate Resources, Floor 4, Almada Street, Hamilton, ML3 0AB. The Accounts of the Joint Committee are subject to audit.

#### Note 8 Non-Material Interest in Other Entities

The council also has an interest in:

- Scotland Excel (previously Authorities Buying Consortium) is a Joint Committee established to serve the buying requirements of the councils within the former Strathclyde area. South Lanarkshire Council contributed 5.3% of Scotland Excel's estimated running costs in 2020/2021, but the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.



- West of Scotland European Forum is a Joint Forum established to develop positive links between the communities of the region and the institutions of the European Union. South Lanarkshire Council contributed 13.01% of the estimated running costs in 2020/2021, however, the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- West of Scotland Archaeology Service is a Joint Service established to provide planning related archaeological advice to its 11 member councils. South Lanarkshire Council contributed 12.88% of the estimated running costs of the Joint Service in 2020/2021, however, the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- Continuing Education Gateway is a consortium of 10 local authorities in the West of Scotland. It was formed in April 2000 to further the provision of careers and educational guidance services. South Lanarkshire Council contributed 14.51% of the consortium's estimated running costs in 2020/2021, however, the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- Glasgow and the Clyde Valley Strategic Development Planning Authority was established to advise the member authorities on the structure plan. South Lanarkshire Council contributed 12.5% of the committee's estimated running costs in 2020/2021, however, the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- SEEMIS Group LLP is a not-for-profit body whose principal activity is the provision of education related information technology solutions to its member councils. South Lanarkshire Council contributed 6.21% of the organisation's estimated running costs in 2020/2021, however, the financial results of this organisation have not been consolidated into the council's Group Accounts as the amounts are not material.
- Glasgow City Region – City Deal Cabinet was established on 20 January 2015. The purpose of the committee is to determine the Strategic Development Priorities for the Clyde Valley Region and to monitor and ensure delivery of the City Deal Programme as agreed between member authorities and the UK and Scottish Governments. The City Deal aims to deliver a £1.1 billion investment programme, including delivery of labour market and innovation programmes. South Lanarkshire Council contributed 17.4% of the organisation's running costs in 2020/2021, however, the financial results have not been consolidated into the council's Group Accounts as the amounts are not material.
- The Rural Development Trust is based in South Lanarkshire and works with local communities to deliver innovative solutions including resolving transport problems in rural areas and developing markets towns. The council supports the Rural Development Trust. The financial results have not been consolidated into the council's Group Accounts as the amounts are not material.
- Regen: FX Youth Trust was established as a Charitable Trust on 1 April 2007. It serves the council by developing and co-ordinating out of school diversion activities within the South Lanarkshire area. The Trust is entirely independent of the council under law and for taxation purposes. The council has neither any shares in, nor ownership of the Trust. The financial results have not been consolidated into the council's Group Accounts, as the amounts are not material.
- Clyde Gateway was established to re-develop large sections of the East End of Glasgow extending into Shawfield and Rutherglen in South Lanarkshire. The key stakeholders are Glasgow City Council, Scottish Enterprise and South Lanarkshire Council, with the two council partners providing land holdings on a phased basis over the anticipated 20 year lifetime of the project as well as capital funding. The financial results have not been consolidated into the council's Group Accounts as the amounts are not material.
- West of Scotland Loan Fund is a consortium of 12 local authorities working together to provide loan finance to new and existing small and medium sized businesses within the West of Scotland. The financial results have not been consolidated into the Group Accounts as the amounts are not material.



## **Audit Arrangements**

Under arrangements approved by the Commission for Local Authority Accounts in Scotland ("The Accounts Commission") the auditor with overall responsibility for the audit of the accounts of South Lanarkshire Council for the year ended 31 March 2020 is:

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

## Glossary of Terms

Much of the terminology used in this report is intended to be self-explanatory, however, the following additional definition and interpretation of terms may be helpful:

**1. Current Service Cost (Pensions)**

The increase in the current value of a defined benefit scheme's liabilities, expected to arise from employee service in the current financial year.

**2. Past Service Costs (Pensions)**

For a defined benefit scheme, the increase in the present value of the scheme's liabilities relating to employee service in prior years arising in the current financial year as a result of the introduction of, or improvement to, retirement benefits.

**3. Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the financial year of the scheme's liabilities because the benefits are one year closer to settlement.

**4. Actuarial Gains and Losses (Pensions)**

For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

**5. Pension Scheme Liabilities**

The liabilities of a defined benefits pension scheme for outgoings due after the valuation date. The scheme's liabilities, measured using the 'projected unit method', reflect the benefits that the employer is committed to provide for service up to the valuation date.

**6. Pension Reserve**

The Pension Reserve recognises the council's share of the actuarial gains and losses in the Strathclyde Pension Fund and the change in the council's share of the net liability chargeable to the Comprehensive Income and Expenditure Statement.

**7. Asset**

An item having value to the council in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non-current asset provides benefit to the council and the services it provides for a period of more than one year.

**8. Liability**

A liability is where the council owes payment to an individual or another organisation. A current liability is an amount which will become payable within the next financial year. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over the period of time.

**9. Contingent Liability**

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the council's control: or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

**10. Capital Expenditure and Financing**

This is expenditure incurred in creating, acquiring or improving assets. Expenditure is normally financed by borrowing (with repayment over a period of years), income from the sale of existing assets, revenue funds or external grants and contributions.

**11. Capital Financed from Current Revenue**

This is expenditure incurred in creating, acquiring or improving assets where that expenditure is funded directly from the revenue account in the year in which it is incurred.

**12. Non-Current Assets**

Fixed Assets are created as a result of the capital expenditure incurred by the council. As such, they comprise buildings, property, vehicles, plant and machinery, and computer equipment etc.

**13. Property, Plant and Equipment**

These are assets with physical substance (tangible assets) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one year. These are further analysed in the Notes to the Accounts as follows:

- a) **Council Dwellings** – these are council houses
- b) **Other Land and Buildings**

c) **Vehicles, Plant and Equipment**

d) **Infrastructure Assets** – these are assets where there is no prospect of sale or alternative use  
e.g. roads, bridges, tunnels, water supply and drainage systems

e) **Community Assets** – assets that the council intends to hold in perpetuity that have  
no determinable useful life and may have restrictions on their disposal e.g. open land and public parks.

f) **Surplus Assets** – assets that are not being used to deliver services, but which do not meet the criteria to be  
classified as either investment properties or non-current assets held for sale.

g) **Assets Under Construction**

**14. Heritage Assets**

Heritage assets are assets that have cultural, environmental, or historical association that make their preservation for future generations important. Heritage assets are maintained principally for their contribution to knowledge and culture, and it is this which distinguishes them from other assets e.g. museum artefacts.

**15. Assets Held for Sale**

These are assets where the carrying value of the asset will be realised through its sale rather than continued use.

**16. Intangible Asset**

These are assets which do not have a physical substance (e.g. IT software and licences)

**17. Depreciation**

The measure of the cost of wearing out, consumption or reduction in the useful economic life of the council's non-current assets during the financial year, whether from use, the passage of time or obsolescence through technical or other changes.

**18. Impairment**

A reduction in the value of non-current asset to below its carrying value in the Balance Sheet.

**19. Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less where applicable, any grants receivable towards the purchase or use of the asset.

**20. Net Carrying Value**

The amount at which non-current assets are included in the Balance Sheet, i.e. historical cost or current value less the cumulative amounts provided for depreciation.

**21. Accrual**

The concept that income and expenditure are recognised as they are earned or incurred, not as the money is paid or received.

**22. Provision**

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates or when they will arise are uncertain.



If you need this information in another language or format,  
please contact us to discuss how we can best meet your needs.

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Produced for Finance and Corporate Resources by Communications and Strategy. 061053/Jun21



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