

South Lanarkshire Council

Annual Accounts 2022

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Joint Introduction by Chief Executive and Council Leader

Welcome to the annual accounts for South Lanarkshire Council, covering the financial year 2021/2022.

The prime purpose of this document is to show everyone how we provide best value by delivering quality services as efficiently as possible. Reporting this as clearly as possible is a key part of our commitment to public transparency, particularly in how we communicate with our residents and customers.

These accounts demonstrate how we once again met our obligation to balance our budget, and it is important to note that this took place in a context of very real challenges across the entire public sector.

The impact of Covid-19 in the last two financial years is well documented. In their Local Government in Scotland Overview, published on 25 May 2022, Audit Scotland noted, as their number one key message with regard to 2021/2022:

Councils have had a very difficult year. Alongside the ongoing response to the pandemic, councils have faced challenges in recovering services, dealing with increased demand and backlogs, and meeting community needs and expectations. This has taken place against a backdrop of long-standing pressures such as increased demand from an ageing population and rising poverty.

Here in South Lanarkshire, there has been a substantial savings requirement each year in order to balance the budget – in the four years between 2018/2019 and 2021/2022 the total was £44m. However, we have a strong record in finding efficiencies and corporate solutions in order to minimise the impact on services.

It was against this context that South Lanarkshire Council's 2021/2022 revenue budget of £795.527 million and our spending plans were agreed at a meeting of the full Council on 24 February 2021.

Once again, Education was our area of largest spend across that financial year, largely through the teaching of our young people in our new and refurbished nurseries, primaries and secondary schools. The second biggest area of spend was Social Work, with the remainder of our budget funding Community and Enterprise Resources, Housing and Technical Resources, and Finance and Corporate Resources.

When Elected Members agreed the 2021/2022 budget they accepted £5.421m of savings options in addition to another £5.762m that had been identified already by officers in management and operational efficiencies.

These efficiencies, together with an improvement in the council's overall financial position, provided funds for a programme of additional investments. Among other things, these placed a focus on children and young people, attracting inward investment, projects tackling climate change, and roads and footpath improvements.

These one-off investments for 2021/2022 were in addition to our broader £85m General Services capital programme, and also a £101m Housing capital programme, both of which were also approved by the Council.

These provide significant long-term investments in the future of South Lanarkshire and included sums for roads, bridges and other infrastructure improvements, plus replacement care facilities and nursery expansions, as well as the building of new social housing and improvements to our existing stock of more than 25,000 council homes.

Investments like these will help us move forward and deliver on the priorities that our communities identified when they worked with us to devise our new Council Plan, Connect 2022-2027. Our comprehensive public engagement exercise identified a series of outcomes we will work towards under three cross-cutting themes of People, Progress and Planet.

Looking ahead, into the first year of that new Council Plan, our budget for 2022/2023 was approved by Council on 23 February 2022. It includes two major capital programmes that will see the council invest a further £82.284m in General Services and another £52.230m through the next phase of our Housing capital programme.

The 2022/2023 budget also identified more, one-off investments, including a programme of pavement repairs and tackling fly tipping, early intervention to promote the wellbeing of vulnerable children and young people, grants for community-led projects, and cash to support and value the work of the area's volunteers.

However, we are under no illusions that further challenges lie ahead, not least as we continue the work of helping communities and local businesses become more resilient and thrive in the wake of the Covid pandemic.

It has to be said that none of that work would be possible without the ongoing efforts of the council's fantastic workers.

We are very proud of – and frequently humbled by – the efforts of our own staff and their colleagues in South Lanarkshire Leisure and Culture. Our thanks also go to our public sector partners who help us protect lives and support livelihoods, and to those community and volunteer groups that also contribute so much.

Once again, we must also thank our residents for understanding the challenges we continue to face. Our pledge is to continue to work with them to make sure South Lanarkshire remains a great place to live, learn, 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 2021/2022. For the second year running, the global coronavirus pandemic and the council's response to this, has continued to impact significantly on the council's financial and operational performance during the year. A summary of this is included in the commentary.

As well as providing a summary of 2021/2022, this commentary also looks forward. 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, are outlined. This includes reference to the longer-term impact of the pandemic and the recovery process which is still ongoing. 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 (12,488.11 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	2,168.47
Education Resources	Early Years, Schools, Quality and Improvement	5,947.67
Finance and Corporate Resources	Finance, Information Technology, Personnel, Administration, Legal and Licensing, Communications and Strategy	776.86
Housing and Technical Resources	Housing and Property Services	1239.79
Social Work Resources	Adults and Older People, Children and Families, Criminal Justice	2,355.32

The Council's 5 Resources serve around 320,000 people and this population is expected to both grow and age. An increase of 2% is anticipated in the 10 years to 2028 (based on the 2018 based projections) and a further 0.8% increase is projected for the years 2028 to 2038. The Council's overall population growth is around a tenth faster than is projected in Scotland as a whole and its share of Scotland's population rises from 5.87% in 2018 to 5.88% in 2038.

The Council has an aging population. The number aged between 65 and 69 are expected to rise significantly and the growth in those aged 65 to 79 and 80+ is projected to be greater than in Scotland as a whole. Offsetting this, the numbers in the lower age groups (from the under 5s to the 50 to 64 group) are projected to decline over the 2018-2038 period.

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 is the key strategic document that shapes the work of the council. It sets out the key actions to be delivered over five years, around a long-term vision supported by core values and priorities that influence how the council works. These in turn stretch out into all annual Resource Plans through what is known as the "golden thread", and on further to Service Plans, and through personal development plans, on to the individual members of staff who are responsible for service delivery.

The last Council Plan, for 2017-2022 (Council Plan, Connect 2017-2022), was formally approved by the Council in December 2017. A mid-term review was conducted in 2019 which simplified the Council Plan and – following recommendations from the council's Best Value Assurance Review (BVAR) – strengthened the links between the Council Plan and the Community Plan. As part of the BVAR, Audit Scotland also required the council to concentrate more on involving the community in decision-making through community engagement. Throughout 2021/2022 and into 2022, the Council has been making preparations for a new Council Plan.

In line with the BVAR recommendations and to further align the work of the council and the partnership, a joint review of the Council Plan and Community Plan was carried out to develop a common vision and common set of outcomes, and do so using an extensive and multi-layered engagement and consultation process; and present the plans to Elected Members and the CPP Board at the first opportunity after the Local Government Elections of 5 May 2022.

From the start, it was agreed that the new Council Plan and Community Plan should be built from communities up, using engagement to place residents' views and aspirations front and centre. Before any other work was undertaken, an initial phase of engagement therefore was carried out between March and August 2021, during which communities throughout South Lanarkshire were asked to identify the main priorities for their neighbourhoods.

This engagement exercise involved residents answering a short, open question survey on their priorities. The survey was promoted extensively through social media and the local media, and by the Participation and Engagement Group and Community Planning Communications Group. At the close of the engagement period on 8 August 2021, more than 3,300 responses had been received.

Initial examination of the feedback from the survey identified themes around Education, Communities and Environment, Health Inequalities, Housing, Children's Services and Inclusive Growth. In-depth analysis of this feedback helped shape a further phase of engagement, when 'Community Conversation' focus groups took place between August and October 2021. These involved more than 200 residents taking part in 27 group conversations.

This was the largest consultation exercise ever carried out by the council. It added to a body of existing knowledge that had already emerged from work developing a number of neighbourhood plans. The aspiration is that eventually all parts of South Lanarkshire will have their own community-led Neighbourhood Plan, and these will inform and shape the council's strategic plans going forward.

In addition, feedback had been received from the likes of the Lived Experience Fund and events such as the Community Conference held in December 2019, as well as the robust data set which exists for South Lanarkshire.

Online seminars were held with Elected Members on 10 June 2021 and then again on 31 January 2022 to keep them updated on progress. Both events were well-attended, with Elected Members engaged and offering their support for the process. The CPP Board also received regular updates.

Three cross-cutting themes emerged from the community responses and feedback, around **People** (in particular, the impact of poverty and inequalities), **Progress** (in particular, recovery from the pandemic) and **Planet** (in particular, sustainable development). Further analysis of what our residents and communities had told us they want, resulted in six outcomes being identified for the Council Plan and the Community Plan:

Communities and Environment

Caring, connected, sustainable communities

Education and Learning

Inspiring learners, transforming learning, strengthening partnerships

Health and Wellbeing

People live the healthiest lives possible

Children and Young People

Our children and young people thrive

Housing and Land

Good quality, suitable and sustainable places to live

Our Economy

Thriving business, fair jobs and vibrant town centres

The council's response to the Coronavirus pandemic

Since the start of the coronavirus pandemic in March 2020, and in the various phases since, the council has proven itself able to respond to unprecedented circumstances and the pressures arising from being a Category One Emergency Responder. As the pandemic progressed during 2021/2022, and the restrictions reduced, the council's focus continued to adapt to deal with the many and varying challenges. During the year, there has continued to be disruption to 'business as usual' impacting on our service delivery, albeit this has lessened as the year has progressed with the emphasis as the year ended being more on the payment of grants and financial rather than physical means of support.

The payment of grants on behalf of the Scottish Government has been a significant function for the council throughout the pandemic. 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 2021/2022 is £39.284 million. While these payments do not feature as part of the Council's financial position, the effort in administering them for a second year cannot be understated and was a 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 following bullets show the magnitude of the activities mentioned above, as well as the financial scale of the COVID operations managed by the council during 2021/2022:

Wellbeing and assistance:

- 52,822 calls to/from Community Wellbeing Helpline
- 1,750 community responses to the wellbeing helpline
- 1,880 food packs supplied directly to vulnerable groups such as homeless and sheltered housing
- 291,984 meals distributed directly to individuals and families or to food organisations in communities

Support for Education:

- More than 1,100 pre-loved items were donated to the 2021 winter clothing campaign led by Education
- 14 “Sensational Summer Sessions” clubs were successfully delivered by the council during the summer holidays, nearly 800 children attended including 151 with additional support needs.
- 565 households referred to local food banks.

Businesses helped and grants issued:

- 51,014 Free School Meal payments (School Holidays and Self-Isolation) totalling £1.590 million
- 9,622 Self-Isolation Support Grant (SISG) payments of £500 totalling £4.811 million
- 4,256 payments to taxi driver/operators under the 2021-22 scheme, totalling £4.779 million
- 351 business grants made under the Covid-19 December/January Hospitality Fund totalling £2,178,900
- Assisted 232 businesses with Scottish Government funded discretionary grants of £2.7million
- 34,141 Low Income Pandemic Payments of £130 to low-income households totalling £4.438 million
- 11,307 Crisis and Community Care Grants from the Scottish Welfare Fund totalling £3.342 million
- 28,549 Scottish Child Payments to low-income households totalling £4.278 million
- 72 business grants under the Covid-19 Hospitality & Leisure Fund totalling £160,650
- 108 business grants under the Covid-19 Table Service Fund totalling £290,000
- 17 grants under the Covid-19 Ventilation Fund totalling £22,185
- 3 grants under the Covid-19 Nightclub Closure Fund totalling £135,000

COVID performance - key deliverables

What we did in... 2021-22

Wellbeing and assistance



52,822 calls to/from
Community Wellbeing Helpline



1,750
community
responses
to the requests
for assistance

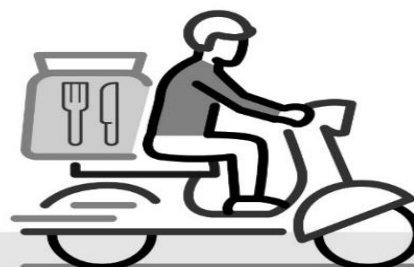


1,880
food packs

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565 households
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COVID performance - key deliverables

What we did in... 2021-22

Businesses helped and grants issued

4,256



payments to taxi driver/operators under the 2021-22 scheme, totalling £4.779 million

9,622



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COVID performance - key deliverables

What we did in... 2021-22

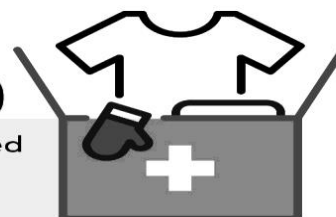
Support for Education

14 "Sensational Summer Sessions"

clubs were successfully delivered by the council during the summer holidays, nearly 800 children attended including 151 with additional support needs.



More than **1,100** pre-loved items were donated to the 2021 winter clothing campaign led by Education



Since the start of the pandemic, the council has received invaluable support from local people within our communities, partners and third sector providers in responding to the pandemic. This was acknowledged as part of the 2020/2021 Annual Accounts and must be again. This support continued to expand the council's capacity to respond during the year. Moving forward, the Council's Budget for 2022/2023 includes investment monies to support volunteers by establishing an SL Volunteering Strategy. This will enable recruitment and training of volunteers and will ensure every volunteer knows they are valued.

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

Moving into the early part of 2022/2023, the level of restrictions has much reduced and the financial pressures on the Council and its group members, such as South Lanarkshire Leisure and Culture Trust, are also reducing. However, we are still in the recovery stage as we are still experiencing residual additional costs and lost income. In 2021/2022, the council experienced additional costs in relation to Children and Families, increased demand for Waste Services and a significant loss of income.

As the country continues to move towards normality in the Spring of 2022, the Council will continue to adapt as required. The residual financial implications of the pandemic into 2022/2023 will continue to be monitored and reported as required.

Brexit

From 1 January 2021, the UK has operated under a new framework as agreed in the UK-EU Trade and Cooperation agreement. While we are only 1 year into the new arrangements, 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 and the recently completed dualling of Greenhills Road in East Kilbride. It also includes numerous Community Growth Area (CGA) projects across the 4 CGAs: Hamilton, East Kilbride, Larkhall and Newton including some large-scale build projects such as a new Primary School and Nursery provision in Jackton.

Council Performance

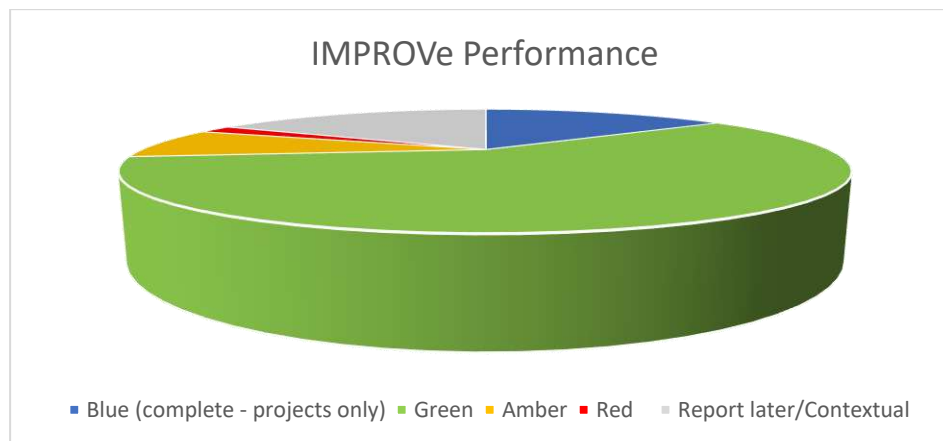
The council rates its performance using a number of measures. These are aligned to the priorities and objectives set out in the Council Plan. A total of 264 measures were identified within Resource Plans for 2021/2022. Of those 108 (41%) are linked to the achievement of the Connect Objectives detailed 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 2021/2022 will be reported to the Performance and Review Scrutiny Forum on 16 August 2022.

As at the end of Quarter 4 (31 March 2022), 79 (73%) measures had been achieved. Of the remaining measures, 2 experienced significant issues, 9 experienced minor issues and 18 are included for information only or the statistics are not yet available for 2021/2022.

Status of performance measures	Number of performance measures
Blue (Complete – projects only)	16
Green	63
Amber	9
Red	2
Report later/contextual	18

Status of council performance measures



The first of the 'red' status measure relates to the percentage of total household waste that is recycled. The target of 50% was not achieved (actual 37.2%) due to higher residual waste tonnages collected at the kerbside due to Covid-19 and homeworking, high residual waste content in bulk uplifts (black bag waste accepted), and more non-recyclable waste being disposed of in Household Waste Recycling Centres. The second 'red' status measure related to work with partners to bring 15 long term empty homes into use during 2021/2022. Eleven long term empty homes were brought back into use, missing the target by four.

The performance of most of the 9 'amber' status measures was adversely affected by the forced closure of services or operation under strict restrictions as a consequence of the global COVID-19 pandemic.

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 results available (2020/2021) show that across the 95 indicators in that year's suite, the council's performance improved against 33 (35%) indicators, remained the same against 2 (2%) indicators, and declined for 31 (33%) indicators. There are 29 (30%) indicators for which there are no results or trend information available for 2020/2021.

Council performance against 95 indicators (latest available information – 2020/2021)

		Number (%) of Indicators 2018/19	Number (%) of Indicators 2019/20	Number (%) of Indicators 2020/21
	South Lanarkshire performance			
↑	improving performance in SLC	34 (38%)	35 (39%)	33 (35%)
↓	declining performance in SLC	34 (38%)	45 (49%)	31 (33%)
↔	No change in performance in SLC	3 (3%)	1 (1%)	2 (2%)
	Results / trends not available	18 (21%)	10 (11%)	29 (30%)
	Comparison with Scottish Average			
✓	SLC results better than Scottish average	44 (49%)	42 (46%)	31 (33%)
X	SLC results worse than Scottish average	28 (32%)	39 (43%)	35 (37%)
↔	SLC results same than Scottish average	3 (3%)	0 (0%)	0 (0%)
----	Results not available	14 (16%)	10 (11%)	29 (30%)

Key achievements in 2021/2022

Some of the council's key achievements for 2021/2022 are listed below:



The new park and ride facility opened in Cambuslang, offering **256 parking spaces**, including new electric vehicle charging infrastructure.



Virtual adoption and fostering panels have been successful and we have continued to approve new foster carers and run virtual preparatory groups.



1,316 businesses

have been supported by Economic Development (via grants, loans or advice), including **1,063 businesses** which have been helped through the new **Business Gateway contract**.



The Tom Craig Centre in Law re-opened following **major renovation works**.



Social Work Resource continues to ensure that all looked after children and young people are cared for in the most appropriate setting,

with **90%** of our looked after children being cared for in a community setting.



The Adults with Incapacity (Scotland) Act 2000 places responsibility on local authorities to visit adults on welfare guardianship orders.

94% of supervising officer visits for local authority and **95%** of private welfare guardianship orders were completed within timescales and exceeded the target of **90%**.



993 adaptations completed in Council Homes.



Key achievements in 2021/2022

Some of the council's key achievements for 2021/2022 are listed below:

The Larkhall Town Centre Strategy and Action Plan was approved at Community and Enterprise Resources Committee in May 2021.

The five-year strategy is aimed at developing and coordinating public, private and community-led work in the town centre to ensure it stays lively and community focused.



800 fruit trees

have been planted at **13 locations** across South Lanarkshire, in memory of local people who lost their lives in the Covid-19 pandemic.



A litter strategy consultation was launched in August 2021 to capture the views, ideas and issues experienced by communities across South Lanarkshire.

The consultation document also lays out the aim to develop a range of plans, policies and initiatives, all designed to drive our commitment to preventing wide ranging litter issues.



Social Work Resources provided access to **timely support and interventions** with 100% of clients seen within 2 days of their Drug Testing and Treatment Orders commencing.

In addition, **96% of drug and/or alcohol** clients who were referred for treatments and/or psychosocial intervention started treatments within **3 weeks** of being referred.



16 additional local nature reserves (LNRs)

were approved by the Planning Committee in October 2021, adding to the existing one at Langlands Moss.



The first Community Partnership in South Lanarkshire has been established in the Cambuslang and Rutherglen areas.



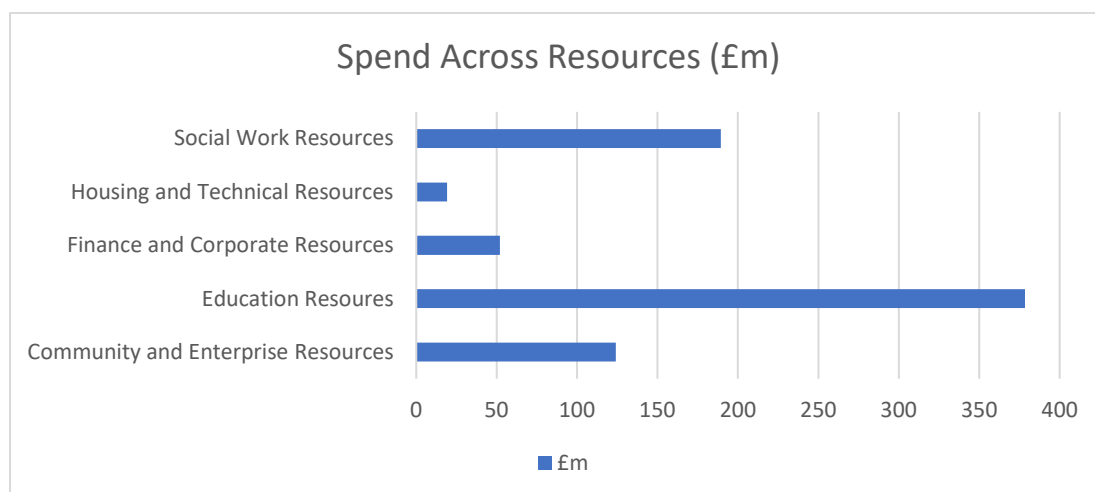
Financial Performance

General Fund Position at end 2021/022

The council's General Fund budget for 2021/2022 was approved by the Council on 24 February 2021. This is the operational budget of the Council. At the end of 2021/2022, 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 including in relation to commitments delayed due to the Coronavirus pandemic. The full position for the council's Resources is detailed in the Revenue Budget Outturn 2021/2022 reported to the Executive Committee on 29 June 2022. This position takes account of the achievement of £8.743 million of the £11.183 million of approved savings for the year, with a significant portion of the remaining £2.440 million being impacted on by the pandemic.

The split of the spend across the individual Resources is shown below. This reflects the council's spend based on its operational structure (including transfers to reserves), 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 (£m):



Council Resource	Spend £m
Community and Enterprise Resources	123.982
Education Resources	378.493
Finance and Corporate Resources	51.967
Housing and Technical Resources	19.080
Social Work Resources	189.339

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 £3.292 million) mainly due to expenditure on COVID-19, offset by Scottish Government funding. In addition, there was additional planning and building standards income.
- **Education Resources** (underspend £6.181 million) due to the timing of spend on multi-year programmes such as Early Learning and Childcare and Pupil Equity Fund. These monies will be carried into 2022/2023.
- **Finance and Corporate Resources** (overspend £7.356 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 £0.541 million) mainly due to expenditure on COVID-19, which has been offset by Scottish Government funding in the council's overall position.
- **Social Work Resources** (overspend of £0.916 million) mainly reflecting an underspend in Adults and Older People, offset by an overspend on Children and Families due to residential placement pressures and also COVID-19 which is offset by Scottish Government funding.
- **Loan Charges** (underspend of £1.421 million). Due to the level of the council's cash balances, the requirement to borrow was less than anticipated, resulting in a reduction in interest costs.
- **Council Tax/Council Tax Reduction Scheme** (over-recovery £3.058 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 2021/2022 spend on COVID-19 (£36.880 million) which was funded by a combination of Scottish Government Grant and funding carried forward in reserves from 2020/2021. This will be further discussed later in this commentary.

The **Comprehensive Income and Expenditure Statement** of the Accounts (page 50) 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 49 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 49) and then on to the Comprehensive Income and Expenditure Statement (page 50).

	SLC Annual Budget	SLC Actual Outturn	SLC Outturn Variance	<i>Building the EFA</i> Actual Outturn	<i>Building the EFA</i> Move / Remove items not included in Cost of Services	<i>Building the EFA</i> Net Expenditure Chargeable to the General Fund and HRA Services	<i>Building the EFA</i> 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	119.475	122.767	(3.292)	122.767	-	122.767	122.767
Education	376.791	370.610	6.181	370.610	-	370.610	370.610
Finance and Corporate	43.738	51.094	(7.356)	51.094	(11.758)	39.336	39.336
HRA	-	-	-	-	(2.917)	(2.917)	(2.917)
Housing and Technical	18.141	18.682	(0.541)	18.682	-	18.682	18.682
Social Work	186.372	187.288	(0.916)	187.288	-	187.288	187.288
Joint Boards	2.314	2.313	0.001	2.313	-	2.313	2.313
Corporate Items	-	-	-	-	3.295	3.295	3.295
Net Cost of Services	746.831	752.754	(5.923)	752.754	(11.380)	741.374	741.374
Other Income and Expenditure	(746.831)	(818.828)	71.997	(818.828)	73.170	(745.658)	(745.658)
(Surplus) / Deficit on Provision of Services	-	(66.074)	66.074	(66.074)	61.790	(4.284)	(4.284)

The council's final reported outturn position for the year is a breakeven position (surplus of £66.074 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 £4.284 million which corresponds to the figures in the first column on the Expenditure and Funding Analysis on page 49. 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 50) to arrive at a deficit on the provision of services of £75.791 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 52 reconciles the financial position shown in the Comprehensive Income and Expenditure Statement (page 50) to the movement on the council's Reserves (pages 66 to 70).

During the year, the council drew money down from reserves, to meet current commitments or for agreed use in the 2021/2022 budget strategy, including Pupil Equity Fund for schools, 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. Money was also set aside for future budget strategies.

The balance on the council's total General Fund Reserve is £122.424 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 £152.186 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 2021/2022 are detailed in Note 12.

	£00	£000
Total Usable Reserves		152,186
Less:		
General Fund (committed incl budget strategies)	109,381	
Repairs and Renewals (incl Winter Maintenance)	6,496	
Capital Funds incl Capital Receipts Reserve	5,730	
Insurance Fund	1,295	
Housing Revenue Account	16,241	
Total Committed Usable Reserves		139,143
Uncommitted General Fund		13,043

Note 12 shows that the council's General Fund reserve comprises an earmarked element (£105.226 million) and an unearmarked balance of £17.198 million, with £4.155 million of this being approved for future budget strategies leaving £13.043 million uncommitted.

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 (£105.848 million in 2021/2022) and the total income received (£108.765m in 2021/22), 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 108-109.

At the end of financial year 2021/2022, there was an underspend of £2.917 million on the Housing Revenue Account. This was transferred to the Housing Revenue Account Reserve. The Reserve was also increased by £0.540 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 £3.457 million in the Housing Revenue Reserve, taking its total to £16.421 million at the end of 2021/2022.

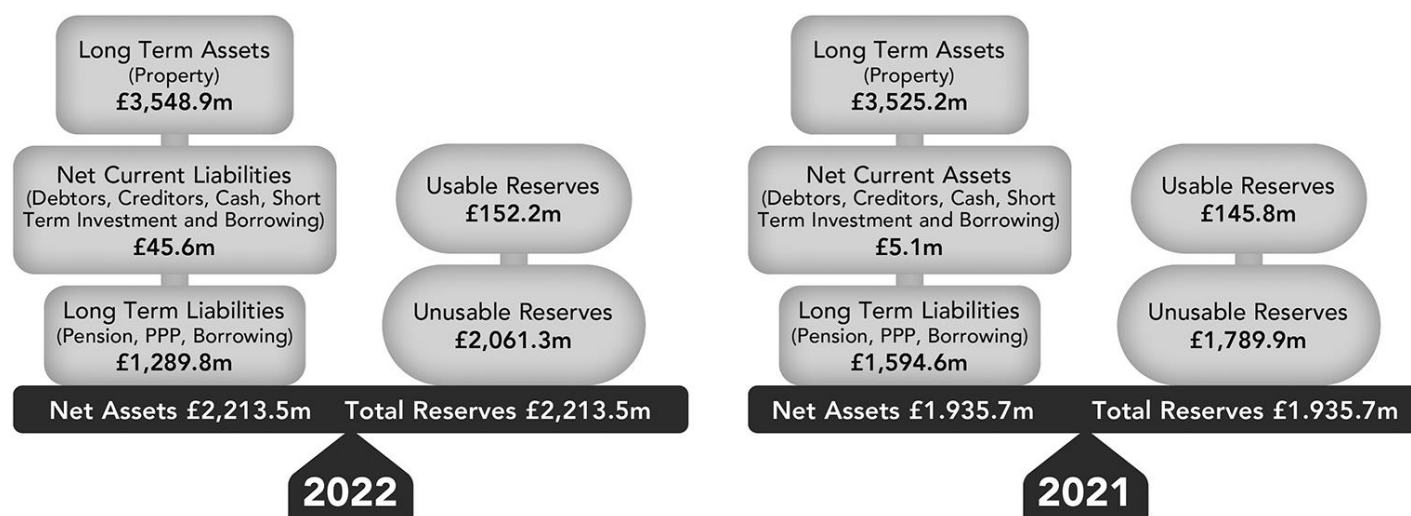
These monies will be carried forward to future years to fund the ongoing impact of welfare reform, the development costs related to the new housing management I.T. system and the continuation of the housing investment programme, as well as maintaining a reasonable level of reserves.

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 51) shows the position as at 31 March 2022 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 2022 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 decreased mainly due to a reduction in the pension liability and 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 85-90.

The council's assets and liabilities are funded by an equivalent level of Reserves. These Reserves comprise Unusable Reserves of £2,061.3 million (maintained for accounting purposes only) and Usable Reserves of £152.2 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 52 with more detail provided in Note 13 (page 68) and the Accounting Policies (pages 100 to 107).

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 £m
Community and Enterprise Resources	34.685
Education Resources	14.376
Finance and Corporate Resources	1.987
Housing and Technical Resources	5.485
Social Work Resources	5.054
Housing Capital Programme	73.181

The new build Rooftop Nursery in East Kilbride is shown in the image below.



The site of the new Care Hub and Housing in Blantyre is shown in the image below.



The **General Services Capital Programme** spend was £61.587 million in 2021/2022, equating to 72% of the budget available. The underspend reflects the continued 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 1,140 Hours project at Clyde Terrace, Place Based Investment Projects, a number of City Deal Community Growth Area and Roads projects, Information Technology infrastructure works including the new Audio Visual project in the Committee Suite, investment and essential works on various council buildings, two Social Work IT projects (Community Alarms and the Replacement for the SWIS+ case management system) 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 dualling of Greenhills Road in East Kilbride (part of the City Deal programme of works),
- significant spend on roads carriageways,
- Newton Farm Primary School Extension and
- 1,140 Hours Nursey Expansion Programme.

The **General Services Programme** has been funded from a combination of grants from various funding bodies (including Scottish Government) and partner organisations (£49.648 million), borrowing (£10.196 million) and contributions from the council's Revenue Budget (£1.743 million).

As noted above, the ongoing restrictions in relation to the COVID-19 pandemic had an impact on the level of spend in the early part of the financial year. This impact is not anticipated to continue into the new financial year. Any impact on the supply and cost of materials during the year was managed by officers who reprofiled the projects as required in order to maximise spend and delivery.

The **Housing Capital Programme** spent £73.181 million in 2021/2022, 92% of its revised budget target. Part of this underspend related to the New Supply Programme, with a lower number of buy backs than our target due to current market conditions. The remainder of the underspend related to our ongoing investment in stock which has been affected by the Covid-19 restrictions.

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 could continue into the new financial year and impact on the 2022/2023 Programme.

Work in progress at the Law new build housing project shown in the image below.



The Capital Budget Monitoring Final Outturn – 2021/2022 for both Programmes was reported to the Executive Committee on 29 June 2022.

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 2021/2022 (Government Grant plus Council Tax Income) is 5.18%

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	2021/2022 Forecast £m	2021/2022 Outcome £m
Debt/Long-term Borrowing		
Capital Financing Requirement (CFR) for the current year.	1,324	1,298
External Debt Levels for the current year. (Excluding Accrued Interest)	1,151	1,180
Gross Borrowing (External Debt Levels excluding PPP Finance Lease Liability)	964	993
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:		
• General Services	5.56%	5.18%
• Housing Revenue Account	16.21%	16.04%

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 £26 million less than forecast due to a reduction in borrowing required to fund the 2021/2022 capital programmes. This reflects the timing of spend across both capital programmes (General Services and HRA), as well as additional funding received, meaning that we needed to borrow less.

For both External Debt levels as well as the level of Gross Borrowing, the actual is £29m higher than the target for the year as a small proportion of the Council's borrowing requirement for 2021/2022 was taken towards the end of the financial 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 lower borrowing costs and 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 actual borrowing costs being slightly higher than forecast, with this being offset by increased income.

Financial Planning

The council is operating in a climate of financial pressures with increasing cost burdens such as pay award and above average contract inflation, reducing the spending power of grant settlements. There is also the added financial burden of the residual spend from the Coronavirus Pandemic.

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 2023/2024 was reported to the Executive Committee on 29 June 2022.

Financial Outlook including Risks and Uncertainties

COVID-19

These Accounts cover a second full year of the pandemic, from April 2021 to end March 2022. The costs of responding to COVID-19 during 2021/2022 include the full cost of recovering from the various phases of lockdown including additional costs of new services implemented, the ongoing loss of income experienced by council services, 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 2021/2022 Outturn report to the Executive Committee on 29 June 2022.

The report summarises the position and shows that after funding the costs incurred in 2021/2022, there is funding remaining to be carried into 2022/2023 of £23.856 million.

	Outturn £m
Additional Resource Spend	32.596
Lost Income	3.625
Unspent Budget	(0.541)
Add: Capital Spend	1.200
Total COVID-19 Expenditure	36.880
Total COVID-19 Funding	60.736
Funding Received in 2021/2022 to be c/f to 2022/2023	23.856

The total COVID-19 carry forward is £30.061 million (£23.856 million from 2021/2022 above and £6.205 million balance from 2020/2021) and is split between Specific Funding of £9.378 million and General Funding of £20.683 million. The 2022/2023 Revenue Monitoring report presented to members in June 2022 includes details of how these monies will be allocated in the new financial year.

Outlook

The council approved its 2022/2023 revenue budget of £834 million in February 2022.

The council's Budget Strategy beyond 2022/2023 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.

Specifically for 2023/2024, the Revenue Budget Strategy was presented to Council on 15 June 2022. This Strategy was based on the best information available and assumed a reducing level of Government Grant going forward, a number of core budget items such as pay awards and demand / growth, and it also includes a number of exceptional budget items including above the norm inflationary increases in PPP contractual payments and the estimated continual increase in utility costs. Including the benefit of corporate solutions totalling £5.064 million, the savings requirement for 2023/2024 is £32.477 million.

Moving forward, the position for the years beyond 2023/2024 was presented to Council in February 2022. These estimations will be refreshed as part of a full Budget Strategy and presented to members later in the financial year. The current savings required across the coming years is summarised below:

	2024/25	2025/26	2026/27
	£m	£m	£m
Total	21.220	27.866	11.806

Risks and Uncertainties

In addition to the 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 23.

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 the council's Top Risks/Year End Risk Management Report reported to committee in September 2021. 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 external funding/income received by the council, as well as increased demand for services, results in savings difficulties.** 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. 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.
- 4. The council is materially affected by the recommendations arising from the independent review of Adult Social Care in Scotland.** The findings of the Feeley Review were published in February 2021 and contained a number of recommendations. One of these was the establishment of a new national care service. It is expected that a Bill will be brought before parliament later this year. The council will continue to monitor developments in this area and develop appropriate control measures where required, once more detailed proposals from the Scottish Government are known.

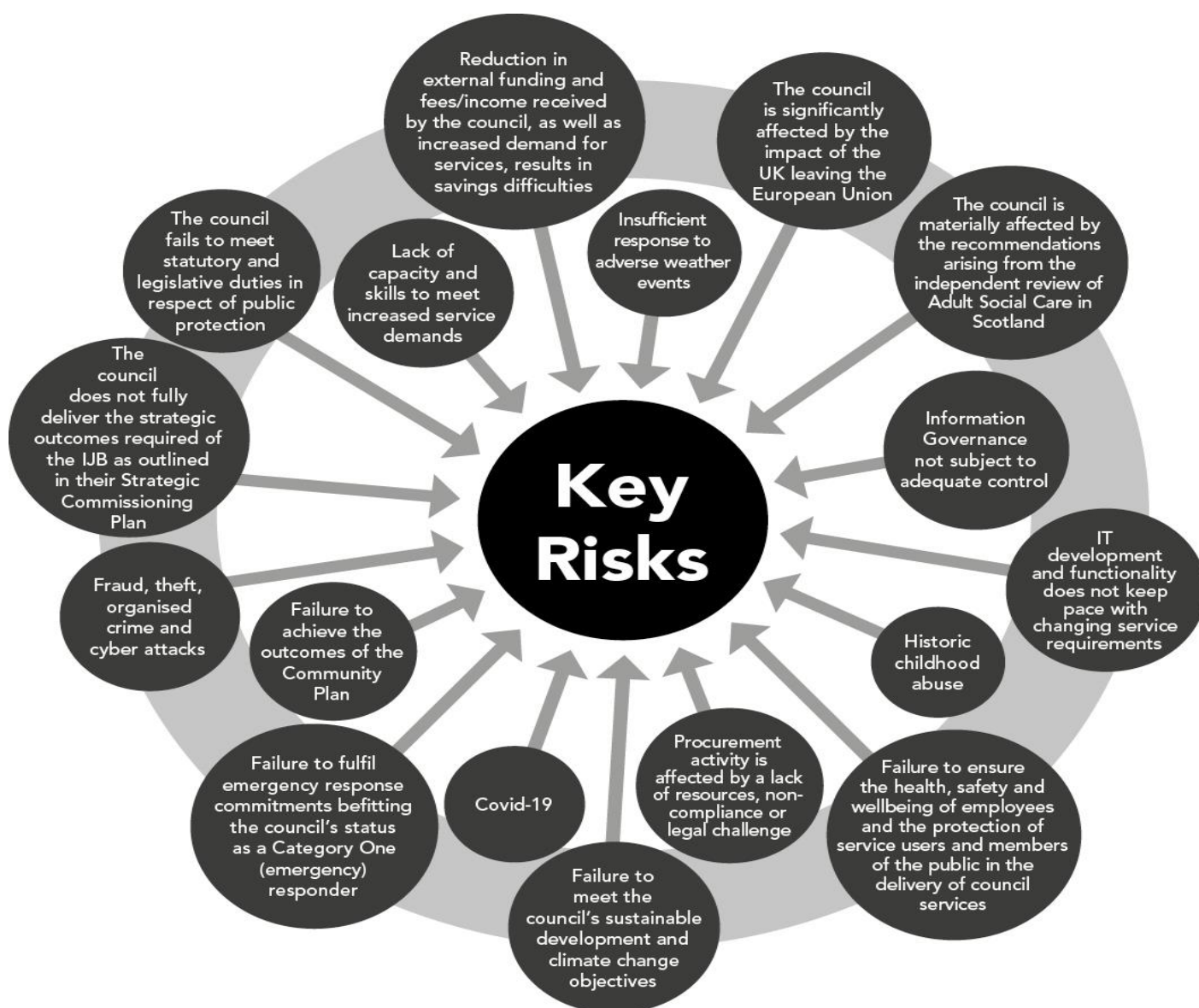
These key risks as well as the remainder of the council's high-level risks are shown below:

Key risks:

- Reduction in external funding and fees/income received by the council, as well as increased demand for services, results in savings difficulties.
- Covid-19
- The council is materially affected by the recommendations arising from the independent review of Adult Social Care in Scotland
- Failure to meet the council's sustainable development and climate change objectives
- The council fails to meet statutory and legislative duties in respect of public protection
- Failure to fulfil emergency response commitments befitting the council's status as a Category One (emergency) responder.
- Historic Childhood Abuse
- Fraud, theft, organised crime and cyber attacks
- Information Governance not subject to adequate control
- The council does not fully deliver the strategic outcomes required of the IJB as outlined in their Strategic Commissioning Plan
- The council is significantly affected by the impact of the UK leaving the European Union
- Procurement activity is affected by a lack of resources, non-compliance or legal challenge
- IT development and functionality does not keep pace with changing service requirements
- Lack of capacity and skills to meet increased service demands
- Insufficient response to adverse weather events
- Failure to ensure the health, safety and wellbeing of employees and the protection of service users and members of the public in the delivery of council services
- 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.

South Lanarkshire Council key risks



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 the council administers. These do not represent charges or income to Council Tax payers. These are shown in pages 98-99 of the Accounts.

Our Group

The council has adopted the recommendations of the Accounting Code of Practice in the United Kingdom 2021/2022 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 £128.682 million. This represents the council's share of the net assets in these entities. The Group Accounts, including details of associates are included in pages 112-124. There has been no change to the Group membership since 2020/2021.

More Information

Further information about South Lanarkshire Council can be obtained on the Council's website 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 Joe Fagan
Leader of the Council

Annual Governance Statement 2021/2022

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 2021/2022 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

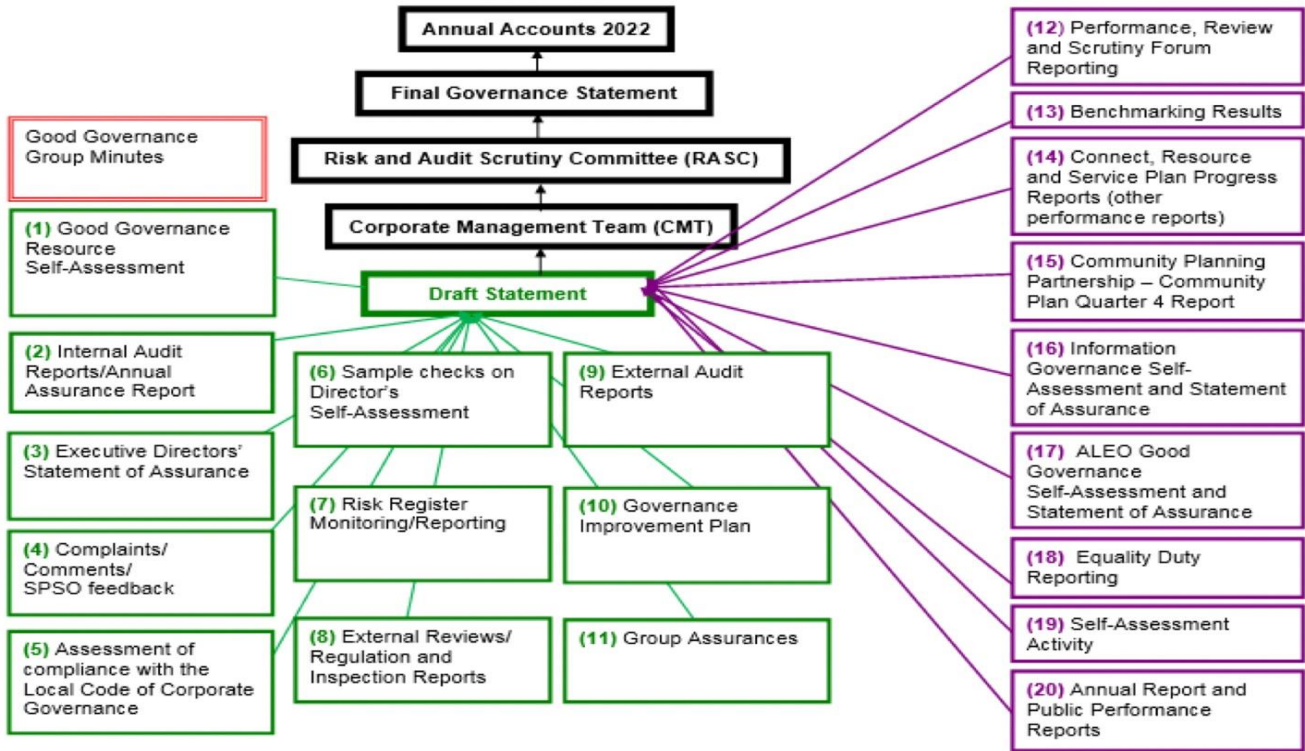
The governance framework comprises of the culture, values, systems, and processes by which the council is directed and controlled. It describes the way the council is accountable to communities. It enables the council to monitor the achievement of its strategic objectives and consider whether these objectives 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 2022 and up to the date of approval of the Annual Report and Accounts.

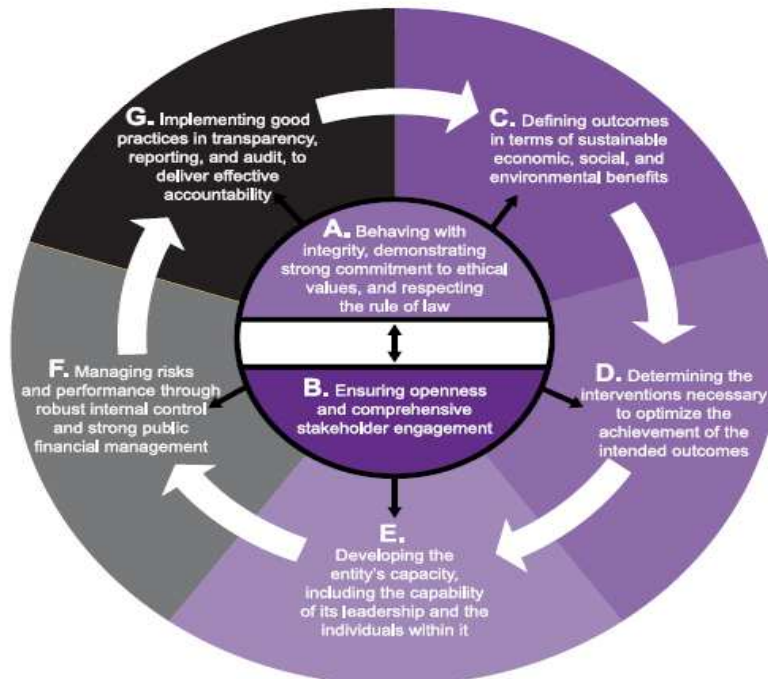
4. How the council monitors and evaluates the effectiveness of its governance arrangements?

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.



5. Key elements of the council's governance assurance framework

The council aims to achieve good standards of governance by adhering to the seven national 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.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
Links to council's values: Accountable, effective, efficient and transparent; Working with and respecting others
How we do this: <ul style="list-style-type: none"> • The Council's values and objectives provide clear direction to councillors and employees and are embedded in all policies and processes. • 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. • 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 Section 18 Ethical Standards in Public Life, etc. (Scotland) Act 2000. • 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. • Professional Codes of Conduct ensured that ethical standards were maintained, and all breaches were investigated by the governing body. • 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. • To ensure openness and transparency agendas and Committee reports are published to the council website at least five working days ahead of the scheduled meeting dates and any minutes of decisions taken by the Chief Executive during any period when committee meetings are suspended are publicised on the Council website. Committee meetings are live streamed to the Council's YouTube channel. • To ensure openness and transparency in decision making processes, all declarations of interest made by councillors at meetings were recorded and made available online. • 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. • Health and Safety compliance during 2021/2022 was assessed as being within the top rating band of "good". • Legal Services maintained an overview of Pandemic legislation and regulations and worked with services to ensure compliance.
Principle B: Ensuring openness and comprehensive stakeholder engagement
Links to council's values: Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs; Working with and respecting others
How we do this: <ul style="list-style-type: none"> • To ensure transparency and openness in decision making processes, all 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 April 2021 all Committee meetings were live streamed to the Council's YouTube channel http://bit.ly/SL_Committees. From August 2021 all Forum meetings have been live streamed. • The Committee Management Information System allows members of the public to register and be notified when Committee and forum papers are published. The system also facilitates the creation of online petitions to increase the potential reach of signatories. • The work of the Council and key information from our partners is communicated regularly using a range of communication channels. The South Lanarkshire View 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. • A suite of dedicated Pandemic pages providing advice, help and public health information were created and maintained on the council website. • 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. • 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 to 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 out circa 50 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](#) summarise what the council has achieved and the [Public Performance Reports](#) provide a comprehensive overview of service performance. These, along with the council's [Benchmarking report](#) demonstrate the council's commitment to continuous improvement and achieving Best Value; summarise the progress that the council has made in meeting its priorities and how it is performing locally and nationally.
- The Council's Digital Inclusion Strategy 2020 to 2023 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 to 2022 and Community Plan 2017 to 2027 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. A Community Wealth Building Commission has been established to oversee the implantation of the Strategy and met for the first time in August 2021. A Community Wealth Building Progress Group has been set up to ensure that timescales within the action plan are met.
- 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 to 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 2020-2023](#) 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 2021/2022.
- 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, groups and the Council's partners in order to inform the budget process. There were over 470 responses to the online consultation. 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 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.
- Three surveys of all Council employees were undertaken during 2021/2022. The 3rd related to working from home/hybrid working, the results will be available shortly. Feedback from this survey 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 2020/2023 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 2020/2021 Local Government Benchmarking Framework results, based on the information available at the end of January 2022 and in light of the impact of Covid19, the council is performing better than the Scottish average levels for one third of the indicators. The results have been 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.
- 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 [learning from complaints](#) 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.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving

How we do this:

- 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.
- 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.
- The annual end of year compliance statement evidenced that all Resources were compliant with Risk Management Strategic requirements.
- The Council's risk scoring matrix was revised as an outcome of the 2021/2022 annual review of risks.
- 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.
- 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.

- The Information Governance Board is satisfied that Resources 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.
 - 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).
 - 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.
 - 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.
 - External Audit of the Council's accounts is robust and a "clean audit certificate" was issued for 2020/2021.
 - 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.
 - 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.
 - 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.

Principle G: Fair, Open and Sustainable; Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Working with and respecting others

How we do this:

- 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.
- In the 2020/2021 annual audit report, the external auditor commended the Council's annual governance statement as good practice for the second year.
- All Directors completed their annual Statement of Assurance and where relevant assurances have been provided.
- 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 [governance web page](#).
- 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.
- 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.
- 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. All Committee and Forum meetings are livestreamed to the Council's YouTube page 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 continued to strengthen the partnership approach in response to the Pandemic. In 2021/2022 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 and guidance.

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 2022/2023 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.

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 fully embedded 14 of 17 criteria as part of its normal business by the end of the shadow implementation year (2020/2021). This highlights that the council already has a strong approach to financial management and financial resilience including demonstrating value for money, strong governance and controls and adherence to professional guidance, and our approach to financial management and reporting (including budget setting and medium to long term planning). For the remaining three principles which were not fully embedded, actions were agreed which will allow us to further embed and develop our existing financial management controls and measures to provide continued comfort on financial resilience. The action plan is summarised below and with progress up to end of March 2022: -

1. In relation to financial resilience this will be included in a future Budget Strategy paper presented in 2022.
2. As part of the annual budget consultation, we are embedding the 2020/2021 approach going forwards.
3. We will continue to embed options appraisal across the Council.

6. Review of Effectiveness

The review of governance arrangements for 2021/2022 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 body's 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 2022. 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 2022.

7. Significant Governance Areas

The 2020/2021 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 2021/2022 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 2022/2023.

No.	Areas identified in 2021/2022	Actions	Lead Officer
1	COVID-19 Pandemic 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	COVID-19 Pandemic recovery Recovery actions	As conditions continue to 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	Cyber Resilience Compliance with legislative and regulatory policy	A programme of actions to maintain cyber security and resilience in 2022/2023 will include: <ul style="list-style-type: none"> • Refresh/retiral of legacy systems, network equipment and end user devices (mobile phones, PCs) • Programme of security patching of all systems • Compliance with PSN and Cyber Essentials schemes • Incident response • Officer training and awareness (e.g., phishing) • Data security reviews as part of new system installation • Security monitoring 	Director of Finance and Corporate Resources
4	Financial Challenges Exceptional increase in costs, reduction in council funding, resulting in difficulties maintaining front line services	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. In addition, there are exceptional increases in costs being experienced resulting in significant budget gaps that will require to be managed. The council has developed a long-term strategy which identifies budget pressures, future risks and uncertainties, and projects budget gaps to 2028/2029. The Budget Strategy for 2023/2024 will be updated and presented to councillors during 2022.	Director of Finance and Corporate Resources
5	Integrated Joint Board – Health and Social Care The need for the council to deliver the objectives set out in the Integrated Joint Board (IJB) Strategic Commissioning Plan 2022-25	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. The IJB issues Directions that set out the key actions to be delivered by the council during the year 2022/2023 and these Directions were agreed by the IJB at its special budget meeting in March 2022. The council will provide progress updates against Directions for which it is the lead organisation.	Director, Health and Social Care, South Lanarkshire Health, and Social Care Partnership
6	Review of Community Planning Provide support to the review of Community Planning arrangements	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 Assurance Review and a group was set up to take these forwards. The review focuses on several key areas including structures, governance, and accountability	Director of Finance and Corporate Resources

		<p>arrangements. The council will provide resources to support the implementation of the agreed actions. 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> <p>Interim structures are in place and the new Community Plan will be presented to the CPP Board for approval in June 2022. Following this, further recommendations will be made to the CPP Board in September 2022 detailing the changes required to governance structures in order to deliver the plan. Review work continues with the partners to produce these recommendations.</p>	
7	Community Wealth Building 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. In August 2021 the Community Wealth Building Commission approved an action plan containing a range of actions to progress the aspirations of the Strategy over a 3-to-5-year timeframe. A risk register has been developed and approved. Risk monitoring arrangements are in place</p> <p>An annual report highlighting progress over the first year of the Strategy will be presented to the Commission in early summer 2022 for approval.</p> <p>Year 2 Actions identified in the approved Action will be progressed in 2022/2023.</p>	Director of Finance and Corporate Resources
8	Sustainable Development and Climate Change	<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. A review of the council's Sustainable Development and Climate Change Strategy (2017-2022) has commenced and is scheduled to conclude during 2022; and a new Strategy for 2022-2027 will be developed and presented to Council for approval together with the Council Plan and Community Plan.</p>	Director of Community and Enterprise
9	Economic Strategy	<p>A new Economic Strategy 2022-2027 is being developed for approval by Council. The draft strategy is scheduled to be presented to Council in June 2022 as part of a suite of documents accompanying the draft Council Plan and Community Plan. The proposed vision within the Strategy is "to make South Lanarkshire a flourishing, green, dynamic and equitable place for communities, visitors, businesses and investors". The Strategy will be framed around the 3 themes of sustainable, inclusive, economic development- People, Place and Business.</p> <p>The council will continue to 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
10	Implement the outcomes following the Cross-Party Working Group review of	<p>Outcomes of the Review will continue to be implemented over the course of 2022/2023 and include: -</p>	Director of Community and Enterprise

	South Lanarkshire Leisure and Culture (SLLC)	<ul style="list-style-type: none"> • Presentation of the modernised constitution for the new SCIO model approved by the SLLC Board in February 2022 to the Council for approval in 2022 • Review of various Service Level Agreements that exist for the provision of shared services with the aim of strengthening the SLC/SLLC partnership); and • Continue to engage with community groups on community asset transfer of SLLC assets. 	
11	Recruitment and Retention Challenges	<p>Covid and Brexit have had a substantial impact on recruitment and retention as the labour market has tightened and employees have more mobility through agile working which is not necessarily tied to a geographical location. In addition some older workers have reassessed priorities and taken up an option for partial or full retiral earlier than they would have done previously.</p> <p>As a result there are a number of skills in short supply nationally and this is putting pressure on local government services. Examples of this include HGV drivers, procurement and Social Care. The impact on Senior Manager recruitment and retention is also clear and turnover at this level is closely monitored</p> <p>South Lanarkshire Council has experienced these issues and is taking the following actions: -</p> <ul style="list-style-type: none"> • Workforce Plans are being refreshed to reflect the changed environment by 30 June 2022 • A grow your own approach is being used in key areas (recruited graduates in Procurement) • Increasing social media recruitment and use of job fairs • Employability routes are being defined for skills shortage areas (e.g. Social care) • Enhanced employee support arrangements are in place but also being reviewed for development 	Chief Executive and all Directors

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 2022/2023, 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 Joe Fagan
Leader of the Council

Signature:

Date: 22 June 2022

Cleland Sneddon
Chief Executive

Signature:

Date: 22 June 2022

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 2020), 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.

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 2022.

Councillor Joe Fagan
Leader of the Council

Paul Manning
Executive Director
(Finance and Corporate Resources)

South Lanarkshire Council

Date: 22 June 2022

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 2021/2022.

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 2021/18). 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 2021/2022 the salary for the Leader of the Council is £43,412. 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 £32,560 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 £486,049 (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 2021/2022, the Council had 18 Senior Councillors and the salary paid to these councillors totalled £443,304. 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 8 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

Annual Remuneration	2021/22 Number of Employees	2020/21 Number of Employees
50,000 - 54,999	364	351
55,000 - 59,999	189	180
60,000 - 64,999	136	138
65,000 - 69,999	52	47
70,000 - 74,999	23	21
75,000 - 79,999	6	4
80,000 - 84,999	1	1
85,000 - 89,999	4	6
90,000 - 94,999	6	5
95,000 - 99,999	11	17
100,000 - 104,999	5	2
105,000 - 109,999	3	1
110,000 - 114,999	1	-
115,000 - 139,999 (Note 1)	-	-
140,000 - 144,999	2	4
145,000 - 149,999	1	1
150,000 - 159,999 (Note 1)	-	-
160,000 - 164,999	-	1
165,000 - 179,999 (Note 1)	-	-
180,000 - 184,999	1	-

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 2021/22	Number of Compulsory Redundancies 2020/21	Number of Other Departures Agreed 2021/22	Number of Other Departures Agreed 2020/21	Total Number of Exit Packages by cost Band 2021/22	Total Number of Exit Packages by cost Band 2020/21	Cash Value £ 2021/22	Notional CAY Value £ 2021/22	Total Cost Of Exit Packages In Each Band £ 2021/22	Cash Value £ 2020/21	Notional CAY Value £ 2020/21	Total Cost Of Exit Packages In Each Band £ 2020/21
0 - 20,000	-	-	-	-	-	-	-	-	-	-	-	-
20,001 - 40,000	-	-	-	-	-	-	-	-	-	-	-	-
40,001 - 60,000	-	-	-	-	-	-	-	-	-	-	-	-
60,001 - 80,000	-	-	-	-	-	-	-	-	-	-	-	-
80,001 - 100,000	-	-	-	-	-	-	-	-	-	-	-	-
100,001 - 150,000	-	-	-	-	-	-	-	-	-	-	-	-
>150,000	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-	-
Total incl Provisions	-	-	-	-	-	-	-	-	-	-	-	-

There were no exit packages agreed by the Council in 2021/2022, therefore the total cost of exit packages shown for 2021/2022 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 (2022/2023).

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 2020/2021 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 2021/2022 is available on the Council's website (www.southlanarkshire.gov.uk).

Table 3 – Senior Officers

Post	Salary / fees £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2021/22 Total £	2020/21 Total £
C Sneddon Chief Executive	184,895	-	-	-	184,895	164,701
P Manning Executive Director of Finance and Corporate Resources	149,606	-	-	-	149,606	147,802
V De Souza Executive Director of Health and Social Care (Note 1) (to 30 May 2021)	22,703 (Full year equivalent 141,081)	-	-	500 (Full year equivalent 500)	23,203 (Full year equivalent 141,581)	140,113
S Sengupta Executive Director of Health and Social Care (Note 1) (from 9 August 2021)	88,855 (Full year equivalent 137,226)			-	88,855 (Full year equivalent 137,226)	n/a
D Lowe Executive Director of Housing and Technical Resources	141,081	-	-	-	141,081	140,113
T McDaid Executive Director of Education Resources	141,081	-	-	-	141,081	140,113
M McGlynn Executive Director of Community and Enterprise Resources (to 31 December 2021)	107,319 (Full year equivalent 141,914)	-	-	-	107,319 (Full year equivalent 141,914)	140,113
A McKinnon Acting Executive Director of Community and Enterprise Resources (21 December 2021 to 25 February 2022)	25,763 (Full year equivalent 137,226)	-	-	-	25,763 (Full year equivalent 137,226)	n/a
D Booth Executive Director Community and Enterprise Resources (from 28 February 2022)	12,618 (Full year equivalent 137,226)				12,618 (Full year equivalent 137,226)	n/a
L Purdie	105,948	-	-	500	106,448	105,078

Chief Social Work Officer						
Total	979,869	-	-	1,000	980,869	978,033

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 £	2021/22 Total £	2020/21 Total £
D Booth General Manager of South Lanarkshire Leisure and Culture Ltd (to 27 February 2022)	90,731	-	-	-	90,731	95,296
K Morrison Secretary of South Lanarkshire Leisure and Culture Ltd (from 28 February 2022 to 20 March 2022) General Manager of South Lanarkshire Leisure and Culture Ltd (from 21 March 2022)	6,731 (Full year equivalent 96,155)	-	-	-	6,731 (Full year equivalent 96,155)	n/a
S Barr Chief Executive of Routes to Work South	70,743	-	-	-	70,743	69,883
Total	168,205	-	-	-	168,205	165,179

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 2021/2022. 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 £	2021/22 Total £	2020/21 Total £
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A Allison Opposition Leader - Conservative	24,623	-	-	-	24,623	23,630
Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2021/22 Total £	2020/21 Total £
J Anderson Community and Enterprise Resources Committee Chair	28,237	-	-	-	28,237	27,099
J Bradley Social Work Resources Committee Chair	28,237	-	-	-	28,237	27,099
A Buchanan East Kilbride Area Committee Chair	22,215	-	-	-	22,215	21,320
M Chalmers Depute Leader of the Council	28,237	-	-	-	28,237	27,099
G Convery Depute Opposition Leader - Labour	24,623	-	-	-	24,623	23,630
P Craig Business Manager Majority Party	28,237	-	-	-	28,237	27,099
M Devlin Business Manager - Opposition	22,215	-	-	-	22,215	21,320
M Donnelly Hamilton Area Committee Chair	22,215	-	-	-	22,215	21,320
I Dorman Planning Committee Chair	28,237	-	-	-	28,237	27,099
J Fagan Opposition Leader – Labour	28,237	-	-	-	28,237	27,099
R Lockhart Clydesdale Area Committee Chair	22,215	-	-	-	22,215	21,320
K Loudon Education Resources Committee Chair	28,237	-	-	-	28,237	27,099
I McAllan						

Provost	32,560	-	-	-	32,560	31,248
Name and Post	Salary £	Taxable Expenses £	Compensation for Loss of Office £	Any Other Remuneration £	2021/22 Total £	2020/21 Total £
G Miller Finance and Corporate Resources Committee Chair	28,237	-	-	-	28,237	27,099
C Nugent Cambuslang and Rutherglen Area Committee Chair	22,215	-	-	-	22,215	21,320
J Ross Leader of the Council	43,412	-	-	-	43,412	41,662
D Shearer Licensing Committee Chair	22,215	-	-	-	22,215	21,320
C Stevenson Depute Provost (to 29 June 2021)	6,666 (Full year equivalent 27,033)	-	-	-	6,666 (Full year equivalent 27,033)	25,943
J Wilson Housing and Technical Resources Committee Chair	28,237	-	-	-	28,237	27,099
Total	519,307	-	-	-	519,307	517,924
Councillors with Joint Board Responsibilities						
L Hamilton Depute Convenor Lanarkshire Valuation Joint Board	22,095	-	-	-	22,095	21,204
Total	22,095	-	-	-	22,095	21,204

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 2021/2022 - £3,476 (2020/2021 - £3,336)

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 2020/2021 were uprated by the Consumer Prices Index (CPI) increase for 2021/2022.

The member contribution rates and tiers for 2021/2022 are shown below along with those that applied in 2020/2021:

Pensionable Pay	Contribution rate 2021/22	Pensionable Pay	Contribution Rate 2020/21
On earnings up to an including £22,300	5.50%	On earnings up to an including £22,200	5.50%
On earnings above £22,300 and up to £27,300	7.25%	On earnings above £22,200 and up to £27,100	7.25%
On earnings above £27,300 and up to £37,400	8.50%	On earnings above £27,100 and up to £37,200	8.50%
On earnings above £37,400 and up to £49,900	9.50%	On earnings above £37,200 and up to £49,600	9.50%
On earnings above £49,900	12.00%	On earnings above £49,600	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 1/49th 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 1/60th of final pensionable salary and years of pensionable service and prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th 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 2022 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 2022 £000	Movement in Accrued pension Benefits since 31 March 2021 £000	Pension Contribution Made by the Council 2021/22 £	Pension Contribution Made by the Council 2020/21 £
C Sneddon Chief Executive	Pension Lump Sum	77 122	5 4	32,948	31,787
P Manning Executive Director	Pension Lump Sum	66 92	3 -	28,713	28,526
V De Souza Executive Director (to 30 May 2021)	Pension Lump Sum	52 66	1 -	4,382	27,042
S Sengupta Executive Director Health and Social Care (from 9 August 2021)	Pension Lump Sum	2 -	n/a n/a	17,149	n/a
D Lowe Executive Director	Pension Lump Sum	63 89	3 -	27,229	27,042
T McDaid Executive Director	Pension Lump Sum	47 71	3 -	27,229	27,042
M McGlynn Executive Director (to 31 December 2021)	Pension Lump Sum	69 106	3 -	20,552	27,042
A McKinnon Acting Executive Director Community and Enterprise Resources (from 21 December 2021 to 25 February 2022)	Pension Lump Sum	55 86	n/a n/a	4,972	n/a
D Booth Executive Director Community and Enterprise Resources (from 27 February 2022)	Pension Lump Sum	- -	n/a n/a	2,435	n/a
L Purdie Chief Social Work Officer	Pension Lump Sum	49 75	3 1	20,448	20,280
Total				186,057	188,761

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 2022 £000	Movement in Accrued pension Benefits since 31 March 2021 £000	Pension Contribution 2021/22 £	Pension Contribution 2020/21 £
D Booth General Manager of South Lanarkshire Leisure and Culture Ltd (to 27 February 2022)	Pension Lump Sum	4 -	2 -	17,511	18,392
K Morrison Secretary of South Lanarkshire Leisure and Culture Ltd (from 28 February 2022 to 20 March 2022) General Manager of South Lanarkshire Leisure and Culture Ltd (from 21 March 2022)	Pension Lump Sum	1 -	n/a n/a	1,299	n/a
S Barr Chief Executive of Routes to Work South	Pension Lump Sum	- -	- -	5,659	5,590
Total				24,469	23,982

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 2022 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 2022 £000	Movement in Accrued pension Benefits since 31 March 2021 £000	Pension Contribution Made by the Council 2021/22 £	Pension Contribution Made by the Council 2020/21 £
A Allison Opposition Conservative Leader	Pension Lump Sum	2 -	- -	4,752	4,561
J Anderson Community and Enterprise Resources Committee Chair	Pension Lump Sum	7 2	1 -	5,450	5,230
J Bradley Cambuslang and Rutherglen Area Committee Chair	Pension Lump Sum	3 -	1 -	5,450	5,230
A Buchanan East Kilbride Areas Committee Chair	Pension Lump Sum	5 1	- -	4,287	4,115
M Chalmers Depute Leader of the Council	Pension Lump Sum	3 -	1 -	5,450	5,230
P Craig Business Manager Majority Party	Pension Lump Sum	6 2	- -	5,450	5,230
M Devlin Business Manager - Opposition	Pension Lump Sum	4 -	1 -	5,450	4,115
I Dorman Planning Committee Chair	Pension Lump Sum	4 -	- -	5,450	5,230
J Fagan Opposition Leader – Labour	Pension Lump Sum	3 -	1 -	5,450	5,230
K Loudon Education Resources Committee Chair	Pension Lump Sum	3 -	1 -	5,450	5,230

Name and Post Title		Accrued Pension Benefits to 31 March 2022 £000	Movement in Accrued pension Benefits since 31 March 2021 £000	Pension Contribution Made by the Council 2021/22 £	Pension Contribution Made by the Council 2020/21 £
G Miller Finance and Corporate Resources Committee Chair	Pension Lump Sum	5 -	1 -	5,450	5,230
J Ross Leader of the Council	Pension Lump Sum	4 -	- -	4,755	8,041
D Shearer Licensing Committee Chair	Pension Lump Sum	8 8	1 1	5,450	4,115
C Stevenson Depute Provost (to 29 June 2021)	Pension Lump Sum	2 -	- -	1,286	5,007
Total				75,864	77,825
Councillors with Joint Board Responsibilities					
L Hamilton Depute Convenor Lanarkshire Valuation Joint Board	Pension Lump Sum	4 -	- -	4,264	4,092
Total				4,264	4,092

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 2021/2022 - £671 (2020/2021 - £644)

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 2021 to 31 March 2022 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	171
FTE Employee Number	157.1

Percentage of Time Spent on Facility Time

% Time	Number of Representatives
0%	35
1% - 50%	130
51% - 99%	2
100%	4

Percentage of Pay Bill Spent on Facility Time

Total cost of facility time	£534,736
Total pay bill	£594,288,191
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	3.31%
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Councillor Joe Fagan
Leader of the Council

Date: 22 June 2022

Cleland Sneddon

Cleland Sneddon
Chief Executive

Date: 22 June 2022

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 50. 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.

2020/21				2021/22			
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	
115,882	25,412	141,294	Community and Enterprise Resources	122,767	38,336	161,103	
343,155	(13,099)	330,056	Education Resources	370,610	22,002	392,612	
35,041	6,302	41,343	Finance and Corporate Resources	39,336	9,486	48,822	
			Housing and Technical Resources				
(2,569)	(3,411)	(5,980)	- Housing Revenue Account	(2,917)	(1,162)	(4,079)	
22,568	6,522	29,090	- Housing Other	18,682	17,710	36,392	
173,119	13,769	186,888	Social Work Resources	187,288	23,817	211,105	
1,966	-	1,966	Joint Board	2,313	-	2,313	
6,321	(324)	5,997	Corporate Items	3,295	863	4,158	
-	108	108	Corporate and Democratic Core (HRA)	-	116	116	
-	-	-	Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-	
695,483	35,279	730,762	Net Cost of Services	741,374	111,168	852,542	
(737,581)	(47,374)	(784,955)	Other (Income) and Expenditure	(745,658)	(31,093)	(776,751)	
(42,098)	(12,095)	(54,193)	(Surplus) or Deficit	(4,284)	80,075	75,791	

General Fund	HRA	Total General Fund and HRA		General Fund	HRA	Total General Fund and HRA
(75,579)	(9,713)	(85,292)	Opening General Fund and HRA Balance	(116,980)	(12,784)	(129,764)
(39,529)	(2,569)	(42,098)	Less/plus (Surplus) or Deficit on General Fund	(1,367)	(2,917)	(4,284)
(1,872)	(502)	(2,374)	Transfers to/from Other Reserves	(4,077)	(540)	(4,617)
(116,980)	(12,784)	(129,764)	Closing General Fund and HRA Balance	(122,424)	(16,241)	(138,665)

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.

2020/21				2021/22			
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000	
174,157	32,863	141,294	Community and Enterprise Resources	200,564	39,461	161,103	
378,591	48,535	330,056	Education Resources	443,501	50,889	392,612	
118,356	77,013	41,343	Finance and Corporate Resources	121,979	73,157	48,822	
			Housing and Technical Resources				
88,976	94,956	(5,980)	- Housing Revenue Account	93,896	97,975	(4,079)	
75,323	46,233	29,090	- Housing Other	82,114	45,722	36,392	
423,919	237,031	186,888	Social Work Resources	463,634	252,529	211,105	
2,465	499	1,966	Joint Board	2,313	-	2,313	
8,555	2,558	5,997	Corporate Items	5,018	860	4,158	
108	-	108	Corporate and Democratic Core (HRA)	116	-	116	
-	-	-	Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-	
1,270,450	539,688	730,762	Net Cost of Services	1,413,135	560,593	852,542	
31	-	31	Other Operating Expenditure (Note 9)	-	2,752	(2,752)	
71,710	695	71,015	Financing and Investment (Income) and Expenditure (Note 10)	66,565	(202)	66,767	
-	856,001	(856,001)	Taxation and Non Specific Grant Income (Note 11)	-	840,766	(840,766)	
1,342,191	1,396,384	(54,193)	(Surplus) / Deficit on Provision of Services	1,479,700	1,403,909	75,791	
		(220,675)	(Surplus) / Deficit on Revaluation of Fixed Assets			11,376	
		50,535	Re-measurement of the Net Defined Benefit Liability / (Asset)			(365,042)	
		(170,140)	Other Comprehensive (Income) and Expenditure			(353,666)	
		(224,333)	Total Comprehensive (Income) and Expenditure			(277,875)	

Note 1 Internal recharges totalling £89.457m have been removed from the figures (2020/2021: £81.956m).

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 2021		Note	31 March 2022
£000			£000
3,521,225	Property, Plant and Equipment	20	3,543,076
3,826	Heritage Assets	21	3,826
239	Intangible Assets	21	247
1,859	Long Term Debtors		1,830
3,527,149	Non Current Assets		3,548,979
48,019	Short Term Investments		25,006
3,780	Inventories		3,789
83,667	Short Term Debtors	23	92,714
618	Assets Held for Sale	21	213
109,734	Cash and Cash Equivalents (see cash flow notes)		91,476
245,818	Current Assets		213,198
(50,028)	Short Term Borrowing	32	(52,459)
(168,343)	Short Term Creditors	25	(190,713)
-	Contract Liability – IFRS15	7	-
(7,452)	Other Short Term Liabilities (PPP / Finance Leases)	28	(7,157)
(5,727)	Provisions	26	(2,109)
(11,124)	Receipts in Advance	27	(6,403)
(242,674)	Current Liabilities		(258,841)
(673)	Long Term Provisions	26	(611)
(964,586)	Long Term Borrowing	32	(949,602)
(186,291)	Other Long Term Liabilities (PPP / Finance Lease)	28	(179,133)
(443,073)	Other Long Term Liabilities (Pension)	30	(160,445)
(1,594,623)	Long Term Liabilities		(1,289,791)
1,935,670	Net Assets		2,213,545
145,820	Usable Reserves		152,186
1,789,850	Unusable Reserves		2,061,359
1,935,670	Total Reserves		2,213,545

The notes on pages 56 to 107 form part of the financial statements. The unaudited accounts were authorised for issue on 22 June 2022.

Paul Manning
Executive Director (Finance and Corporate Resources)

22 June 2022

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
Balance at 1 April 2021	116,980	12,784	7,484	2,304	4,334	1,934	145,820	1,789,850	1,935,670
<u>Movement in reserves during 2021/22</u>									
Total Comprehensive Expenditure and Income	(81,564)	5,773	-	-	-	-	(75,791)	353,666	277,875
Adjustments to usable reserves permitted by accounting standards (note 8)	12,360	16,482	-	-	-	-	28,842	(28,842)	-
Adjustments between accounting basis and funding basis under regulations (note 8)	70,571	(19,338)	-	-	-	2,082	53,315	(53,315)	-
Net Increase / (Decrease) before Transfers to Reserves	1,367	2,917	-	-	-	2,082	6,366	271,509	277,875
Transfers to/ (from) Reserves	4,077	540	(988)	(1,009)	(219)	(2,401)	-	-	-
Increase / (Decrease) in Year	5,444	3,457	(988)	(1,009)	(219)	(319)	6,366	271,509	277,875
Balance at 31 March 2022 carried forward	122,424	16,241	6,496	1,295	4,115	1,615	152,186	2,061,359	2,213,545

	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
Balance at 1 April 2020	75,579	9,713	5,918	2,053	8,234	2,093	103,590	1,607,747	1,711,337
<u>Movement in reserves during 2020/21</u>									
Total Comprehensive Expenditure and Income	41,940	12,253	-	-	-	-	54,193	170,140	224,333
Adjustments to usable reserves permitted by accounting standards (note 8)	9,800	15,473	-	-	-	-	25,273	(25,273)	-
Adjustments between accounting basis and funding basis under regulations (note 8)	(12,211)	(25,157)	-	-	-	132	(37,236)	37,236	-
Net Increase / (Decrease) before Transfers to Reserves	39,529	2,569	-	-	-	132	42,230	182,103	224,333
Transfers to/ (from) Reserves	1,872	502	1,566	251	(3,900)	(291)	-	-	-
Increase / (Decrease) in Year	41,401	3,071	1,566	251	(3,900)	(159)	42,230	182,103	224,333
Balance at 31 March 2021 carried forward	116,980	12,784	7,484	2,304	4,334	1,934	145,820	1,789,850	1,935,670

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.

2020/21 £000		2021/22 £000
54,193	Net surplus / (deficit) on the provision of services	(75,791)
137,343	Adjust net surplus / deficit on the provision of services for non cash movements	180,292
(80,835)	Adjust for items included in the net surplus / deficit on the provision of services that are investing and financing activities	(63,443)
110,701	Net cash flows from Operating Activities	41,058
(52,718)	Investing Activities	(39,809)
(37,597)	Financing Activities	(19,507)
20,386	Net increase / (decrease) in cash and cash equivalents	(18,258)
89,348	Cash and cash equivalents at the beginning of the reporting period	109,734
109,734	Cash and cash equivalents at the end of the reporting period	91,476

Cash Flow Statement Note – Non Cash Movements

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

31 March 2021 £000		31 March 2022 £000
60,819	Depreciation, impairment and amortisation of assets	99,823
29,629	Movement in creditors	16,882
5,112	Movement in debtors	(19,684)
(200)	Movement in inventories	(9)
41,511	Movement in pension liability	82,414
472	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	866
-	Other non cash items charged to the net surplus / deficit on the provision of services	-
137,343	Net cash flows from the provision of services for non cash movements	180,292

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:

2021/22 £000		2021/22 £000
(80,394)	Capital grants and contributions	(59,825)
(441)	Capital receipts applied	(3,618)
(80,835)	Net cash flows from items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	(63,443)

Cash Flow Statement Note – Investing Activities

2020/21 £000		2021/22 £000
(119,987)	Purchase of property, plant and equipment and intangible assets	(133,644)
(126,000)	Purchase of short term investments	(84,000)
441	Proceeds from the sale of property, plant and equipment and intangible assets	3,618
140,500	Proceeds from short term investments	107,000
52,328	Other receipts from investing activities	67,217
(52,718)	Net cash flows from investing activities	(39,809)

Cash Flow Statement Note – Financing Activities

2020/21 £000		2021/22 £000
-	Cash receipts of short term and long term borrowing	28,900
(7,704)	Cash payments for the reduction of the outstanding liabilities relating to finance leases for PPP contracts	(7,453)
(29,893)	Repayments of short term and long term borrowing	(40,954)
(37,597)	Net cash flows from financing activities	(19,507)

Cash Flow Statement Note – Cash and Cash Equivalents

31 March 2021 £000		31 March 2022 £000
105	Cash held by officers	97
6,028	Bank current accounts	4,297
103,601	Short term deposits	87,082
109,734	Total cash and cash equivalents	91,476

The credit figures shown against Bank Accounts in 2022 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 2022/2023 Code, which are required to be applied by 1 April 2022, and will be adopted by the council on 1 April 2022 are:

- Annual Improvements to IFRS Standards 2018-2020**

IFRS 1(First Time Adoption) - the amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.

IAS37 (Onerous Contracts)- the amendment clarifies the intention of the standard.

IFRS16 (Leases) - the amendment removes a misleading example that is not referenced in the Code material.

IAS41 (Agriculture) – one of a small number of IFRSs that are expected only to apply to a small number of local authorities.

- Property, Plant and Equipment: Proceeds Before Intended Use**

This amendment introduces changes to IAS16

Adoption of the standards by the council on 1 April 2022 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 2022 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 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £55.909m. However, the assumptions interact in complex ways. During 2021/2022, the council's actuaries advised that the net pension liability had decreased by £139.589m as a result of the return on fixed assets and estimates being corrected through experience and had decreased by £225.453m 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 £6.298m for each year that useful lives were reduced.

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 Comprehensive Income and Expenditure 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	66,074
Housing Benefit Received	Benefit received to support customers on low income with Housing rent costs	60,378
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>	36,880

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

2021/22				
	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	21,217	17,782	(663)	38,336
Education Resources	32,205	13,497	(23,700)	22,002
Finance and Corporate Resources	2,276	7,370	(160)	9,486
Housing and Technical Resources				
- Housing Revenue Account	7,598	2,941	(11,701)	(1,162)
- Housing Other	6,775	9,205	1,730	17,710
Social Work Resources	3,307	21,612	(1,102)	23,817
Joint Board	-	-	-	-
Corporate Items	-	421	442	863
Corporate and Democratic Core (HRA)	-	-	116	116
Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-	-
Net Cost of Services	73,378	72,828	(35,038)	111,168
Other Income and Expenditure from the Expenditure and Funding Analysis	(67,340)	9,586	26,661	(31,093)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	6,038	82,414	(8,377)	80,075

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	16,022	8,363	1,027	25,412
Education Resources	7,065	4,346	(24,510)	(13,099)
Finance and Corporate Resources	1,500	3,429	1,373	6,302
Housing and Technical Resources				
- Housing Revenue Account	7,478	1,395	(12,284)	(3,411)
- Housing Other	2,570	4,449	(497)	6,522
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)	-	-	-	-
Net Cost of Services	36,365	32,676	(33,762)	35,279
Other Income and Expenditure from the Expenditure and Funding Analysis	(91,699)	8,835	35,490	(47,374)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(55,334)	41,511	1,728	(12,095)

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)

2020/21 £000		2021/22 £000
(12,095)	Adjustments between Funding and Accounting Basis as per EFA	80,075
441	Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve (Note 8)	3,618
(309)	Use of Capital Receipts Reserve to finance capital expenditure (Note 8)	(1,536)
(11,963)	Adjustments between Funding and Accounting Basis as per MIRS	82,157

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	2021/22 Total £000	2020/21 Total £000
Expenditure											
Employee Benefits Expenses	104,591	313,192	42,594	11,388	52,651	126,990	-	534	-	651,940	586,933
Other Services Expenditure	74,756	98,104	77,109	48,465	22,688	333,337	2,313	4,484	116	661,372	622,698
Support Services Recharges	-	-	-	-	-	-	-	-	-	-	-
Depreciation, Amortisation, Impairment	21,217	32,205	2,276	34,043	6,775	3,307	-	-	-	99,823	60,819
Interest Payment	-	-	-	-	-	-	-	-	56,802	56,802	58,279
Pension Net Interest Expense	-	-	-	-	-	-	-	-	9,586	9,586	8,835
Impairment on Financial Instruments	-	-	-	-	-	-	-	-	177	177	4,596
Loss on the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	31
Total Expenditure	200,564	443,501	121,979	93,896	82,114	463,634	2,313	5,018	66,681	1,479,700	1,342,191
Income											
Fees and Charges and Other Service Income	35,715	4,033	(2,864)	97,975	45,135	180,228	-	860	-	361,082	339,692
Interest and Investment Income	-	-	-	-	-	-	-	-	132	132	315
Impairment on Financial Instruments	-	-	-	-	-	-	-	-	(334)	(334)	380
Gain on the Disposal of Assets	-	-	-	-	-	-	-	-	2,752	2,752	-
Income from Council Tax	-	-	-	-	-	-	-	-	143,472	143,472	139,757
Government Grants and Contributions	3,746	46,856	76,021	-	587	72,301	-	-	697,294	896,805	916,240
Total Income	39,461	50,889	73,157	97,975	45,722	252,529	-	860	843,316	1,403,909	1,396,384
Surplus or Deficit on the Provision of Services	161,103	392,612	48,822	(4,079)	36,392	211,105	2,313	4,158	(776,635)	75,791	(54,193)

Note 7 Revenue from Contracts with Service Recipients

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

2020/21 £000		2021/22 £000
36,961	Revenue from contracts with service recipients	42,373
-	Impairment of receivables or contract assets	-
36,961	Total included in Comprehensive Income and Expenditure Statement	42,373

Amounts included in Balance Sheet for contracts with service recipients.

2020/21 £000		2021/22 £000
-	Receivables which are included in debtors (note 23)	-
-	Contract Assets	-
-	Contract Liabilities	-
-	Total Included in Net Assets	-

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

2020/21 Contract Asset £000	2020/21 Contract Liability £000		2021/22 Contract Asset £000	2021/22 Contract Liability £000
-	(156)	Contract assets and liabilities at the beginning of the year	-	-
-	156	Increases / decreases due to cash received (paid)	-	-
-	-	Transfers from contract assets / (liabilities) recognised at the beginning of the period to receivables (payables)	-	-
-	-	Changes as a result of changes in the measure of progress	-	-
-	-	Contract assets and liabilities at the end of the year	-	-

Note 8 Adjustments Permitted Under Accounting Standards and 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 2020.

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.

Usable Reserves							
2021/22	General Fund Balance £000	Housing Revenue Account £000	Repairs And Renewals Fund £000	Insurance Fund £000	Capital Statutory Funds £000	Capital Receipts Reserve £000	Total £000
Adjustments to Usable Reserves Permitted by Accounting Standards							
Adjustment for the Revaluation Element of Depreciation	12,360	16,482	-	-	-	-	28,482
Total Adjustments to Usable Reserves Permitted by Accounting Standards	12,360	16,482	-	-	-	-	28,482
Statutory Adjustments (Between Accounting and Funding Basis)							
Adjustments to Revenue Resources							
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	79,100	3,314	-	-	-	-	82,414
▪ Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(279)	(81)	-	-	-	-	(360)
▪ Holiday Pay (transferred to (or from) the Accumulated Absences Reserve)	(458)	(107)	-	-	-	-	(565)
▪ 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)	46,833	17,561	-	-	-	-	64,394
Total Adjustments to Revenue Resources	125,196	20,687	-	-	-	-	145,883
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(2,082)	(1,536)	-	-	-	3,618	-
Statutory Provision for the repayment of debt (transfer from Capital Adjustment Account)	(2,401)	(6,808)	-	-	-	-	(9,209)
Capital expenditure financed from revenue balances (transfer to Capital Adjustment Account)	(2,361)	(19,637)	-	-	-	-	(21,998)
Total Adjustments between Revenue and Capital Resources	(6,844)	(27,981)	-	-	-	3,618	(31,207)
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	(1,536)	(1,536)
Application of capital grants to finance capital expenditure	(47,781)	(12,044)	-	-	-	-	(59,825)
Total Adjustments to Capital Resources	(47,781)	(12,044)	-	-	-	(1,536)	(61,361)
Total Statutory Adjustments (Between Accounting and Funding Basis)	70,571	(19,338)	-	-	-	2,082	53,315
Total Adjustments to Usable Reserves Permitted by Accounting Standards	12,360	16,482	-	-	-	-	28,842
Total Statutory Adjustments (Between Accounting and Funding Basis)	70,571	(19,338)	-	-	-	2,082	53,315
Total Comprehensive Expenditure and Income	(81,564)	5,773	-	-	-	-	(75,791)
Net Increase / (Decrease) before transfers to / (from) Reserves	1,367	2,917	-	-	-	2,082	6,366
Transfers to / (from) Reserves	4,077	540	(988)	(1,009)	(219)	(2,401)	-
Increase / (Decrease) in Year	5,444	3,457	(988)	(1,009)	(219)	(319)	6,366

Usable Reserves							
2020/21	General Fund Balance £000	Housing Revenue Account £000	Repairs And Renewals Fund £000	Insurance Fund £000	Capital Statutory Funds £000	Capital Receipts Reserve £000	Total £000
Adjustments to Usable Reserves Permitted by Accounting Standards							
Adjustment for the Revaluation Element of Depreciation	9,800	15,473	-	-	-	-	25,273
Total Adjustments to Usable Reserves Permitted by Accounting Standards	9,800	15,473	-	-	-	-	25,273
Statutory Adjustments (Between Accounting and Funding Basis)							
Adjustments to Revenue Resources							
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)	(279)	(80)	-	-	-	-	(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)	11,540	16,774	-	-	-	-	28,314
Total Adjustments to Revenue Resources	56,019	18,665	-	-	-	-	74,684
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(132)	(309)	-	-	-	441	-
Statutory Provision for the repayment of debt (transfer from Capital Adjustment Account)	(2,028)	(6,320)	-	-	-	-	(8,348)
Capital expenditure financed from revenue balances (transfer to Capital Adjustment Account)	(4,735)	(18,134)	-	-	-	-	(22,869)
Total Adjustments between Revenue and Capital Resources	(6,895)	(24,763)	-	-	-	441	(31,217)
Adjustments to Capital Resources							
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)
Total Adjustments to Capital Resources	(61,335)	(19,059)	-	-	-	(309)	(80,703)
Total Statutory Adjustments (Between Accounting and Funding Basis)	(12,211)	(25,157)	-	-	-	132	(37,236)
Total Adjustments to Usable Reserves Permitted by Accounting Standards	9,800	15,473	-	-	-	-	25,273
Total Statutory Adjustments (Between Accounting and Funding Basis)	(12,211)	(25,157)	-	-	-	132	(37,236)
Total Comprehensive Expenditure and Income	41,940	12,253	-	-	-	-	54,193
Net Increase / (Decrease) before transfers to / (from) Reserves	39,529	2,569	-	-	-	132	42,230
Transfers to / (from) Reserves	1,872	502	1,566	251	(3,900)	(291)	-
Increase / (Decrease) in Year	41,401	3,071	1,566	251	(3,900)	(159)	42,230

Note 9 Comprehensive Income and Expenditure Statement – Other Operating Expenditure

2020/21 £000		2021/22 £000
31	(Gains) / losses on the disposal of non-current assets	(2,752)
31	Total	(2,752)

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

2020/21 £000		2021/22 £000
58,279	Interest payable and similar charges	56,802
8,835	Pensions interest cost and expected return on pensions assets	9,586
(315)	Interest receivable and similar income	(132)
4,216	Impairment on Financial Instruments	611
71,015	Total	66,767

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

2020/21 £000		2021/22 £000
(139,757)	Council tax income	(143,472)
(226,179)	National non domestic rates	(319,312)
(409,671)	Non-ringfenced government grants	(318,157)
(80,394)	Capital grants and contributions	(59,825)
(856,001)	Total	(840,766)

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 2021/2022.

	2020/21 Balance At 1 April 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	2020/21 Closing Balance 31 March 2021 £000	2021/22 Balance At 1 April 2020 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	2021/22 Closing Balance 31 March 2022 £000
Future Budget Strategies – allocated to specific years	19,026	(17,525)	18,805	20,306	20,306	(9,109)	22,474	33,671
Investments (Multi Year)	-	-	-	-	-	-	5,884	5,884
Developing Scotland's Young Workforce (Specific funding)	308	-	90	398	398	(90)	-	308
Early Years (Multi-year)	4,190	(400)	7,326	11,116	11,116	(66)	3,415	14,465
Children and Young People Act inc. Getting It Right for Every Child (Multi-year)	2,163	-	-	2,163	2,163	(1,479)	-	684
Pupil Equity Fund (Specific funding)	1,422	(1,422)	2,326	2,326	2,326	(2,326)	2,590	2,590
Multi Year Projects	944	(61)	3,189	4,072	4,072	(214)	760	4,618
Schools (Multi-year)	1,170	(676)	1,600	2,094	2,094	(739)	1,223	2,578
Scheme of Assistance	344	-	-	344	344	-	398	742
Property Masterplan	263	(27)	-	236	236	(27)	-	209
Community and Enterprise Resources including Public Health and Local Plan	352	(87)	445	710	710	(305)	676	1,081
Social Work and Bequest	21	-	-	21	21	-	-	21
Temporary Homelessness / Community Safety (Specific funding)	2,199	(237)	574	2,536	2,536	(598)	-	1,938
Scottish Welfare Fund	-	-	129	129	129	(129)	-	-
Prevent Grant (Specific funding)	9	-	-	9	9	-	-	9
Community Participation Team (Multi-year)	257	(257)	-	-	-	-	-	-
New Initiatives (Multi-year)	914	-	-	914	914	(2)	-	912
Sanitary Products Funding	168	-	171	339	339	-	-	339
Counselling in Schools	542	-	714	1,256	1,256	-	-	1,256
Additional Support for Learning	959	-	330	1,289	1,289	(100)	-	1,189
Grants to Voluntary Organisations - Area Grants c/f	-	-	60	60	60	-	63	123
National Trauma Training Programme	-	-	-	-	-	-	50	50
Children and Families - Residential Care	-	-	762	762	762	(762)	2,051	2,051
Lanarkshire Valuation Joint Board - Scottish Government funding	-	-	277	277	277	(159)	-	118
Child Disability Support	-	-	-	-	-	-	83	83
Whole Family Wellbeing	-	-	-	-	-	-	187	187
Telecare Fire and Safety	-	-	-	-	-	-	59	59
COVID-19 Funding c/f	-	-	32,390	32,390	32,390	(26,185)	23,856	30,061
Scottish Government – 2021/2022 General Revenue Grant Adjustment	-	-	155	155	155	(155)	-	-
Total Earmarked General Fund	35,251	(20,692)	69,343	83,902	83,902	(42,445)	63,769	105,226
Uncommitted General Fund								
Funding for Future Strategies	27,285	(8,695)	1,445	20,035	20,035	(15,880)	-	4,155
Uncommitted General Fund	13,043	-	-	13,043	13,043	-	-	13,043
Total Uncommitted General Fund	40,328	(8,695)	1,445	33,078	33,078	(15,880)	-	17,198
Total General Fund	75,579	(29,387)	70,788	116,980	116,980	(58,325)	63,769	122,424

	2020/21 Balance At 1 April 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	2020/21 Closing Balance 31 March 2021 £000	2021/22 Balance At 1 April 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	2021/22 Closing Balance 31 March 2022 £000
Repairs and Renewals								
Crematorium Sinking Fund and Shelter	350	(68)	25	307	307	-	25	332
Fleet Sinking Fund	160	(77)	90	173	173	-	40	213
Waste	488	(273)	1,220	1,435	1,435	-	302	1,737
Roads Defects	979	(979)	-	-	-	-	-	-
Committee Room Audio Visual Upgrade	-	-	150	150	150	(11)	-	139
Repairs and Restorations (Various Projects)	2,861	(38)	516	3,339	3,339	(172)	504	3,671
Winter Maintenance	1,080	-	1,000	2,080	2,080	(1,676)	-	404
Total Repairs and Renewals	5,918	(1,435)	3,001	7,484	7,484	(1,859)	871	6,496
Capital Fund								
Capital Fund	4,703	(4,709)	6	-	-	-	-	-
Education Capital Items Replacement Fund	1,131	-	597	1,728	1,728	-	572	2,300
Adoptions	278	-	-	278	278	-	1	279
IT Development Fund / Digital Transformation	1,400	(630)	1,072	1,842	1,842	(565)	92	1,369
Central Energy Efficiency Fund	722	(479)	243	486	486	(541)	222	167
Total Capital Fund	8,234	(5,818)	1,918	4,334	4,334	(1,106)	887	4,115
Total Usable Capital Receipts	2,093	(600)	441	1,934	1,934	(3,937)	3,618	1,615
Total Insurance Fund	2,053	(763)	1,014	2,304	2,304	(1,015)	6	1,295
Total Housing Revenue Account	9,713	-	3,071	12,784	12,784	-	3,457	16,241
Total Usable Reserves	103,590	(38,003)	80,233	145,820	145,820	(66,242)	72,608	152,186

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.

Unusable Reserves						
2021/22						
	Revaluation Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Pension Reserve £000	Accumulating Compensated Absences Adjustment Account £000	Total £000
Opening Balance	1,217,136	1,043,980	(4,931)	(443,073)	(23,262)	1,789,850
Restatement of 2020/2021 Balance	63,379	(63,379)	-	-	-	-
Revised Opening Balance	1,280,515	980,601	(4,931)	(443,073)	(23,262)	1,789,850
Movement in Year	(40,573)	28,529	360	282,628	565	271,509
Closing Balance	1,239,942	1,009,130	(4,571)	(160,445)	(22,697)	2,061,359
Other Comprehensive Income and Expenditure	(11,376)	-	-	365,042	-	353,666
Adjustments to Usable Reserves Permitted by Accounting Standards						
Difference Between Fair Value and Historic Cost Depreciation	(28,842)	-	-	-	-	(28,842)
Adjustments Between Accounting Basis and Funding Basis Under Regulation						
Charges for Depreciation and Impairment of Non Current Assets	-	(63,127)	-	-	-	(63,127)
Revaluation Gains / Losses on Property, Plant and Equipment	-	(7,773)	-	-	-	(7,773)
Amortisation of Intangible Assets	-	(81)	-	-	-	(81)
Non Current Assets Written Off on Disposal or Sale	-	(511)	-	-	-	(511)
Accumulated Gains on Assets Sold or Scrapped	(355)	-	-	-	-	(355)
Use of Capital Receipts Reserve to Finance New Capital Expenditure	-	1,536	-	-	-	1,536
Capital Grants and Contributions	-	59,825	-	-	-	59,825
Statutory Charge for the Repayment of Debt	-	9,209	-	-	-	9,209
Statutory Provision for Financing of Capital Investment	-	7,453	-	-	-	7,453
Capital Expenditure Charged Against the General Fund and HRA Balance	-	21,998	-	-	-	21,998
Premiums to be Charged Against the General Fund and HRA Balance	-	-	360	-	-	360
Reversal of Items Relating to Retirement Benefits	-	-	-	(139,979)	-	(139,979)
Employer's Pension Contribution Payable in Year	-	-	-	57,565	-	57,565
Amounts Accrued at the End of the Financial Year	-	-	-	-	565	565
Total Movement in Year	(40,573)	28,529	360	282,628	565	271,509

Unusable Reserves						
2020/21						
	Revaluation Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Pension Reserve £000	Accumulating Compensated Absences Adjustment Account £000	Total £000
Opening Balance	1,021,907	960,201	(5,290)	(351,027)	(18,044)	1,607,747
Movement in Year	195,229	83,779	359	(92,046)	(5,218)	182,103
Closing Balance	1,217,136	1,043,980	(4,931)	(443,073)	(23,262)	1,789,850
Other Comprehensive Income and Expenditure	220,675	-	-	(50,535)	-	170,140
Adjustments to Usable Reserves Permitted by Accounting Standards						
Difference Between Fair Value and Historic Cost Depreciation	(25,273)	-	-	-	-	(25,273)
Adjustments Between Accounting Basis and Funding Basis Under Regulation						
Charges for Depreciation and Impairment of Non Current Assets	-	(60,445)	-	-	-	(60,445)
Revaluation Gains / Losses on Property, Plant and Equipment	-	24,953	-	-	-	24,953
Amortisation of Intangible Assets	-	(54)	-	-	-	(54)
Non Current Assets Written Off on Disposal or Sale	-	(299)	-	-	-	(299)
Accumulated Gains on Assets Sold or Scrapped	(173)	-	-	-	-	(173)
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	-	8,348	-	-	-	8,348
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)
Total Movement in Year	195,229	83,779	359	(92,046)	(5,218)	182,103

Note 14 Members Allowances

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

	2021/22 £	2020/21 £
Salaries	1,064,313	1,025,863
Mileage Allowance	2,756	3,450
Expenses	583	933
Total	1,067,652	1,030,246

Note 15 External Audit Costs

The council has incurred the following external audit costs:

	2021/22 £000	2020/21 £000
Fee payable to Audit Scotland for external audit services	521	511
Total	521	511

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 (2020/2021: 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 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 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 2021/2022 is shown in Note 14. During 2021/2022, works and services to the value of £5.088 million were commissioned from companies in which 14 members had an interest (2020/2021 - £2.589 million). Contracts were entered into in full compliance with the council's standing orders. In addition, grants totalling £3.253 million were paid to voluntary organisations in which 48 members had an interest (2020/2021 - £2.123 million). The relevant members did not take part in any discussion or decision relating to the grants. Details of 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.

The council has chosen a de minimis level of £0.100m as its threshold disclosure level for individual members' interests in companies and voluntary organisations. There are no interests above this level.

Officers

During 2021/2022, 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 2020/21, no senior officer of the council declared an interest in any organisation outwith those controlled or significantly influenced by the council.

The total remuneration paid to senior officers is shown in the Remuneration Report on page 36.

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

	2021/22 Receipts £000	2021/22 Payments £000	2020/21 Receipts £000	2020/21 Payments £000
Subsidiaries:				
Common Good Fund	36	91	28	60
Routes to Work South	-	1,486	-	1,023
South Lanarkshire Leisure and Culture Limited	2,931	21,048	2,752	20,055
Total Subsidiaries	2,967	22,625	2,780	21,138
Joint Ventures:				
South Lanarkshire HSCP Integration Joint Board	211,798	153,085	206,387	139,428
Total Joint Ventures	211,798	153,085	206,387	139,428
Joint Boards:				
Lanarkshire Valuation Joint Board	166	2,265	978	2,417
Strathclyde Concessionary Travel Scheme Joint Committee	-	604	-	597
Strathclyde Partnership for Transport	1,983	11,339	1,842	10,793
Total Joint Boards	2,149	14,208	2,820	13,807
Other Entities:				
Clyde Valley Learning and Development Joint Committee	59	15	59	10
Regen FX Youth Trust	-	113	-	113
SEEMIS Group LLP	83	332	78	317
Total Other Entities	142	460	137	440
Total	217,056	190,378	212,124	174,813

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

	2021/22 £	2020/21 £
Strathclyde Partnership for Transport	2,390	1,936
South Lanarkshire Leisure and Culture Limited	1,923	1,433
South Lanarkshire Health and Social Care Partnership	(7,828)	(1,262)

Subsidiaries

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.

Routes to Work South

Established in 1998, Routes to Work South's main activity is supporting unemployed and workless residents in South Lanarkshire into employment, training, or further education. Routes to Work South delivers services to, and is funded by, the council. South Lanarkshire Council is the sole member of Routes to Work South and is included in the council's group financial statements as a 100% subsidiary.

South Lanarkshire Leisure and Culture Limited

South Lanarkshire Leisure and Culture 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. South Lanarkshire Leisure and Culture Limited provides the council with a full range of leisure and cultural activities within the South Lanarkshire area. Whilst the Trust is entirely independent of the council under law and for taxation purposes, its activities are directed by means of contractual arrangements with the council, and, in recognition of this, South Lanarkshire Leisure and Culture Limited is treated as a 100% subsidiary, and included in the council's group financial statements.

Joint Ventures

South Lanarkshire Health and Social Care Partnership Integration Joint Board

The South Lanarkshire HSCP Integration Joint Board was established on 6 October 2015 as a partnership between South Lanarkshire Council and NHS Lanarkshire and is responsible for planning and seeing the delivery of a full range of community health and social work / social care services. In the year 2021/2022, the following financial transactions were made between South Lanarkshire Council and South Lanarkshire HSCP Integration Joint Board relating to the integrated and social care functions:

	2021/22 £000	2020/21 £000
Contribution made to South Lanarkshire HSCP Integration Joint Board	153,085	139,428
Commissioning income received from South Lanarkshire HSCP Integration Joint Board	211,798	206,387
South Lanarkshire HSCP Integration Joint Board due (to)/from South Lanarkshire Council	(7,828)	(1,262)

Joint Boards

The council is represented on a number of joint boards which are independent public bodies formed by an Act of Parliament. These bodies are Lanarkshire Valuation Joint Board, Strathclyde Concessionary Travel Scheme and Strathclyde Partnership for Transport. All local government functions that relate to these bodies have been delegated from the constituent councils that comprise the area of each board. The members of each board are elected councillors and appointed by the councils in proportions specified in the legislation.

The council has no shares, or ownership of any of these boards. Nevertheless, these boards are included within the council's group accounts as associate, as the council is represented on the board and participate in policy making processes. The council's share of each board's net assets is calculated on its percentage share of the aggregate contributions made by the constituent councils.

Other entities

Details of all other public bodies in which the council has a significant interest are explained in the group accounts at Notes 4 to 7.

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 2021/2022 was £3.702 million (2020/2021 £5.104 million).

Land and Buildings – the council leases a number of properties which have been accounted for as operating leases. The rentals payable in 2021/2022 were £2.476 million (2020/2021 £2.956 million).

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

	31 March 2022 £000	31 March 2021 £000
Not later than one year	4,640	6,226
Later than one year and not later than five years	9,190	12,450
Later than five years	36,393	37,330
Total	50,223	56,006

The sub lease payments receivable in future years are:

	31 March 2022 £000	31 March 2021 £000
Not later than one year	322	361
Later than one year and not later than five years	1,134	1,360
Later than five years	-	-
Total	1,456	1,721

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

	2021/22 £000	2020/21 £000
Minimum lease payments	6,428	8,060
Sublease payments receivable	(365)	(362)
Total	6,063	7,698

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:

	2021/22 £000	2020/21 £000
Not later than one year	4,903	4,650
Later than one year and not later than five years	18,820	17,350
Later than five years	11,483	111,814
Total	35,206	133,814

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 2021/2022, no contingent rents were receivable by the council (2020/2021 – nil).

Note 18 Grant Income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/2022:

	2021/22 £000	2020/21 £000
Credited to Taxation and Non Specific Grant Income		
Council Tax	143,472	139,757
Non Ring Fenced Government Grants *	318,157	409,671
Non Domestic Rate Redistribution	319,312	226,179
Total	780,941	775,607
Credited to Services		
Scottish Government *	65,754	62,228
European Grant Funding	2,050	1,224
Skills Development Scotland	894	379
Central Government	66,715	66,820
Lottery	262	205
Creative Scotland	330	-
NHS (incl. Resource Transfer)	63,080	68,555
Other Grants	426	585
Total	199,511	199,996

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

Note 19 Events After the Balance Sheet Date

The unaudited Annual Accounts were authorised for approval by the Executive Director (Finance and Corporate Resources) on 22 June 2022. There were no events that occurred between 1 April 2021 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 2022, 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 2021/2022:

	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
Cost or Valuation									
As at 1 April 2021	1,337,441	1,819,030	48,581	473,679	2,829	9,358	75,764	3,766,682	506,651
Additions	61,512	6,298	7,301	24,830	153	42	33,286	133,422	265
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(83,442)	16,850	642	-	34	200	-	(65,716)	-
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(13,571)	-	-	85	(275)	-	(13,761)	-
De-recognition – Disposals	-	(1,076)	(5,865)	-	-	(70)	-	(7,011)	-
Assets reclassified from Held for Sale	-	(57)	-	-	-	19	-	(38)	-
Other movements in Cost or Valuation	52,279	14,384	682	1,113	603	4,264	(73,325)	-	-
At 31 March 2022	1,367,790	1,841,858	51,341	499,622	3,704	13,538	35,725	3,813,578	506,916

	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
Accumulated Depreciation and Impairment									
As at 1 April 2021	-	65,673	14,326	165,351	47	60	-	245,457	12,852
Depreciation Charge	33,815	35,816	8,646	13,655	18	19	-	91,969	9,416
Depreciation written out to the Revaluation Reserve	(33,815)	(20,094)	(325)	-	-	(30)	-	(54,264)	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	(5,951)	-	-	-	(37)	-	(5,988)	-
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
De-recognition – Disposals	-	(807)	(5,865)	-	-	-	-	(6,672)	-
Eliminated on reclassification to Assets Held for Sale	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	-	(245)	-	-	-	245	-	-	-
At 31 March 2022	-	74,392	16,782	179,006	65	257	-	270,502	22,268

Net book value									
At 31 March 2022	1,367,790	1,767,466	34,559	320,616	3,639	13,281	35,725	3,543,076	484,648
At 31 March 2021	1,337,441	1,753,357	34,255	308,328	2,782	9,298	75,764	3,521,225	493,799

Movements on Balances

Movements in 2020/2021:

	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
Cost or Valuation									
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	4,378	17,142	27,855	20	19	54,382	119,720	27
Revaluation increases / (decreases) recognised in the Revaluation Reserve	132,496	27,992	3,890	16	17	83	-	164,494	-
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	4,654	-	-	-	34	-	4,688	5,793
De-recognition – Disposals	(315)	(23)	(12,650)	(113)	-	-	-	(13,101)	-
Assets reclassified from Held for Sale	-	-	-	-	-	-	-	-	-
Other movements in Cost or Valuation	15,164	15,189	2,026	-	24	37	(32,440)	-	-
At 31 March 2021	1,337,441	1,819,030	48,581	473,679	2,829	9,358	75,764	3,766,682	506,651

	Council Dwellings £000	Other Land And Buildings £000	Vehicles, Plant And Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets Included in Property, Plant and Equipment £000
Accumulated Depreciation and Impairment									
As at 1 April 2020	-	75,933	20,525	152,480	30	47	-	249,015	5,549
Depreciation Charge	31,395	34,576	6,725	12,990	17	15	-	85,718	9,322
Depreciation written out to the Revaluation Reserve	(31,437)	(24,456)	(408)	(6)	-	-	-	(56,307)	-
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	-	-	(12,516)	(113)	-	-	-	(12,629)	-
Eliminated on reclassification to Assets Held for Sale	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	42	(42)	-	-	-	-	-	-	-
At 31 March 2021	-	65,673	14,326	165,351	47	60	-	245,457	12,852

Net book value									
At 31 March 2021	1,337,441	1,753,357	34,255	308,328	2,782	9,298	75,764	3,521,225	493,799
At 31 March 2020	1,174,172	1,690,907	17,648	293,441	2,738	9,138	53,822	3,241,866	495,282

Capital Commitments

At 31 March 2022, 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 2022/2023 and future years. The major commitments for both Housing and General Services are as follows:

Housing Projects	£000	Non-Housing Projects	£000
Housing Investment projects including Heating Projects, Windows and Doors, External Fabric Upgrades and Environmental Works	36,281	City Deal – Greenhills Road/A726 Strathaven Road	1,728
New Build Housing	74,961	East Kilbride Cycle Route	280
		Newton Farm Primary School – Extension	2,526
		Jackton Primary School	14,650
		Blantyre Residential Care Facility	2,733
		Education Information Computer Technology	5,700
		Abington Campus for Enterprise	100
		Hamilton HUB – New Cross Centre, Hamilton	996

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; and
- Unless otherwise stated, the date of valuation shall be 1 April of the specified financial year.

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	-	-	34,559	320,616	3,639	-	35,725	394,539
Valued at fair value								
2021/22	1,367,790	273,036	-	-	-	2,267	-	1,643,093
2020/21	-	461,292	-	-	-	6,077	-	467,369
2019/20	-	563,528	-	-	-	1,947	-	565,475
2018/19	-	294,422	-	-	-	374	-	294,796
2017/18	-	175,188	-	-	-	2,616	-	177,804
5 years ago and greater	-	-	-	-	-	-	-	-
Total Cost or Valuation	1,367,790	1,767,466	34,559	320,616	3,639	13,281	35,725	3,543,076

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
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Cost or Valuation						
Balance at 1 April	399	263	3,826	3,826	618	866
Additions	97	164	-	-	-	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	-	-	-	76	(156)
Revaluation increases / (decreases) in the Comprehensive Income and Expenditure Statement	-	-	-	-	-	(92)
De-recognition – Disposals	(136)	(28)	-	-	(519)	-
Assets reclassified (to) / from Assets Held for Sale	-	-	-	-	38	-
Balance at 31 March	360	399	3,826	3,826	213	618
Accumulated Depreciation						
Balance at 1 April	160	134	-	-	-	47
Depreciation charge	81	54	-	-	-	-
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	(30)
Depreciation written out to the Surplus / Deficit on Provision of Services	-	-	-	-	-	(17)
Depreciation – Disposals	(128)	(28)	-	-	-	-
Elimination on reclassification to Assets Held for Sale	-	-	-	-	-	-
Balance at 31 March	113	160	-	-	-	-
Net book value at 31 March	247	239	3,826	3,826	213	618

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.

	General Fund 2021/22 £000	HRA 2021/22 £000	Total 2021/22 £000	General Fund 2020/21 £000	HRA 2020/21 £000	Total 2020/21 £000
Opening Capital Financing Requirement	1,015,264	249,720	1,264,984	1,020,543	244,233	1,264,776
Capital Investment						
Property, Plant and Equipment	60,241	73,181	133,422	70,359	49,361	119,720
Intangible Assets	97	-	97	164	-	164
Decrease in PPP Finance Lease Liability	(7,453)	-	(7,453)	(7,704)	-	(7,704)
Sources of Finance						
Capital Receipts	-	(1,536)	(1,536)	-	(309)	(309)
Government Grants and Other Contributions	(47,781)	(12,066)	(59,847)	(61,335)	(19,111)	(80,446)
Sums set aside from revenue:						
▪ Direct Revenue Contributions	(2,361)	(19,637)	(21,998)	(4,735)	(18,134)	(22,869)
▪ Loans Fund Principal	(2,401)	(6,808)	(9,209)	(2,028)	(6,320)	(8,348)
Closing Capital Financing Requirement	1,015,606	282,854	1,298,460	1,015,264	249,720	1,264,984
Explanation of movements in year:						
Increase in Underlying Need to Borrow	10,196	39,942	50,138	4,453	11,808	16,261
Loans Fund Repayments	(2,401)	(6,808)	(9,209)	(2,028)	(6,320)	(8,348)
Assets Acquired Under PFI/PPP Contracts	(7,453)	-	(7,453)	(7,704)	-	(7,704)
Increase / (Decrease) in Capital Financing Requirement	342	33,134	33,476	(5,279)	5,488	209

Note 23 Short Term Debtors

	31 March 2022 £000	31 March 2021 £000
Trade Receivables	41,326	46,964
Prepayments	4,521	5,877
Other Receivable Amounts	46,867	30,826
Total	92,714	83,667

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 2022 Council Tax £000	31 March 2022 NDR £000	31 March 2021 Council Tax £000	31 March 2021 NDR £000
Less than one year	2,257	3,134	2,278	5,454
One to two years	1,038	-	1,180	-
Two to five years	-	-	-	-
More than five years	-	-	-	-
Total	3,295	3,134	3,458	5,454

Note 25 Short Term Creditors

	31 March 2022 £000	31 March 2021 £000
Trade Payables	68,048	52,223
Other Payables	122,665	116,120
Total	190,713	168,343

Note: Included within the Other Payables balance of £122.665m are balances held on behalf of third parties totalling £4.975m. 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
Balance at 1 April 2021	673	5,727	6,400
Additional provisions made in 2021/22	-	343	343
Amount used in 2021/22	(62)	(3,961)	(4,023)
Unused amounts reversed in 2021/22	-	-	-
Unwinding of discounting in 2021/22	-	-	-
Balance at 31 March 2022	611	2,109	2,720

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	-	2,109	2,109
Long Term	611	-	611
Balance at 31 March 2022	611	2,109	2,720

- (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, property dilapidations and COVID-19 sustainability payments to social care providers.

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 2022/2023.

The balances at 31 March 2022 are as follows:

	31 March 2022 £000	31 March 2021 £000
Revenue Grants and Contributions		
Big Lottery	142	106
Clyde Gateway	121	100
National Health Service	65	73
Scottish Coal	498	511
Scottish Government	1,788	783
Scottish Government - COVID-19 Business Support	3,264	9,104
Department of Works and Pensions	234	2
Wind Turbine Construction Compensation (Various)	108	220
Home Office	110	112
Other	73	113
Total	6,403	11,124

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.

The actual payments made on PPP contracts are single sum unitary charge payments. For year end accounting purposes we are required to calculate notional figures. Payments remaining to be made under PFI contracts for both Schools and Glasgow Southern Orbital as at 31 March 2022 (assuming an inflation rate of 2.5% for Schools PPP and excluding any estimation of availability/ performance deductions) are as follows:

	Payment For Services £000	Reimbursement Of Capital Expenditure £000	Interest £000	Contingent Rents £000	Total £000
Payable in 2022/23	13,193	7,157	9,808	7,732	37,890
Payable within two to five years	60,534	29,679	35,383	35,664	161,260
Payable within six to ten years	94,166	40,292	35,367	55,463	225,288
Payable within eleven to fifteen years	77,840	68,919	21,359	86,691	254,809
Payable within sixteen to twenty years	45,987	40,243	3,310	50,228	139,768
Total	291,720	186,290	105,227	235,778	819,015

The impact of a 1% movement in inflation on the 2022/2023 Unitary charge payment would be £0.398m.

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

	2021/22 £000	2020/21 £000
Balance outstanding at start of year	193,743	201,447
Payments during year	(7,453)	(7,704)
Capital expenditure incurred in the year	-	-
Reduction in liability for prepaid assets	-	-
Balance outstanding at year end	186,290	193,743

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 2022, the council's own contributions equate to approximately 5.57%.

In 2021/2022, the council paid £36.457 million to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.0% of pensionable pay. The figures for 2020/2021 were £34.934 million and 23.0% of pensionable pay.

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. The actuary has made no further explicit adjustments to the obligation figures in the 2021/2022 report.

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. The Actuary's view is that they are unlikely to be significant judgements in terms of impact on pension obligations and therefore no allowance has been made for the potential remedies for these judgements.

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 2021/2022 and the prior year 2020/2021.

	31 March 2022 £000	31 March 2021 £000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of Services:		
Service cost comprising:		
• current service cost	130,393	88,914
• past service costs	-	-
• unfunded benefits	-	-
Financing and Investment Income and Expenditure		
• net interest expense	9,586	8,835
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	139,979	97,749
Other Benefits Charged to the CIES		
Re-measurement of the net defined liability comprising:		
• Expected return on pension fund assets	(142,924)	(466,819)
• Actuarial (gains) or losses arising on changes in demographic assumptions	(17,819)	(69,316)
• Actuarial (gains) or losses arising on changes in financial assumptions	(207,634)	608,367
• Actuarial (gains) or losses arising on changes in other experiences	3,335	(21,697)
Total Post Employment Benefit Charged to the CIES	(225,063)	148,284
Net charge to the Surplus / Deficit on the Provision of Services brought forward	139,979	97,749
Movement in Reserves Statement (MIRS)		
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(82,414)	(41,511)
Actual amount charged against the General Fund balance for pensions in the year:		
Employers' contributions payable to Strathclyde Pension Fund	57,565	56,238

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:

	31 March 2022 £000	31 March 2021 £000
Present value of the defined benefit obligation*	(2,870,632)	(2,952,854)
Fair value of pension fund assets	2,710,187	2,509,781
Net Liability arising from Defined Benefit Obligation	(160,445)	(443,073)
*Unfunded liabilities included in the figure for present value of liabilities		
• unfunded liabilities for Pension Fund	(53,622)	(58,305)
• teachers' unfunded pensions	(73,413)	(79,523)
• unfunded liabilities prior to 1996 local government reorganisation	(13,966)	(16,365)

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

	31 March 2022 £000	31 March 2021 £000
Opening balance at 1 April	(2,952,854)	(2,398,810)
Current service cost	(130,393)	(88,914)
Interest cost	(59,853)	(55,980)
Contributions by Pension Fund participants	(15,392)	(14,846)
Re-measurement gains and (losses)		
• Actuarial gains and losses arising on changes in demographic assumptions	17,819	69,316
• Actuarial gains and losses arising on changes in financial assumptions	207,634	(608,367)
• Actuarial losses arising on changes in other experiences	(3,335)	77,727
Past service costs (including curtailment)	-	-
Settlements	-	-
Benefits paid	65,742	67,020
Closing balance at 31 March	(2,870,632)	(2,952,854)

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

	31 March 2022 £000	31 March 2021 £000
Opening fair value of pension fund assets	2,509,781	2,047,783
Interest Income	50,267	47,145
Re-measurement gains and (losses)		
• Expected rate of return on pension fund assets	142,924	466,819
• 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	57,565	56,238
Contributions from employees into the scheme	15,392	14,846
Benefits paid	(65,742)	(67,020)
Closing balance at 31 March	2,710,187	2,509,781

Analysis of Pension Fund's Assets

		31 March 2022			31 March 2021	
	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000
Cash and cash equivalents	68,047	914	68,961	40,433	1,701	42,134
Equity Instruments	595,879	1,289	597,168	586,178	2,698	588,876
Debt Instruments	-	1	1	-	1	1
Real Estate	-	228,560	228,560	-	203,346	203,346
Derivatives	-	-	-	452	-	452
Private Equity	-	530,556	530,556	-	448,901	448,901
Investment Funds	15,035	1,269,906	1,284,941	23,620	1,202,451	1,226,071
Total Assets	678,961	2,031,226	2,710,187	650,683	1,859,098	2,509,781

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 2022 £000	31 March 2021 £000
Long term expected rate of return on assets in the Fund		
• Equity investment	7.10%	25.10%
• Bonds	7.10%	25.10%
• Property	7.10%	25.10%
• Cash	7.10%	25.10%
Mortality Assumptions (years):		
• Men	19.6	19.8
• Women	22.4	22.6
Longevity at 65 for future pensioners (years):		
• Men	21.0	21.2
• Women	24.5	24.7
Rate of inflation	3.20%	2.85%
Rate of increase in salaries	3.90%	3.55%
Rate of increase in pensions	3.20%	2.85%
Rate for discounting Fund liabilities	2.70%	2.00%
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 of Ukraine War

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 the risks of the war as one of the many national and worldwide economic considerations. There has been no explicit additional allowance or adjustment made for the Ukraine War 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 2021/2022. 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 2023 is £49.539 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 2022 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 introduced a Redress Scheme in 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. Payments to councils and other Lead Partners from the European Social Fund (ESF) continue to be subject to a full suspension by the European Commission however, progress does appear to be being made regarding the lifting of this suspension. 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.

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 actuary's 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 2022			31 March 2021		
	Long Term £000	Current £000	Total £000	Long Term £000	Current £000	Total £000
Financial Assets						
Fair value through profit and loss	-	-	-	-	-	-
Amortised Cost	-	132,429	132,429	-	171,101	171,101
Total Financial Assets	-	132,429	132,429	-	171,101	171,101
Financial Liabilities						
Fair value through profit and loss	-	-	-	-	-	-
Amortised cost	1,128,735	59,616	1,188,351	1,150,877	57,480	1,208,357
Total Financial Liabilities	1,128,735	59,616	1,188,351	1,150,877	57,480	1,208,357

Income, Expense, Gains and Losses

		2021/22			2020/21	
	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
Net Gains/Losses on:						
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	-	-	-	-	-	-
Total Net Gains/Losses	-	-	-	-	-	-
Interest Revenue						
Financial Assets Measured at Amortised Cost	104	-	104	240	-	240
Other Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-
Total Interest Revenue	104	-	104	240	-	240
Interest Expense	(38,407)	-	(38,407)	(39,570)	-	(39,570)
Fee Income						
Financial Assets or Financial Liabilities that are not at Fair Value Through Profit and Loss	-	-	-	-	-	-
Trust and Other Fiduciary Activities	-	-	-	-	-	-
Total Fee Income	-	-	-	-	-	-
Fee Expense						
Financial Assets or Financial Liabilities that are not at Fair Value Through Profit and Loss	-	-	-	-	-	-
Trust and Other Fiduciary Activities	-	-	-	-	-	-
Total Fee Expense	-	-	-	-	-	-

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:

	2021/22 Carrying Amount £000	2021/22 Fair Value £000	2020/21 Carrying Amount £000	2020/21 Fair Value £000
Financial Liabilities				
Financial Liabilities held at amortised cost: PWLB Debt	993,486	1,335,291	1,006,003	1,457,491
Financial Liabilities held at amortised cost: Non PWLB Debt	8,575	10,618	8,611	11,578
PFI and Finance Lease Liabilities	186,290	256,394	193,743	288,359
Total Financial Liabilities	1,188,351	1,602,303	1,208,357	1,757,428
Financial Assets				
Financial Assets held at amortised cost	132,429	132,429	171,101	171,101
Total Financial Assets	132,429	132,429	171,101	171,101

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 2022) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £1,335.291 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 £993.486 million would be valued at £1,196.597 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 £341.805 million for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £1,335.291 million.

Fair Value Hierarchy for Financial Assets and Financial Liabilities that are not Measured at Fair Value as at 31 March 2022:

	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
Recurring fair value measurements using:				
Financial Liabilities				
Financial Liabilities held at amortised cost: PWLB Debt	-	1,335,291	-	1,335,291
Financial Liabilities held at amortised cost: Non PWLB Debt	-	10,618	-	10,618
PFI and Finance Lease Liabilities	-	256,394	-	256,394
	-	1,602,303	-	1,602,303
Financial Assets				
Financial Assets held at amortised cost	132,429	-	-	132,429
Total Assets / Liabilities	132,429	1,602,303	-	1,734,732

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
Recurring fair value measurements using:				
Financial Liabilities				
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
	-	1,757,428	-	1,757,428
Financial Assets				
Financial Assets held at amortised cost	171,101	-	-	171,101
Total Assets / Liabilities	171,101	1,757,428	-	1,928,529

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 2022 into the relative credit ratings.

Balance Invested as at 31 March 2022

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-	44,204	12,470	-	-	-	-	56,674
Total UK Government		44,204	12,470	-	-	-	-	56,674
Local Authorities	AA-	51,413	4,001	-	-	-	-	55,414
Total UK Local Authorities		51,413	4,001	-	-	-	-	55,414
Bank of Scotland	A+	20,005	-	-	-	-	-	20,005
The Royal Bank of Scotland	A+	336	-	-	-	-	-	336
Total UK Banks		20,341	-	-	-	-	-	20,341
Total		115,958	16,471	-	-	-	-	132,429

The Ratings are as at 31 March 2022 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.

	2021/22 £000	Bad Debt Provision £000	2020/21 £000	Bad Debt Provision £000
Debtors	76,400	6,066	76,447	5,724

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, £16.155m (2021/22: £13.496m) is considered to be past its date for payment.

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

	2021/22 £000	2020/21 £000
Less than three months	9,297	6,681
Three to six months	950	740
Six months to one year	1,019	845
More than one year	4,889	5,230
Total	16,155	13,496

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:

	2021/22 £000	2020/21 £000
Less than one year	52,459	50,028
Between one and two years	21,770	43,884
Between two and five years	166,238	117,894
More than five years	761,594	802,808
Total	1,002,061	1,014,614

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 2021/2022.

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	-
Impact on Comprehensive Income and Expenditure Statement	85
Share of overall impact credited to the HRA	19
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)	(148,555)

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

2020/21 Total £000		Lanark £000	Biggar £000	Hamilton £000	Rutherglen £000	2021/22 Total £000
	Income and Expenditure Accounts					
147	Income for Year	14	-	141	-	155
(97)	Expenditure for Year	(209)	(8)	(42)	(1)	(260)
50	Surplus / (Deficit) To Balance Sheet	(195)	(8)	99	(1)	(105)
	Balance Sheet					
	Fixed Assets					
2,964	Property, Plant and Equipment	1,470	-	1,499	-	2,969
	Investments					
-	General	-	-	-	-	-
841	Advances to South Lanarkshire Council Loans Fund	191	24	412	127	754
53	Debtors	-	-	53	-	53
3,858	Total Assets	1,661	24	1,964	127	3,776
	Current Liabilities					
(16)	Creditors	(2)	-	(13)	-	(15)
3,842	Total Assets less Current Liabilities	1,659	24	1,951	127	3,761
	Represented by:					
2,781	Common Good Account	1,360	32	1,316	128	2,836
50	Surplus / (Deficit)	(195)	(8)	99	(1)	(105)
5	Amortisation of Revaluation Reserve	4	-	7	-	11
-	Gain / Loss on Disposal of Fixed Assets	-	-	-	-	-
2,836		1,169	24	1,422	127	2,742
	Revaluation Reserve					
1,001	Opening Balance	470	-	536	-	1,006
10	Gain / Loss on Revaluation	24	-	-	-	24
(5)	Amortisation of Revaluation Reserve	(4)	-	(7)	-	(11)
1,006	Closing Balance	490	-	529	-	1,019
3,842		1,659	24	1,951	127	3,761

Note 35 Trust Funds

The council acts as sole trustee for a total of a total of 58 Trust Funds, all of which are historically significant and some of which are financially significant. For the purposes of accounting and reporting to OSCR, these funds are grouped into Charitable Trusts, Educational Trusts and EK ITEC Trust. 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 2022 was £0.823m.

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 of these funds and the balance remaining within the fund. The governance arrangements are considered and reviewed by the council.

In addition to these funds, the council administers The South Lanarkshire Charitable Trust and The South Lanarkshire Educational Trust on behalf of the Trustees. These Trusts were established by the council in December 2019 for the purposes of reorganising the trust funds for which the council acts as sole trustee. The process of transferring funds from the original to the new Trust Funds is ongoing and will be subject to the approval of OSCR.

None of these funds 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

2020/21 Total £000		Charitable £000	Educational £000	EK ITEC £000	The South Lanarkshire Charitable Trust £000	The South Lanarkshire Educational Trust £000	2021/22 Total £000	Note
	Income and Expenditure Account							
34	Income for Year	32	-	-	1	-	33	
(23)	Expenditure for Year	(15)	(1)	-	(5)	-	(21)	
11	Surplus / (Deficit) to Balance Sheet	17	(1)	-	(4)	-	12	
	Balance Sheet							
836	Investments - General	823	-	-	10	-	833	
354	Investments - South Lanarkshire Council	183	127	27	31	-	368	
1,190	Net Assets	1,006	127	27	41	-	1,201	
	Represented by:							
1,075	Capital Account as at 1/4/2021	938	106	-	-	-	1,044	
(31)	Movement During Year	(37)	-	-	-	-	(37)	1
1,044	Capital Account as at 31/3/2022	901	106	-	-	-	1,007	
109	Revenue Account as at 1/4/2021	98	22	27	-	-	147	
37	Movement During Year	7	(1)	-	41	-	47	2
146	Revenue Account as at 31/3/2022	105	21	27	41	-	194	
1,190	Total Reserves	1,006	127	27	41	-	1,201	

Note 1 The movement on the Capital Account represents the net purchase and sale of investments on the Loudon Bequest during the year and the transfer of Charitable Trusts' capital balances to the South Lanarkshire Charitable Trust.

Note 2 The movement on the Revenue Account represents the transfer of Charitable Trusts' revenue balances to the South Lanarkshire Charitable Trust.

Note 36 Accounting Policies

A General Principles

The Annual Accounts summarise the council's transactions for the 2021/2022 financial year and its position at the year-end of 31 March 2022. 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 2021/2022, 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 2022, 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 specific accruals in respect of further material items.

- 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 were required 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 2021/2022 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 Statutory Repayment of Loans Fund Advances

The repayment of loans fund advances ensures that the council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

The policy for the repayment of loans fund advances is to use the most appropriate method of repayment for individual capital scheme or projects from the following methods:

- Asset Life Method – loans fund advances will be repaid with reference to the life of an asset on an annuity basis.
- Funding/Income Profile Method – loans fund advances will be repaid by reference to an associated income stream.

For loans fund advances repaid using the annuity basis, the annual repayment will be calculated using an appropriate interest rate based on an average cost of funding capital advances to services.

The council's strategy for managing debt includes making additional voluntary repayments. These repayments will be used as a tool to reduce interest costs in the short to medium term by lowering the council's need to borrow. These additional voluntary repayments will be retained and used to offset higher loans fund repayments in the long term. All of this helps to ensure that charges to the revenue account remain prudent and affordable in the long term.

J 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.

K 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.

L 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.

M 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 112 -124).

N 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.

O 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.

P 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.

Q 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 – current value, determined using the basis of existing use value for social housing (EUV-SH)
- other land and buildings – current 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 current value
- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets – current 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.

R 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 102.

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.

S 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.

T 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.

U 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 68-70.

V 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 amount charged so that there is no impact on the level of council tax.

W 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

2020/21 £000		£000	2021/22 £000
	Expenditure		
29,605	Repairs and Maintenance	31,358	
21,588	Supervision and Management	21,073	
31,932	Depreciation and Impairment on Non-Current Assets	34,044	
3,294	Movement in the Allowance for Bad Debts	2,588	
5,851	Other Expenditure	7,421	
92,270	Total Expenditure		96,484
	Income		
(92,116)	Dwelling Rents	(94,967)	
(2,840)	Non Dwelling Rents	(3,008)	
-	Housing Support Grants	-	
-	Other Income	-	
(94,956)	Total Income		(97,975)
(2,686)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(1,491)
108	HRA Services share of Corporate and Democratic Core		116
-	HRA Share of Other Amounts included in the Whole Council Net Cost of Services but not Allocated to Specific Services		-
(2,578)	Net Cost for HRA Services		(1,375)
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
6	(Gain) or Loss on the Disposal of Non-Current Assets		(1,536)
9,082	Interest Payable and Similar Charges		8,827
(52)	Interest and Investment Income		(18)
348	Pension Interest Cost and Expected Return on Pension Assets		373
(19,059)	Capital Grants and Contributions Receivable		(12,044)
(12,253)	(Surplus) / Deficit for the Year on HRA Services		(5,773)

Note: The expenditure in the table above is higher than that included in the Comprehensive Income and Expenditure Statement (page 50) by £2.588 million (2019/2020: £3.294 million). This reflects the CIPFA 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

2020/21 £000		Notes	£000	2021/22 £000
(9,713)	Balance on the HRA at the end of the Previous Year			(12,784)
(12,253)	Surplus / (Deficit) for the Year on HRA Income and Expenditure Statement		(5,773)	
(15,473)	Adjustments Permitted by Accounting Standards		(16,482)	
25,157	Adjustments between Accounting Basis and Funding Basis Under Statute		19,338	
(2,569)	Net (Increase) / Decrease Before Transfers to or from Reserves		(2,917)	
(502)	Transfers (to) or from Reserves		(540)	
(3,071)	(Increase) / Decrease in the Year on the HRA			(3,457)
(12,784)	Balance on the HRA at the end of the Current Year			(16,241)

Housing Revenue Account Disclosures

1. Adjustments Permitted by Accounting Standards

2020/21 £000		2021/22 £000
(15,473)	Charge for Depreciation and Impairment of Non Current Assets	(16,482)
(15,473)	Total	(16,482)

2. Adjustments Permitted by Accounting Standards

2020/21 £000		2021/22 £000
(163)	Adjustment involving Revaluation Reserve	-
(16,459)	Charge for Depreciation and Impairment of Non Current Assets	(17,561)
(152)	Adjustment involving Capital Adjustment Account	-
19,059	Capital Grants and Contributions	12,044
6,320	Statutory Provision for the Financing of Capital Investment	6,808
18,134	Capital Expenditure funded by the HRA	19,637
309	Adjustment involving Capital Receipts Reserve	1,536
80	Adjustments involving Financial Instruments Adjustment Account	81
(1,743)	Adjustments involving the Pension Reserve	(3,314)
(228)	Adjustments involving the Statutory Accumulated Compensated Absences Account	107
25,157	Total	19,338

3. Housing Stock

The council's housing stock at 31 March 2022 was 25,328 (25,012 at 31 March 2021) in the following categories:

2020/21 Number		2021/22 Number	Average Weekly Rent
11,613	Houses	11,883	£83.61
1,345	High Rise	1,345	£67.77
5,459	Tenements	5,381	£61.75
4,546	4 in a block	4,638	£74.76
2,049	Maisonettes	2,081	£61.87
25,012	Total	25,328	

4. Rent Arrears

Rent Arrears at 31 March 2022 were £8.585 million (£7.608 million at 31 March 2021).

5. Impairment of Debtors

In 2021/2022 an impairment of £12.317 million has been provided in the Balance Sheet for irrecoverable rents, an increase of £1.391 million from the provision in 2020/2021.

6. Exceptional or Prior Year Adjustments

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

7. Void Rent Loss

The figures above include rent loss on void properties of £2.575 million (£2.181 million for 2020/2021).

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.

2020/21 £000		2021/22 £000	Note
374,070	Gross rates levied and contributions in lieu	357,113	1
	Less:		
(77,823)	Reliefs and other deductions	(50,558)	
-	Payments of interest	-	
(5,450)	Provision of bad and doubtful debts	(3,286)	
290,797	Net Non-Domestic Rate Income	303,269	
-	Adjustment for years prior to the introduction of the pool	-	
290,797	Contribution to the National Non Domestic Rate pool	303,269	
(64,618)	Net contribution (to) / from National Non Domestic Rate pool	16,043	
226,179	Gross Non-Domestic Rate Income to the Comprehensive Income and Expenditure Statement	319,312	
-	Non-Domestic Rate income retained by council (BRIS)	-	2
226,179	Non-Domestic Rate Income per the Comprehensive Income and Expenditure Statement	319,312	

Note 1 In 2021/2022, the gross rates levied amount of £357.113 million (2020/2021: £374.070 million) includes an amount of £221.232 million (2020/2021: £229.516 million) in relation to NDR Utilities which South Lanarkshire Council collected on behalf of the Scottish Government. This has resulted in a net contribution from the NDRI pool to the council of £16.043 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 2021/2022, the council received £0.225 million additional BRIS funding in relation to 2019/2020.

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 2021/2022 were as follows:

- 49.0p Rate Poundage (49.8p in 2020/2021) for properties with rateable value not greater than £51,000
- 50.3p Intermediate Property Rate (1.3p supplement on poundage) for properties with rateable value between £51,001 and £95,000
- 51.6p 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.

2021/22 £
745,981,130
(52,577,985)
693,403,145
(3,543,010)
689,860,135

Analysis of Rateable Values:

Rateable Value at 01/04/21
Running Roll (Full Year Rateable Value)
Rateable Value at 31/03/22
Less: Wholly Exempt
Net Rateable Value at 31/03/22

South Lanarkshire Council's Rateable Values at 1 April 2021:

	£
Commercial	140,954,930
Industrial and Freight Transport	57,526,995
Public Undertakings	476,200,940
Other	71,298,265
Total	745,981,130

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.

2020/21 £000		2021/22 £000
185,747	Gross Council Tax levied and contributions in lieu	188,147
2,048	Adjustments for prior years Council Tax	2,086
187,795		190,233
	Adjusted for:	
(21,859)	Council Tax Reduction	(21,070)
(21,195)	Other discounts and reductions	(21,513)
(4,984)	Provision for Non-collection	(4,178)
139,757	Transfer to General Fund	143,472

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 2021/22

	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)	-	-	(119)	11	-	-	108	5/9	60
Band A	37,189	1,893	(30)	5,103	271	10,674	19,278	6/9	12,852
Band B	31,443	1,237	(22)	3,967	204	6,386	19,671	7/9	15,300
Band C	27,247	718	(4)	2,632	136	3,550	20,215	8/9	17,969
Band D	22,078	376	(69)	1,715	84	1,543	18,429	9/9	18,429
Band E	20,749	275	117	1,141	64	691	18,461	473/360	24,256
Band F	13,427	111	51	495	31	270	12,469	585/360	20,262
Band G	6,888	48	66	214	22	78	6,460	705/360	12,651
Band H	594	10	9	17	3	5	550	882/360	1,348
							Class 18 Dwellings		-
							115,641	Total	123,127
						Provision for non-collection (2.875%)			(3,540)
						Council Tax Base			119,587

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 2021/2022 was £1,203.

South Lanarkshire Council £ per year for 2021/2022

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

2020/21				2021/22			
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	
118,234	25,412	143,646	Community and Enterprise Resources	127,750	38,336	166,086	
343,155	(13,099)	330,056	Education Resources	370,610	22,002	392,612	
35,038	6,302	41,340	Finance and Corporate Resources	39,332	9,486	48,818	
			Housing and Technical Resources				
(2,569)	(3,411)	(5,980)	- Housing Revenue Account	(2,917)	(1,162)	(4,079)	
22,568	6,522	29,090	- Housing Other	18,682	17,710	36,392	
173,119	13,769	186,888	Social Work Resources	187,288	23,817	211,105	
1,966	-	1,966	Joint Board	2,313	-	2,313	
6,321	(324)	5,997	Corporate Items	3,295	863	4,158	
-	108	108	Corporate and Democratic Core (HRA)	-	116	116	
-	-	-	Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-	
(50)	-	(50)	Common Good	105	-	105	
697,782	35,279	733,061	Net Cost of Services	746,458	111,168	857,626	
(737,581)	(47,374)	(784,955)	Other (Income) and Expenditure	(745,658)	(31,093)	(776,751)	
(39,799)	(12,095)	(51,894)	(Surplus) or Deficit	800	80,075	80,875	
(16,622)	(406)	(17,028)	Share of Associates	(24,612)	(529)	(25,141)	
(56,421)	(12,501)	(68,922)		(23,812)	79,546	55,734	

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
(80,287)	(26,115)	(106,402)	Opening General Fund and HRA Balance	(122,460)	(42,737)	(165,197)
(39,799)	(16,622)	(56,421)	Less/plus Surplus or Deficit on General Fund	800	(24,612)	(23,812)
(2,374)	-	(2,374)	Transfers to/from Other Reserves	(4,617)	-	(4,617)
(122,460)	(42,737)	(165,197)	Closing General Fund and HRA Balance	(126,277)	(67,349)	(193,626)

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.

2020/21				2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000
184,748	41,102	143,646	Community and Enterprise Resources	216,077	49,991	166,086
378,591	48,535	330,056	Education Resources	443,501	50,889	392,612
119,243	77,903	41,340	Finance and Corporate Resources	122,638	73,820	48,818
			Housing and Technical Resources			
88,976	94,956	(5,980)	- Housing Revenue Account	93,896	97,975	(4,079)
75,323	46,233	29,090	- Housing Other	82,114	45,722	36,392
423,919	237,031	186,888	Social Work Resources	463,634	252,529	211,105
2,465	499	1,966	Joint Board	2,313	-	2,313
8,555	2,558	5,997	Corporate Items	5,018	860	4,158
108	-	108	Corporate and Democratic Core (HRA)	116	-	116
-	-	-	Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-
97	147	(50)	Common Good	260	155	105
1,282,025	548,964	733,061	Net Cost of Services	1,429,567	571,941	857,626
31	-	31	Other Operating Expenditure (Note 9)	-	2,752	(2,752)
71,710	695	71,015	Financing and Investment (Income) and Expenditure (Note 10)	66,565	(202)	66,767
-	856,001	(856,001)	Taxation and Non Specific Grant Income (Note 11)	-	840,766	(840,766)
1,353,766	1,405,660	(51,894)	(Surplus) on Provision of Services	1,496,132	1,415,257	80,875
		(17,028)	Share of the (Surplus) or Deficit on the provision of services by associates			(25,141)
		(68,922)	Group (Surplus) / Deficit			55,734
		(220,685)	(Surplus) / Deficit on Revaluation of Fixed Assets			11,352
		59,447	Re-measurement of the Net Defined Benefit Liability / (Asset)			(389,181)
		(556)	Share of Other Comprehensive (Income) and Expenditure of Associates and Joint Ventures			(7,026)
		(161,794)	Other Comprehensive (Income) and Expenditure			(384,855)
		(230,716)	Total Comprehensive (Income) and Expenditure			(329,121)

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'.

Group 31 March 2021 £000		Single Entity 31 March 2022 £000	Group Adjustments 31 March 2022 £000	Group 31 March 2022 £000
3,524,322	Property, Plant and Equipment	3,543,076	3,068	3,546,144
3,826	Heritage Assets	3,826	-	3,826
239	Intangible Assets	247	-	247
82,282	Investments in associates and joint ventures	-	113,939	113,939
1,348	Long Term Debtors	1,830	(558)	1,272
3,612,017	Non Current Assets	3,548,979	116,449	3,665,428
48,019	Short Term Investments	25,006	-	25,006
3,903	Inventories	3,789	153	3,942
83,491	Short Term Debtors	92,714	(1,048)	91,666
618	Assets Held for Sale	213	7,918	8,131
115,945	Cash and Cash Equivalents (see cash flow notes)	91,476	-	91,476
251,976	Current Assets	213,198	7,023	220,221
(50,028)	Short Term Borrowing	(52,459)	-	(52,459)
(171,677)	Short Term Creditors	(190,713)	(3,847)	(194,560)
-	Contract Liability – IFRS15	-	-	-
(7,452)	Other Short Term Liabilities (PPP / Finance Leases)	(7,157)	-	(7,157)
(5,727)	Provisions	(2,109)	-	(2,109)
(11,124)	Receipts in Advance	(6,403)	-	(6,403)
(246,008)	Current Liabilities	(258,841)	(3,847)	(262,688)
-	Long Term Creditors	-	-	-
(791)	Long Term Provisions	(611)	(118)	(729)
(964,586)	Long Term Borrowing	(949,602)	-	(949,602)
(510)	Liabilities in associates and joint ventures	-	-	-
(186,291)	Other Long Term Liabilities (PPP / Finance Lease)	(179,133)	-	(179,133)
(452,701)	Other Long Term Liabilities (Pension)	(160,445)	9,175	(151,270)
(1,604,879)	Long Term Liabilities	(1,289,791)	9,057	(1,280,734)
2,013,106	Net Assets	2,213,545	128,682	2,342,227
145,820	Usable Reserves	152,186	-	152,186
1,789,850	Unusable Reserves	2,061,359	-	2,061,359
77,436	Group Reserves	-	128,682	128,682
2,013,106	Total Reserves	2,213,545	128,682	2,342,227

The notes on pages 119 to 124 form part of the group financial statements. The unaudited accounts were authorised for issue on 22 June 2022.

Paul Manning
Executive Director (Finance and Corporate Resources)

22 June 2022

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							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			
Balance at 1 April 2021	116,980	12,784	7,484	2,304	4,334	1,934	145,820	1,789,850	1,935,670	37,260	40,176	2,013,106
<u>Movement in reserves during 2021/22</u>												
Total Comprehensive Expenditure and Income	(81,564)	5,773	-	-	-	-	(75,791)	353,666	277,875	20,057	31,189	329,121
Adjustments permitted under accounting standards	12,360	16,482	-	-	-	-	28,842	(28,842)	-	-	-	-
Adjustments between accounting basis and funding basis under regulations	70,571	(19,338)	-	-	-	2,082	53,315	(53,315)	-	188	(188)	-
Adjustments for Changes in Council's share of associates	-	-	-	-	-	-	-	-	-	-	-	-
Net Increase / (Decrease) before Transfers to Reserves	1,367	2,917	-	-	-	2,082	6,366	271,509	277,875	20,245	31,001	329,121
Transfers to/ (from) Reserves	4,077	540	(988)	(1,009)	(219)	(2,401)	-	-	-	-	-	-
Increase / (Decrease) in Year	5,444	3,457	(988)	(1,009)	(219)	(319)	6,366	271,509	277,875	20,245	31,001	329,121
Balance at 31 March 2022 carried forward	122,424	16,241	6,496	1,295	4,115	1,615	152,186	2,061,359	2,213,545	57,505	71,177	2,342,227

			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
Balance at 1 April 2020	75,579	9,713	5,918	2,053	8,234	2,093	103,590	1,607,747	1,711,337	22,485	48,568	1,782,390
<u>Movement in reserves during 2020/21</u>												
Total Comprehensive Expenditure and Income	41,940	12,253	-	-	-	-	54,193	170,140	224,333	14,729	(8,346)	230,716
Adjustments permitted under accounting standards	9,800	15,473	-	-	-	-	25,273	(25,273)	-	-	-	-
Adjustments between accounting basis and funding basis under regulations	(12,211)	(25,157)	-	-	-	132	(37,236)	37,236	-	46	(46)	-
Adjustments for Changes in Council's share of associates	-	-	-	-	-	-	-	-	-	-	-	-
Net Increase / (Decrease) before Transfers to Reserves	39,529	2,569	-	-	-	132	42,230	182,103	224,333	14,775	(8,392)	230,716
Transfers to/ (from) Reserves	1,872	502	1,566	251	(3,900)	(291)	-	-	-	-	-	-
Increase / (Decrease) in Year	41,401	3,071	1,566	251	(3,900)	(159)	42,230	182,103	224,333	14,775	(8,392)	230,716
Balance at 31 March 2021 carried forward	116,980	12,784	7,484	2,304	4,334	1,934	145,820	1,789,850	1,935,670	37,260	40,176	2,013,106

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.

2020/21 £000		2021/22 £000
51,894	Net surplus / (deficit) on the provision of services	(80,875)
140,495	Adjust net surplus / deficit on the provision of services for non cash movements	187,131
(80,835)	Adjust for items included in the net surplus / deficit on the provision of services that are investing and financing activities	(63,443)
111,554	Net cash flows from Operating Activities	42,813
(52,760)	Investing Activities	(39,857)
(37,597)	Financing Activities	(19,507)
21,197	Net increase / (decrease) in cash and cash equivalents	(16,551)
94,748	Cash and cash equivalents at the beginning of the reporting period	115,945
115,945	Cash and cash equivalents at the end of the reporting period	99,394

Cash Flow Statement Note – Non Cash Movements

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

31 March 2021 £000		31 March 2022 £000
60,980	Depreciation, impairment and amortisation of assets	99,924
30,526	Movement in creditors	17,953
4,487	Movement in debtors	(19,323)
(165)	Movement in inventories	(39)
44,195	Movement in pension liability	87,750
472	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	866
-	Other non cash items charged to the net surplus / deficit on the provision of services	-
140,495	Net cash flows from the provision of services for non cash movements	187,131

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:

2020/21 £000		2021/22 £000
(80,394)	Capital contributions and grants	(59,825)
(441)	Capital receipts applied	(3,618)
(80,835)	Net cash flows from items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	(63,443)

Cash Flow Statement Note – Investing Activities

2020/21 £000		2021/22 £000
(120,029)	Purchase of property, plant and equipment and intangible assets	(133,692)
(126,000)	Purchase of short term investments	(84,000)
441	Proceeds from the sale of property, plant and equipment and intangible assets	3,618
140,500	Proceeds from short term investments	107,000
52,328	Other receipts from investing activities	67,217
(52,760)	Net cash flows from investing activities	(39,857)

Cash Flow Statement Note – Financing Activities

2020/21 £000		2021/22 £000
-	Cash receipts of short term and long term borrowing	28,900
(7,704)	Cash payments for the reduction of the outstanding liabilities relating to finance leases for PPP contracts	(7,453)
(29,893)	Repayments of short term and long term borrowing	(40,954)
(37,597)	Net cash flows from financing activities	(19,507)

Cash Flow Statement Note – Cash and Cash Equivalents

31 March 2021 £000		31 March 2022 £000
105	Cash held by officers	97
12,239	Bank current accounts	12,215
103,601	Short term deposits	87,082
115,945	Total cash and cash equivalents	99,394

The credit figures shown against Bank Accounts in 2022 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, Common Good and South Lanarkshire Leisure and Culture Trust.

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	(75,791)	4	(105)	(4,983)	(80,875)
Adjust net surplus / (deficit) on the provision of services for non-cash movements	180,292	552	105	6,182	187,131
Adjust for items included in the net surplus / (deficit) that are investing and financing activities	(63,443)	-	-	-	(63,443)
Net Cash Flows from Operating Activities	41,058	556	-	1,199	42,813
Investing Activities	(39,809)	-	-	(48)	(39,857)
Financing Activities	(19,507)	-	-	-	(19,507)
Net increase / decrease in cash and cash equivalents	(18,258)	556	-	1,151	(16,551)
Cash and cash equivalents at beginning of period	109,734	1,070	-	5,141	115,945
Cash and cash equivalents at end of reporting period	91,476	1,626	-	6,292	99,394

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

2021/22				
	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments between Funding and Accounting Basis £000
Community and Enterprise Resources	21,217	17,782	(663)	38,336
Education Resources	32,205	13,497	(23,700)	22,002
Finance and Corporate Resources	2,276	7,370	(160)	9,486
Housing and Technical Resources				
- Housing Revenue Account	7,598	2,941	(11,701)	(1,162)
- Housing Other	6,775	9,205	1,730	17,710
Social Work Resources	3,307	21,612	(1,102)	23,817
Joint Board	-	-	-	-
Corporate Items	-	421	442	863
Corporate and Democratic Core (HRA)	-	-	116	116
Non-Distributed Costs – Non Operational Assets (HRA)	-	-	-	-
Net Cost of Services	73,378	72,828	(35,038)	111,168
Other Income and Expenditure from the Expenditure and Funding Analysis	(67,340)	9,586	26,661	(31,093)
Surplus or Deficit	6,038	82,414	(8,377)	80,075
Share of (Surplus) or Deficit on the Provision of Services by Associates	(1,351)	453	369	(529)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	4,687	82,867	(8,008)	79,546

2020/21				
	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments between Funding and Accounting Basis £000
Community and Enterprise Resources	16,022	8,363	1,027	25,412
Education Resources	7,065	4,346	(24,510)	(13,099)
Finance and Corporate Resources	1,562	3,429	1,373	6,364
Housing and Technical Resources				
- Housing Revenue Account	7,478	1,395	(12,284)	(3,411)
- Housing Other	2,508	4,449	(497)	6,460
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)	-	-	-	-
Net Cost of Services	36,365	32,676	(33,762)	35,279
Other Income and Expenditure from the Expenditure and Funding Analysis	(91,699)	8,835	35,490	(47,374)
Surplus or Deficit	(55,334)	41,511	1,728	(12,095)
Share of (Surplus) or Deficit on the Provision of Services by Associates	(1,085)	340	339	(406)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(56,419)	41,851	2,067	(12,501)

Note 2 Expenditure and Income Analysed by Nature (Group)

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

	2021/22 £000	2020/21 £000
Expenditure		
Employee Benefits Expenses	655,983	590,439
Other Services Expenditure	673,660	630,606
Support Services Recharges	-	-
Depreciation, Amortisation, Impairment	99,924	60,980
Interest Payment	56,802	58,279
Pension Net Interest Expense	9,586	8,835
Impairment on Financial Instruments	177	4,596
Loss on the Disposal of Assets	-	31
Total Expenditure	1,496,132	1,353,766
Income		
Fees and Charges and Other Service Income	372,430	348,968
Interest and Investment Income	132	315
Impairment on Financial Instruments	(334)	380
Gain on the Disposal of Assets	2,752	-
Income from Council Tax	143,472	139,757
Government Grants and Contributions	896,805	916,240
Total Income	1,415,257	1,405,660
Surplus or Deficit on the Provision of Services	80,875	(51,894)

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 2022 £000	31 March 2021 £000
Investments in associates and joint boards		
Strathclyde Partnership for Transport	69,158	63,261
Strathclyde Concessionary Travel Scheme Joint Committee	681	511
South Lanarkshire Integration Joint Board	42,640	18,510
Lanarkshire Valuation Joint Board	1,460	-
Total	113,939	82,282

	31 March 2022 £000	31 March 2021 £000
Liabilities in associates and joint boards		
Lanarkshire Valuation Joint Board	-	(510)
Total	-	(510)

Note 4 Disclosure of Interests in Other Entities

The council has adopted the recommendations of the Code in the United Kingdom 2021/2022, 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 100-107.

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 £128.682m. 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 £3.761m 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 2022.

In 2021/2022, 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 £69.158m 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 2022.

In 2021/2022, South Lanarkshire Council contributed 14.83% 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 £0.681m 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 2022.

In 2021/2022, South Lanarkshire Council contributed 51.82% 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 assets of £1.460m 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%.

	2021/22 £000	2020/21 £000
Expenditure	4,698	4,533
Total Comprehensive Income and Expenditure	(3,835)	812
Fixed Assets	156	177
Long Term Assets	1,273	-
Current Assets	1,614	1,485
Liabilities due within one year	(225)	(479)
Liabilities due after one year	-	(2,200)
Capital and reserves	2,818	(1,017)
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 £153.085m or 22.95% of the Board's income in 2021/2022. 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 £42.640m 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.

	2021/22 £000	2020/21 £000
Expenditure	618,673	597,069
Total Comprehensive Income and Expenditure	85,278	(30,846)
Fixed Assets	-	-
Current Assets	85,278	37,019
Liabilities due within one year	-	-
Liabilities due after one year	-	-
Capital and reserves	85,278	37,019
Contingent liabilities	-	-
Capital commitments	-	-

Copies of the Integration Joint Board accounts may be obtained from the Chief Financial Officer of the South Lanarkshire Integration Joint Board, Floor 8, Council Offices, Almada Street, Hamilton, ML3 0AB. The accounts of the Integration Joint Board are subject to audit.

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 2022. South Lanarkshire Council currently has 5 out of the 12 Board positions meaning 41.67% representation on the Board of Directors.

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 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%.

	2021/22 £000	2020/21 £000
Expenditure	39,468	33,424
Total Comprehensive Income and Expenditure	19,180	(11,290)
Fixed Assets	72	103
Long Term Assets	9,175	-
Current Assets	7,923	6,698
Liabilities due within one year	(5,840)	(5,070)
Liabilities due after one year	(558)	(511)
Long Term Liabilities	-	(9,628)
Capital and reserves	10,772	(8,408)
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 Councils' share of the net assets exceeds 25%.

	2021/22 £000	2020/21 £000
Expenditure	2,148	1,910
Total Comprehensive Income and Expenditure	(4)	(3)
Fixed Assets	27	30
Current Assets	2,040	1,800
Liabilities due within one year	(1,381)	(1,149)
Liabilities due after one year	(117)	(117)
Capital and reserves	568	564
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 11.87%. This body has been included as an associate in the council's Group Accounts, however, as the Joint Committee net assets at 31 March 2022 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 7 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 2021/2022, 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 2021/2022, 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 2021/2022, 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 14.50% of the consortium's estimated running costs in 2021/2022, 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 2021/2022, 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 2021/2022, 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 2021/2022, 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.

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 2022 is:

Audit Scotland
4th 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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