# GLASGOW CITY COUNCIL

# ANNUAL ACCOUNTS

## For the year ended 31 March 2023

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# ❖ Management Commentary

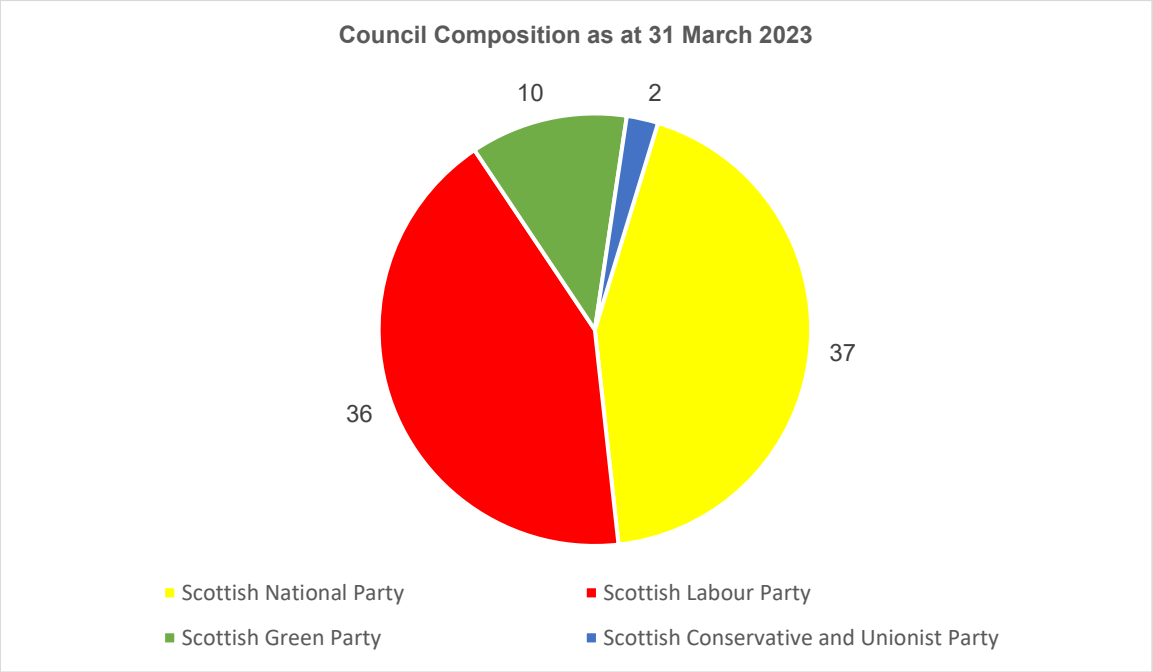
## Introduction

Glasgow City Council is the main provider of services to the city's population of 635,130 residents and those who visit, work and do business in the city. Our resources are focused on the provision of Education, Social Work and other services, as well as supporting investment in the city's infrastructure.

This publication represents the Annual Accounts of both Glasgow City Council (the council) and its group for the year ended 31 March 2023, which have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector.

## Political Structure

The city council is made up of 23 multi-member wards, electing 85 councillors. In May 2022 a new council was elected with no single party obtaining an overall majority. The make-up of the council as at 31 March 2023 is outlined below.




No formal coalition agreements are in place and the Scottish National Party has formed a minority administration.

## Organisational Structure

The city council is organised to deliver its services through direct service provision, arms-length external organisations (ALEOs) and various partnership arrangements. This structure reflects the most effective means of delivering services and is governed through the management structures of the council. The council refers to this structure as the "Council Family". The financial results of each member of the council family are incorporated within the council's group accounts in line with proper accounting practice. The Council's management structure reflects the organisational structure with each service or ALEO led by an Executive

Director, Manging Director or Chief Executive. The key elements of the current organisational structure of the council are as follows.

| The Council Family | | | |
|---|---|---|---|
| **Service Departments** | **ALEOs** | **Joint Arrangements** | **Other Bodies** |
| • Chief Executives<br>• Education Services<br>• Financial Services<br>• Neighbourhoods Regeneration and Sustainability<br>• Social Work Services | <u>Subsidiaries</u><br>• Scottish Event Campus Ltd<br>• City Building (Contracts) LLP<br>• Glasgow Life<br>• City Property Glasgow (Investments) LLP<br>• City Property Glasgow (Operations SL1) LLP<br>• City Property Glasgow (Operations SL2) LLP<br>• City Property Glasgow (Operations SL3) LLP<br>• City Property Glasgow (Operations SL) Limited<br>• City Property Glasgow (Operations SL3) Limited<br>• Jobs and Business Glasgow<br><br><u>Associates</u><br>• Strathclyde Partnership for Transport<br>• Strathclyde Concessionary Travel Scheme | • Glasgow City Integration Joint Board<br>• City Building (Glasgow) LLP | • GCC LLP Investments Limited<br>• City Property (Glasgow) LLP<br>• Other small bodies |

During 2022/23 the council introduced two new subsidiaries, City Property Glasgow (Operations SL3) LLP and City Property Glasgow (Operations SL3) Limited to support arrangements for the settlement of equal pay liabilities. Full details of the ALEOs, joint arrangements and non-material interests can be found in the council's group accounts on pages 86 to 117.

## Council Strategic Plan

The Council Strategic Plan was agreed at Full Council on 27th October 2022.

In order to ensure that the Plan clearly articulates its purpose it has been structured into Grand Challenges and their supporting Missions.




The Grand Challenges and their Missions are as follows:

1. Reduce poverty and inequality in our communities
   - End child poverty in our city using early intervention to support families
   - Meet the learning and care needs of children and their families before and through school
   - Improve the health and wellbeing of our local communities
   - Support Glasgow to be a city that is active and culturally vibrant

2. Increase opportunity and prosperity for all our citizens
   - Support Glasgow residents into sustainable and fair work
   - Support the growth of an innovative, resilient and net zero carbon economy
   - Raise attainment amongst Glasgow's children and young people

3. Fight the climate emergency in a just transition to a net zero Glasgow
   - Deliver sustainable transport and travel aligned with the city region

- Become a net zero carbon city by 2030

4. Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities
   - Create safe, clean and thriving neighbourhoods
   - Run an open, well governed council in partnership with all our communities
   - Enable staff to deliver a sustainable and innovative council structure that delivers value for money

These Grand Challenges and their Missions are underpinned by Commitments which Services will undertake to work towards in order to deliver the goal of each Mission. The last Committee effectiveness assessment for Operational Performance and Delivery Scrutiny Committee (OPDSC) (prior to the 2022 Local Government Elections) included an action for Internal Audit to review the new Council Plan actions to ensure they were articulated in such a way as to facilitate effective scrutiny. It should be noted that Council agreed that the Strategic Plan will be subject to an annual review to reflect the volatility of outside pressures and budget constraints. There is a transparent change control process in place to assist this. Therefore, this audit and review work will be continuous for the Strategic Plan.

Actions have been developed to support the delivery of each, or groups of Commitments as appropriate; and these will be scrutinised alongside the overall delivery of each Mission and overall progress in addressing the four Grand Challenges. In the initial phase of the Plan, the Grand Challenges have been reported through a "cost of living" lens.

The Glasgow Community Plan sets out 3 focus areas (economic growth, resilient communities and a fairer more equal Glasgow) and 2 priority areas (childcare and transport). These are the important issues where we believe we can make a difference by acting with our partners. In response to Covid 19 the Glasgow Community Planning Partners have updated the Community Action Plan. This has been informed by the work of the Social Recovery Taskforce which was established in July 2020 with the key aim of addressing the social and equality impacts of the pandemic. The update takes account of new priority areas such as Covid recovery, climate and links back to the original Community Action Plan focus areas. Further details on the updated plan can be found here: Glasgow Community Planning Partnership Covid 19 Update**.** The Glasgow Community Plan continues to be integrated into the new Strategic Plan aligning its key focus areas to the Council Strategic Plan Grand Challenges and Missions as reported recently to OPDSC as part of the Cost Of Living lens.

## Performance Management

Our Corporate Performance Management Framework sets out the key performance architecture that supports our approach to reporting on performance at both a corporate and service level to ensure that we can monitor and report progress against the council's commitments and programmes, improve benchmarking reporting and activity, and streamline how we gather residents' views on services.

The target audience for much of the reporting output is the City Administration Committee (CAC), OPDSC, the Finance and Audit Scrutiny Committee (FASC) and the Council Management Team (CMT). Information is also provided to other committees and to the public, as part of our Public Performance Reporting arrangements.

A number of reports form the core of the framework including the council's Strategic Plan and the Annual Performance Report (APR), Annual Business Plan (ABPs formerly ASPIRs), the Glasgow Community Plan and associated performance reports, Equality Outcomes, Equality Monitoring reports and Local Government

Benchmarking Framework Indicators and activity. Our performance information is hosted on a performance page on our website.

- Council Strategic Plan 2017-22

A final update on progress of the previous Council Strategic Plan 2017-2022, which outlined progress across each of the council's strategic plan commitments and associated action was provided to OPDSC on 12 October 2022, and subsequently to the City Administration Committee on the 3 November 2022 Summary Annual Performance report 2021/22. This preceded the publication of our new Council Strategic Plan which will now focus on the objective and outcomes of the new council.

- Development of the new Council Strategic Plan

The council concluded a review of our corporate performance management arrangements; both in response to Internal Audit recommendations, consultation with elected members, and a debrief of the previous chair and vice chair of OPDSC.

This work will continue to be implemented through 2023/24 and will be an organic process to reflect the priorities and performance requirements as the council strategic plan is reviewed and updated. This was undertaken in order to ensure that learning from the previous Strategic Plan monitoring could inform the approach to Performance monitoring for the new Council Strategic Plan 2022-2027.

One of the key recommendations of the review was the need to produce a Performance Manual and Toolkit; in order to provide clear definitions of performance terminology, and outline expected performance processes; and to provide further support to the existing Corporate Performance Management Framework. Work on this has been completed by colleagues in Chief Executive and Internal Audit teams and the first iteration of the performance manual was considered by OPDSC on the 16 August 2023: Strategic Plan - Performance Manual. The manual will be updated at least annually or sooner if there are significant additions or amendments that require notification.

- Continuous scrutiny of the Plan

In view of the focus on the new Council Strategic Plan and the Council's response to the motion on the Cost of Living crisis in June 2022; and as agreed by the OPDSC in November; the strategic plan has been reported initially through a cost of living lens in order to ensure that any new activity initiated or prioritised as a response to the Cost of Living crisis can be reflected in performance reporting, and considered as part of the agreed annual review.

The planned annual review of the Council Strategic Plan was conducted over the summer of 2023 to ensure that the Plan and its commitments continued to provide a strategic focus on delivery in light of both recent budgetary considerations; and in order to take account of emerging cost of living responses. A comprehensive workplan schedule will be prepared and reported in early 2024/25 in conjunction with OPDSC to ensure that the priority areas identified in the review are addressed over the course of the new financial year.

## Best Value

In June 2021, Audit Scotland and the Accounts Commission published a revised Code of Audit Practice. The Code explains the revised arrangements for the audit of Best Value. Ernst and Young (EY) have been appointed by the Accounts Commission as external auditor of Glasgow City Council for financial years 2022/23 to 2026/27, this includes all Best Value Audits during this period.

Under the revised Code of Audit Practice, there will be no Best Value Assurance Reports for individual councils. Instead, the Annual Audit Report for each council will be reviewed by the Accounts Commission at least once over the five year audit cycle, together with a summary of information and judgements on the pace and depth of continuous improvement. Across the five year programme each of the best Value themes will be considered (including leadership, partnerships, working with communities, sustainability, and fairness and equality). In addition, the Accounts Commission will identify areas of risk where additional audit work will require to be carried out.

For the 2022/23 financial year, the theme for Best Value Auditing has been noted as 'Leadership of the development of the new local strategic priorities by Councils following the local government elections in May 2022', specifically focusing on:

- The clarity of the council's vision and priorities
- How effectively community views have been reflected
- The alignment of financial, workforce, asset and digital plans
- How the priorities reflect the need to reduce inequalities and climate change.

The Council engaged fully with EY to agree the approach, provide information and facilitate interviews relating to the 2022-23 theme for best value audit.

Additional material to support evidence of leadership in the development of Council's Strategic Plan (local strategic priorities), approach to tackling climate change and reduction of inequalities was provided to EY. The best value audit report, recommendations and management responses contained within have been agreed by officers as factually correct and achievable for implementation. An action plan for the recommendations has been agreed, with full implementation expected by 31 March 2025.

## Risk Management

The council continues to apply the Corporate Risk Management Policy and Framework as a core part of strategic planning, decision making, programme and project management, business continuity and Health and Safety. This document consists of a Policy Statement, which outlines the Council's approach to Risk Management (RM), and an operational Framework which explains the processes, activities and roles and responsibilities required to successfully implement the Policy. The document is available to all staff on the council intranet and is routinely subject to review and approval by Corporate Management Team.

The Corporate Risk Register (CRR) is a live document that is maintained by Corporate Policy and Governance (CP&G) and kept under review, and informed by, the Corporate Risk Management Forum (RMF) and risk owners. The RMF is chaired by CP&G and comprised of representatives from across the Council Family who review existing risks and consider changes and any new or emerging areas of risk.

Risk continues to be assessed in accordance with the framework and the CRR includes 23 risks, each of which has been aligned to the four grand challenges within the Council's Strategic Plan 2022 - 2027. There are 12 risks assessed as very high i.e. those with a risk score of 15 and over, as outlined below:

| Risk Title | Residual Risk Score |
|---|---|
| **Grand Challenge: Delivery of essential services** | |
| Fiscal Uncertainty | 20 |
| ICT Security | 20 |
| Failure to successfully deliver Pay and Grading Scheme | 20 |
| Failure of key, large scale contractors / service providers | 16 |
| Major incident / service disruption | 16 |
| Significant industrial action | 16 |
| Failure to comply with Health and Safety regulations | 16 |
| Failure to deliver the Capital Investment Programme | 15 |
| | |
| **Grand Challenge: Reduce poverty and Inequality** | |
| Poverty and Inequality | 20 |
| Impact of Historic Abuse Inquiry | 20 |
| Failure to fulfil duty of care to children and vulnerable adults | 15 |
| | |
| **Grand Challenge: Increase opportunity and prosperity** | |
| Impact of the rising cost of living | 20 |

Individual Services maintain and report their own risk registers to their management teams with the corporate risk register reported to the Corporate Management Team and thereafter to FASC. The latest report was considered by FASC on 1 November 2023. The full report can be found here: Half Yearly Corporate Risk Management Report

## The Financial Statements

A summary of the main financial statements is provided below.

- **Comprehensive Income and Expenditure Statement** - shows income and expenditure incurred in the year relating to the provision of council services, financing and investing activities, taxation and grant income, and other unrealised gains and losses. In total, this reflects the movement in the overall council reserves shown in the Balance Sheet but excludes the statutory adjustments to the General Fund balance.

- **Movement in Reserves Statement** - summarises the movement in the different reserves held by the council, analysed into Usable Reserves (that is, those that can be applied to fund expenditure or reduce local taxation) and Unusable Reserves, required by statute or regulation to adjust between proper

accounting practice and the funding basis (these reserves are not available to fund expenditure or reduce local taxation). 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. This is different from the statutory amounts required to be charged to the General Fund balance for Council Tax setting purposes. The main statutory adjustments to the General Fund balance relate to capital investment (which is accounted for as it is financed, rather than when the fixed assets are consumed) and retirement benefits (which are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned). The 'Net Increase or (Decrease) before transfers to other statutory reserves' line shows the statutory General Fund balance before any discretionary transfers to or from statutory reserves undertaken by the council. The opening and closing reserves reflect the balances shown in the Balance Sheet.

- **Balance Sheet** - represents the value of the assets and liabilities of the council as at 31 March 2023. The Net Assets (assets less liabilities) are matched by the total Usable and Unusable Reserves. Usable Reserves are those that the council may use to fund expenditure or reduce local taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Reserve Funds may only be used to fund capital expenditure or repay debt).

  Unusable Reserves are those that the council is not able to use to provide services and include 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 (for example, the Pension Reserve), where amounts will fall to be paid when they are due and not when they are earned. The effect of these reserves is shown in the 'Adjustments between accounting basis and funding basis under regulations' line within the Movement in Reserves Statement.

- **Cash Flow Statement** - details 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 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 to the council.

- **Other statements -** there are a number of other statements included in the Annual Accounts, which provide more detail behind the main statements outlined above.

| Statement | Information provided |
|---|---|
| Council Tax Income Account | Council Tax collectable by the council and the basis on which it is levied. |
| Non-Domestic Rates Income Account | Non-Domestic Rates Income collectable by the council and the amount contributable to the national pool. |
| Common Good Fund | Funds held under statute for the people of Glasgow. Expenditure from the fund does not represent a charge to council tax payers and primarily meets the costs of civic ceremonies and hospitality for distinguished visitors to the city. |
| Sundry Trusts and Funds | The income and expenditure in respect of donations made by individuals and organisations. The Balance Sheet shows the balance on these funds as at 31 March 2023, represented by investments and other net assets. |

| | |
|---|---|
| Group Financial Statements | Consolidates the Financial Statements of the council and its subsidiaries, associates and joint boards. The Group Financial Statements comprise the same primary statements as the council: Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement. |

## Financial Review

The financial review outlines some of the key financial issues affecting the council during the year and the overall financial position of the council, in line with the reporting requirements of the Code.

- **Council Services**

In 2022-23 the council managed its operational net expenditure within its approved budget. During the year service budgets were adjusted to remove any variances related to Covid-19 and focus on operational performance. At outturn, overspends were reported within Chief Executives, Education Services. Financial Services, Neighbourhoods, Regeneration and Sustainability and Related Companies.

The key reasons for these overspends are outlined below:

- Chief Executives Office £0.567 million (0.5%) – overspends in employee costs due lack of anticipated attrition, offset by an over recovery of administration grants.

- Education Services £2.562 million (0.4%) – overspends in employee costs due to increasing school rolls and inflationary increases in transport costs offset by the impact of industrial action by staff.

- Financial Services £3.749 million (2.1%) – overspends in housing benefits, food costs and under recoveries in commercial catering income

- Neighbourhoods, Regeneration and Sustainability £5.783 million (3.2%) – overspends due to overtime and agency in relation to absence, higher transport costs due to fuel and maintenance costs and increased utility and repair costs across the property estate.

- Related Companies £0.775 million (0.7%) – City Building overspends due to increased labour and material costs and lower than anticipated turnover within RSBI offset by lower training costs for apprentices due to vacancies within the training team.

Financial pressures across service budgets were closely monitored and corrective action was identified by Executive Directors to contain net expenditure within approved budgets as far as possible. This process was supported by the establishment of the probable outturn.

Services have spent between 100.0% and 103.2% of their final budget resulting in a net overspend in total net direct service expenditure of £13.436 million.

These costs are inclusive of £17.569 million net financial implications within services associated with Covid-19. These implications have been fully met by Scottish Government funding provided in earlier years and carried forward to offset these costs.

- **Integration Joint Board**

The Glasgow City Integration Joint Board (IJB) assumed responsibility for the planning and commissioning of health and social care services within the city on 1 April 2016. While the financial position of Social Work Services continued to be monitored through the Council's existing reporting structures the overall financial position is now the responsibility of the IJB.

The financial outturn for the IJB reflects an underspend of £7.812 million. This reflects an operational overspend of £5.100 million within the IJB related to pay awards higher than budget and increases in prescribing costs and volumes. In addition, there are £12.912 million of local and national priorities which will not be completed until future financial years and require funding to be carried forward. This relates to ring-fenced funding which has been received to meet specific commitments and must be carried forward to meet the conditions attached to the receipt of this funding.

Additional costs associated with the impact of Covid 19 amounted to £16.926 million for the financial year 2022/23. These costs are being met by the Scottish Government and therefore have no impact on the financial position outlined above.

- **Funding**

The principal sources of finance utilised by the council in 2022/23 were General Revenue Grant of £1,113.816 million, Non-Domestic Rate Income of £296.203 million and capital grants and contributions of £106.415 million provided by the Scottish Government and Council Tax of £260.233 million raised from local taxpayers.

Council Tax income is the only significant funding source within the council's control, albeit restricted by the Scottish Government's budget commitments in previous years. This funding represents only around 15% of total revenue funding, limiting the council's capacity to vary expenditure through raising Council Tax income.

In year collection levels for Council Tax amounted to 94.48% (2021/22 93.92%). The actual value of Council Tax income received was £260.233 million, £10.506 million more than budgeted (2021/22 £3.964 million more than budgeted).

The Scottish Government operates a pooling arrangement for the collection and re-distribution of Non-Domestic Rates Income, whereby the council acts as an agent, collecting income on its behalf. A 'pool' account is maintained and reported by the Scottish Government, outlining the amount collected on its behalf by councils and the amount re-distributed to authorities. The amount retained by local authorities reflects the amount raised within their local area. The balance of government funding is provided by amending the amount of General Revenue Grant received to meet the total government funding available.

The council received a total of £296.203 million in 2022/23. In year collection amounted to 92.34% (2021/22 90.05%).

- **Related Companies**

A number of the council's ALEOs generate surpluses which the council then incorporates within its overall budget. In 2022/23 the following surpluses were returned to the council:

  - City Property returned £4.000 million in line with budget

- City Building returned the following:

| | Return £ million | Budget £ million | Variance £ million |
|---|---|---|---|
| City Building Glasgow | (0.757) | (3.600) | 2.843 |
| City Building Contracts | 2.003 | (2.400) | 4.403 |
| Total | 1.246 | (6.000) | 7.246 |

Both City Building companies have been affected by rising labour and material cost inflation which has significantly impacted profit margins. City Building Contracts has also seen its planned turnover reduced following delays in placing work from the council due to the above inflationary pressures.

Taken together with the overspend highlighted in related companies above the total impact of City Building activities is £8.021 million.

- **Financing Costs**

Financing costs (see note 1.10 on page 26) associated with the council's debt portfolio were underspent by £20.369 million. This reflects the application of capital receipts from asset sales (£6.408 million), a lower level of capital expenditure and associated borrowing than anticipated and the ongoing impact of lower than budgeted interest rates (£13.961 million). The capital interest rate charged by the council's Loans Fund in the year was 3.68%. This underspend will partially support contributions to the Culture and Recreational Fund (£5.000 million) for ongoing cultural activities and the Insurance Fund (£5.208 million) to meet potential future insurance liabilities.

- **Covid-19**

The council's general fund included £32.208 million of earmarked reserves to offset the ongoing impact of Covid-19 as at 31 March 2022. During 2022-23 the council has continued to witness shortfalls mainly in sports and cultural income and parking income of £17.569 million. This has reduced this earmarked reserve to £14.639 million as at 31 March 2023. It is anticipated that this reserve will be fully extinguished in 2023-24. Any residual pressure beyond 2023-24 will be incorporated within the council financial planning and budget settling processes.

- **Equal Pay**

The council has now reached a settlement with the main claimant groups in respect of all outstanding liabilities to 31 October 2023 when a new pay and gradings system will become effective. As at 31 March 2023, the council held a provision of £263.706 million for the settlement of equal pay claims. Over 98% of these claims have been settled during 2023/24 and there has been no change to the required level of provision, at this point.

In parallel with the settlement process, a funding strategy was developed which resulted in a further 6 council properties being subject to a sale and leaseback agreement with City Property LLP. This sale and leaseback arrangement together with existing funds carried forward from the previous arrangement fully meet the costs of the current settlement. Further details on the overall settlement and funding arrangements can be found here: Equal Pay.

- **Financial Flexibilities**

During 2022/23 the Scottish Government announced revised regulations in relation to the treatment of service concessions: Local government finance circular 10/2022 - finance leases and service concession arrangements. The council currently operates two service concessions in relation to its Public Private Partnerships (PPP) and Design, Build, Finance, Maintain (DBFM) arrangements both within Education.

The revised regulations allow for the debt costs associated with these schemes to be written off over the expected lives of the respective assets rather than over the contract period of each arrangement. This provides scope to realign debt costs to reflect the longer asset lives of the relevant assets.

Having assessed the implications of the new regulations the council has identified one off debt cost savings of £103.855 million and in year savings of £5.644 million resulting in an overall benefit in 2022-23 of £109.499 million. Further details can be found here: Financial Flexibilities - Service Concessions

In light of this, the council has established a Budget Support Fund to support a number of budget options with implementation costs primarily around severance and also to support cashflow around the implementation of these options in 2023-24 and future years budgets.

During 2022-23 costs of £4.060 million were charged to the fund resulting in a closing balance of £105.439 million. The balance will be carried forward as an earmarked element of the general fund.

- **Comprehensive Income and Expenditure Statement**

The Comprehensive Income and Expenditure Statement records an accounting net income of £865.336 million. This is represented by an increase in Unusable Reserves of £619.933 million and in Usable Reserves of £245.403 million (as shown in the Movement in Reserves Statement and detailed in note 6, page 40 to 44).

The Financial Statements show an increase in the General Fund Reserve balance of £51.622 million for the year. This results in a total General Fund Reserve balance of £277.356 million. Having accounted for earmarked reserves of £251.103 million, General Fund unearmarked reserves total £26.253 million, which represents 1.4% of the net budgeted expenditure. The council's policy remains to maintain balances at 2% of the net budgeted expenditure over the medium term. The position in relation to unearmarked reserves will be subject to review as part of each year's annual budget process.

- **Balance Sheet**

The council's Balance Sheet shows Net Assets of £2,843.912 million as at 31 March 2023 (2021/22 £1,978.576 million).

Long-term assets amount to £5,660.063 million as at 31 March 2023 (2021/22 £5,035.864 million) and mainly reflect Property, Plant and Equipment and Heritage assets.

The Financial Statements reflect provisions for anticipated future liabilities including the estimated costs of former landfill site decommissioning, equal pay settlements and the council's schools PPP scheme. Council Tax debtors of £14.310 million (2021/22 £15.557 million) have been written off in accordance with the council's policy of writing off such debt more than five years old from the Balance Sheet. In addition, sundry debtors over two years old totalling £7.098 million (2021/22 £6.872 million) have been written off in the year in accordance with the council's accounting policy. In both cases these debts were fully provided for in previous years and the council continues to pursue collection.

The council's total debt outstanding amounts to £1,438.866 million (2021/22 £1,404.000 million). The majority of the council's borrowing comes from the Public Works Loans Board (PWLB), with the remainder coming from Lender Option Buyer Options (LOBOs), market borrowing and temporary borrowing from various public bodies and financial institutions. The management of this debt is governed by the council's Treasury Management Strategy which is approved annually by the City Administration Committee.

Council employees are entitled to join the Local Government Pension Scheme (LGPS) or, for teachers, the Scottish Teachers' Superannuation Scheme (STSS). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is an unfunded multi-employer defined benefit scheme. However, it is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Council is unable to identify its share of the underlying assets and liabilities of the scheme. The Annual Accounts show the amounts contributed by the council to the scheme in the year. The LGPS is a defined benefit scheme, requiring an actuarial assessment of the council's overall assets and liabilities to be included in the Annual Accounts. The 2022/23 actuarial report resulted in a net pension asset however in line with proper accounting practice, the asset is limited to the forecast reductions in contributions as compared to the forecast future service costs. This has resulted in the pension asset being recognised at £546.000 million (£0 million 2021/22) within the council's balance sheet. In addition, the Council has continued to recognise the unfunded element of its pension liabilities as there are no scheme assets to cover the future costs of these liabilities as they are due going forward. This liability is recognised as £276.000 million (£339.000 million 2021/22 as part of overall pension liability of £632.000 million 2021/22).

- **Capital expenditure and sources of finance**

The council's capital expenditure and sources of finance are detailed in note 18.5 on page 60. Gross capital expenditure for the year totalled £352.056 million. Of the total expenditure, £109.648 million was met from government grants, revenue contributions and other receipts and a further £209.987 million were acquired under finance leases. This results in a balance of £32.421 million to be met from borrowing. The council has a capital reserve fund to provide resources for tackling investment priorities within the authority. The balance on this fund at 31 March 2023 was £41.461 million (see note 8 on page 47). Capital receipts from asset sales achieved during the year totalled £6.408 million.

- **Prudential indicators**

The Capital Financing Requirement (CFR) defines the underlying need to borrow for capital purposes. As at 31 March 2023, the CFR was £2,736 million, while gross external borrowing stood £469 million lower at £2,267 million. This is a measure of prudence, demonstrating that borrowing has only been undertaken for capital investment purposes and to meet short-term cash flow requirements. It is also reflective of the council's Treasury Management Strategy, where it has been deemed prudent to make use of internal funds held for longer-term purposes, to minimise exposure to investment risk.

The Ratio of Financing Costs to Net Revenue Stream provides an indication of affordability of capital investment. As at 31 March 2023, the ratio of financing costs to net revenue stream was 6.76%. The council's ability to service the borrowing costs is integral to capital investment decisions. Both capital and revenue budget forecasts are therefore inextricably linked, with the revenue implications of capital investment plans reflected within the council's revenue budget forecasts.

- **Group accounts**

The Code requires the council to include summary Group Accounts in the Annual Accounts, showing the joint financial position of the council and its subsidiaries and associates. The Group Balance Sheet shows Net Assets of £3,531.456 million as at 31 March 2023 (2021/22 £2,374.668 million).

The 2022/23 Annual Accounts show an overall group pension liability of £283.038 million. In addition, the actuary reported a net pension asset at 31 March 2023 which after application of an asset ceiling calculation is included in the annual accounts at £711.803 million.

## Outlook

The council will continue to face significant financial challenges from anticipated funding gaps between revenues from central government and local taxation and increasing demand for council services and other cost pressures. As part of the annual budget process for 2024-25 the council developed a three year financial forecast for 2024-27. This forecast identified a total spending gap over the three years of £107.7 million. This reflected the impact of the local government settlement, inflation and reductions to employers contributions to the local government pension scheme. On the 15 February 2024 the council approved its budget for 2024-25, including a freeze on council tax and savings options for 2025-26 and 2026-27. Details of the budget can be found here: 2024-27 Budget. This includes details of the proposed budget changes for 2024/25 and savings approved for 2025/26 and 2026/27.

In June 2023 the council introduced a Low Emission Zone (LEZ) to reduce levels of harmful vehicle emissions in our city centre. All vehicles entering the city centre zone area must now meet the less-polluting emission standards or face a penalty charge. Glasgow's LEZ is aimed to:

- improve air quality and help protect public health
- help accelerate the uptake of less polluting vehicles
- encourage people to move away from private car use
- increase the safety, attractiveness, and amenity of our city centre

In August the city hosted the Union Cycliste Internationale (UCI) World Cycling Championships 2023 billed as the "biggest cycling event ever". The competition took place over 11 days and included 13 world championships across 7 disciplines in Glasgow and across Scotland.

This was the biggest cycling event in the world with over 100 countries represented and over 200 World Champions being crowned during the course of the Championships. The huge media interest guaranteed worldwide broadcast coverage delivering a massive international profile for both Glasgow and Scotland.

| | | |
|---|---|---|
| Councillor Susan Aitken | Annemarie O'Donnell | Martin Booth BA FCPFA MBA |
| Leader of the Administration | Chief Executive | Executive Director of Finance |

***Further information on the Annual Accounts, or on any aspect of the council's finances, can be obtained from the Executive Director of Finance, City Chambers, Glasgow G2 1DU. Telephone 0141 287 3837 or e-mail financial@glasgow.gov.uk.***

# ❖ Statement of Responsibilities

## 1. The Council's Responsibilities

The council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the council has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this council, that officer is the Executive Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government Scotland Act 2003); and
- Approve the Annual Accounts for signature.

I certify that the Annual Accounts have been approved for signature by the City Administration Committee at its meeting on 21 March 2024.

Councillor Susan Aitken
Leader of the Administration

## 2. The Executive Director of Finance Responsibilities

The Executive Director of Finance 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 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates on a reasonable basis;
- Complied with legislation; and
- Complied with the Code (in so far as it is compatible with legislation).

The Executive Director of Finance has also:

- Kept adequate accounting records, which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Glasgow City Council and its group as at 31 March 2023 and the transactions for the year then ended.

Martin Booth BA FCPFA MBA
Executive Director of Finance

# Comprehensive Income and Expenditure Statement for the Year ended 31 March 2023

| *2021/22 Expenditure £000* | *2021/22 Income £000* | *2021/22 Net Expenditure £000* | **Service** | **Note** | **2022/23 Expenditure £000** | **2022/23 Income £000** | **2022/23 Net Expenditure £000** |
|---|---|---|---|---|---|---|---|
| 191,811 | (25,657) | 166,154 | Chief Executive's Office | | 177,118 | (31,584) | 145,534 |
| 805,921 | (114,084) | 691,837 | Education Services | | 862,672 | (117,451) | 745,221 |
| 375,480 | (288,792) | 86,688 | Financial Services | | 366,489 | (270,717) | 95,772 |
| 510,247 | (232,151) | 278,096 | Neighbourhoods, Regeneration and Sustainability | | 461,505 | (221,481) | 240,024 |
| 1,345,263 | (839,095) | 506,168 | Social Work Services | | 1,383,578 | (832,920) | 550,658 |
| 121,842 | (1,931) | 119,911 | Related Companies and Joint Boards | | 133,443 | (57) | 133,386 |
| 260,106 | 0 | 260,106 | Equal Pay Obligations | | (128) | 0 | (128) |
| 0 | 0 | 0 | Former Authority Residual Costs | | 120 | 0 | 120 |
| **3,610,670** | **(1,501,710)** | **2,108,960** | **Cost of Services** | | **3,384,797** | **(1,474,210)** | **1,910,587** |
| 0 | (1,779) | (1,779) | (Gain) or loss on the disposal of Property, Plant and Equipment | | 7,354 | (3,979) | 3,375 |
| **0** | **(1,779)** | **(1,779)** | **Other Operating (Income) and Expenditure** | | **7,354** | **(3,979)** | **3,375** |
| 101,140 | 0 | 101,140 | Interest payable | | 104,073 | 0 | 104,073 |
| 0 | (4,445) | (4,445) | Interest and investment income | | 0 | (10,746) | (10,746) |
| 24,000 | 0 | 24,000 | Net interest on the net defined benefit liability | **12** | 19,000 | 0 | 19,000 |
| 0 | (5) | (5) | Income, expenditure and changes in the fair value of investment properties | | 0 | (123) | (123) |
| **125,140** | **(4,450)** | **120,690** | **Financing and Investment (Income) and Expenditure** | | **123,073** | **(10,869)** | **112,204** |
| 0 | (1,158,192) | (1,158,192) | Non-ring fenced government grants | **13** | 0 | (1,113,816) | (1,113,816) |
| 0 | (223,812) | (223,812) | Non-Domestic Rates | **13** | 0 | (296,203) | (296,203) |
| 0 | (243,174) | (243,174) | Council Tax | | 0 | (260,233) | (260,233) |
| 0 | (95,222) | (95,222) | Capital grants and contributions | **13** | 0 | (106,415) | (106,415) |
| **0** | **(1,720,400)** | **(1,720,400)** | **Taxation and Non-specific Grant Income** | | **0** | **(1,776,667)** | **(1,776,667)** |
| **3,735,810** | **(3,228,339)** | **507,471** | **(Surplus) or Deficit on the Provision of Services** | | **3,515,224** | **(3,265,725)** | **249,499** |
| | | | **Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services** | | | | |
| | | (531,791) | (Surplus) or deficit on revaluation of Property, Plant and Equipment | | | | (85,835) |
| | | (659,000) | Actuarial (gains) or losses on Pension Assets and Liabilities | **12** | | | (1,029,000) |
| | | **(1,190,791)** | **Other Comprehensive (Income) and Expenditure** | | | | **(1,114,835)** |
| | | **(683,320)** | **Total Comprehensive (Income) / Expenditure** | | | | **(865,336)** |

## Movement in Reserves Statement for the Year ended 31 March 2023

| | General Fund Reserve £000 | Revenue Reserve Funds £000 | Capital Reserve Fund £000 | Capital Grants Unapplied Account £000 | Total Usable Reserves £000 | Total Unusable Reserves £000 | Total Reserves £000 |
|---|---|---|---|---|---|---|---|
| **Balance as at 31 March 2021 (Restated)** | **240,121** | **47,054** | **15,364** | **38,126** | **340,665** | **980,007** | **1,320,672** |
| | | | | | | *Restated* | *Restated* |
| Total comprehensive income and (expenditure) *Restated* | (507,471) | 0 | 0 | 0 | (507,471) | 1,190,791 | 683,320 |
| Adjustment for consolidation of City Parking | 2,917 | 0 | 0 | 0 | 2,917 | (28,333) | (25,416) |
| Adjustments to usable reserves permitted by accounting standards | 16,865 | 0 | 0 | 0 | 16,865 | (16,865) | 0 |
| Transfers (to) or from other statutory reserves (note 8) | (10,966) | (1,950) | 12,916 | 0 | 0 | 0 | 0 |
| Adjustments between accounting basis and funding basis under statutory provisions (note 7) | 484,268 | 0 | 0 | (16,637) | 467,631 | (467,631) | 0 |
| **Increase or (decrease) in the year (Restated)** | **(14,387)** | **(1,950)** | **12,916** | **(16,637)** | **(20,058)** | **677,962** | **657,904** |
| **Balance as at 31 March 2022 (Restated)** | **225,734** | **45,104** | **28,280** | **21,489** | **320,607** | **1,657,969** | **1,978,576** |
| Total comprehensive income and (expenditure) | (249,499) | 0 | 0 | 0 | (249,499) | 1,114,835 | 865,336 |
| Adjustments to usable reserves permitted by accounting standards | 35,851 | 0 | 0 | 0 | 35,851 | (35,851) | 0 |
| Transfers (to) or from other statutory reserves (note 8) | 12,966 | (14,040) | 1,074 | 0 | 0 | 0 | 0 |
| Adjustments between accounting basis and funding basis under statutory provisions (note 7) | 252,304 | 0 | 12,107 | 194,640 | 459,051 | (459,051) | 0 |
| **Increase or (decrease) in the year** | **51,622** | **(14,040)** | **13,181** | **194,640** | **245,403** | **619,933** | **865,336** |
| **Balance as at 31 March 2023** | **277,356** | **31,064** | **41,461** | **216,129** | **566,010** | **2,277,902** | **2,843,912** |

Notes 6 to 8 on pages 40 to 47 provide further details on the Movement in Reserves Statement

# Balance Sheet as at 31 March 2023

| *31 March 22 (Restated) £000* | | Note | £000 | 31 March 23 £000 |
|---|---|---|---|---|
| 2,732,871 | Other land and buildings | | 2,829,343 | |
| 111,099 | Vehicles, plant, furniture and equipment | | 92,989 | |
| 780,645 | Infrastructure assets | | 817,899 | |
| 23,372 | Community assets | | 23,851 | |
| 107,543 | Assets under construction | | 54,238 | |
| 40,703 | Corporate surplus assets | | 45,362 | |
| **3,796,233** | **Property, Plant and Equipment** | **19** | | **3,863,682** |
| 1,117,576 | Heritage assets | **20** | | 1,117,674 |
| 563 | Investment property | | | 686 |
| 14,880 | Intangible assets | **21** | | 18,672 |
| 24,636 | Long-term investments | **27** | | 23,130 |
| 81,976 | Long-term debtors | **27** | | 90,219 |
| 0 | Net Pension Asset | **12** | | 546,000 |
| **5,035,864** | **Long-term Assets** | | | **5,660,063** |
| 40,309 | Short-term investments | **27** | | 5,794 |
| 4,341 | Inventories | | | 3,126 |
| 391,213 | Net short-term debtors | **23** | | 298,879 |
| 157,763 | Cash and cash equivalents | **24** | | 244,109 |
| 8,480 | Assets held for sale | **22** | | 7,883 |
| **602,106** | **Current Assets** | | | **559,791** |
| (84,512) | Short-term borrowing | **27** | | (135,546) |
| (664,143) | Short-term creditors | **25** | | (475,129) |
| (5,614) | Short-term provisions | **26** | | (265,340) |
| (1,075) | Donated inventories account | | | 0 |
| **(755,344)** | **Current Liabilities** | | | **(876,015)** |
| (281,073) | Long-term provisions | **26** | | (21,763) |
| (1,319,488) | Long-term borrowing | **27** | | (1,303,320) |
| (632,000) | Net Pension liability | **12** | | (276,000) |
| (671,489) | Deferred liabilities | **28** | | (879,045) |
| 0 | Deferred Income | | | (19,799) |
| **(2,904,050)** | **Long-term Liabilities** | | | **(2,499,927)** |
| **1,978,576** | **Net Assets** | | | **2,843,912** |
| | | | | |
| 225,734 | General Fund Reserve | **6,7** | | 277,356 |
| 45,104 | Revenue Reserve Funds | **6,8** | | 31,064 |
| 28,280 | Capital Reserve Fund | **6,8** | | 41,461 |
| 21,489 | Capital Grants and Receipts Unapplied Account | **6,7** | | 216,129 |
| **320,607** | **Usable Reserves** | | | **566,010** |
| 1,657,969 | Unusable Reserves | **6,7** | | 2,277,902 |
| **1,978,576** | **Total Reserves** | | | **2,843,912** |

The unaudited accounts were issued on 29 June 2023 and the audited accounts were authorised for publication on

Martin Booth BA FCPFA MBA
Executive Director of Finance

# Cash Flow Statement for the Year ended 31 March 2023

| *2021/22 Restated £000* | | Note | 2022/23 £000 |
|---|---|---|---|
| 507,471 | (Surplus) or Deficit on the Provision of Services | | 249,499 |
| (273,771) | Adjustments to (Surplus) or Deficit on the Provision of Services for non-cash movements | | (333,546) |
| (108,602) | Adjustments for items included in the (Surplus) or Deficit on the Provision of Services that are investing or financing activities | | (2,833) |
| **125,098** | **Net cash flows from operating activities** | **31** | **(86,880)** |
| 18,855 | Investing activities | **32** | 27,638 |
| (55,197) | Financing activities | **33** | (27,104) |
| **88,756** | **Net (increase) or decrease in Cash and cash equivalents** | | **(86,346)** |
| (246,519) | Cash and cash equivalents at the beginning of the reporting period | | (157,763) |
| **(157,763)** | **Cash and cash equivalents at the end of the reporting period** | | **(244,109)** |

# ❖ Notes to the Financial Statements

The main objective of these notes is to provide further explanation for certain aspects of the core Financial Statements.

## 1. Statement of accounting policies

The Financial Statements for the year ended 31 March 2023 have been prepared on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to give a 'true and fair view' of the financial performance and position of the council and its group.

The accounting concepts of materiality, accruals, primacy of legislative requirements and going concern have been considered in the application of accounting policies. In this regard, the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received.

The Council's Statement of Accounts for 2022/23 has been prepared on a going concern basis, the period under assessment being the 12 months from approval of the accounts to the end of March 2025. This concept assumes that the Council's functions and services will continue in operational existence for the foreseeable future. The provisions in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. In accordance with the CIPFA Code of Local Government Accounting (2022/23), the Council is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the Council will continue in operational existence for the foreseeable future. The Council's General fund reserve as at 31 March 2023 is £277.3m, £251.1m is earmarked for spending commitments and £26.2m is unearmarked. The unearmarked element of the general fund is kept under review and assessed continuously. The Council has recently agreed a balanced budget for 2024/25 which includes further contributions to useable reserves. The Council's external financing liabilities include long terms loans, these are mainly interest only with balance payable on maturity. The interest payments are included in the revenue budget and any repayment and subsequent replacement kept under review. Cashflow is assessed on an ongoing basis, a daily cashflow forecast operates to ensure cash is available when required. The Council has forecast its liquidity through the going concern period to March 2025 and forecasts no lower than £30 million available balances daily through this period. The Council has provided confirmations of support to various entities in its group through the going concern period, which it has considered and is satisfied it is able to meet within its available funds through the same period, even in the event all support is required.

The Group's financial statements have also been prepared on a going concern basis through the period to 31 March 2025. A number of the group entities' assessments involve the agreement of financial support should it be required from the Council, which the Council has confirmed it is able and willing to provide should it be required. A number of the companies in the Group also hold external financing with associated covenants. These entities have assessed and forecast compliance with all covenants, which includes the Council's ability to provide parental support if required.

The accounting convention adopted is historical cost modified by the revaluation of certain categories of long-term assets and the fair value of investments and pensions.

### 1.1. Income and debtors

Income includes all sums owed to the council for the year of account, regardless of when cash payments are received. Specifically:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, provided it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- Revenue from the provision of services is recognised when the Council can reliably measure 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.
- When revenue and expenditure have been recognised but cash has not been received or paid, a debtor for the relevant amount is recorded in the Balance Sheet.
- When it's probable that debts will remain unsettled, an impairment loss is recognised for bad and doubtful debtors within the Cost of Services.

### 1.2. Supplies and services

Suppliers' invoices received up to 31 March 2023 are included, together with the specific accrual of invoices received after that date for material amounts, provided the goods or services were received in 2022/23. Where applicable, expenditure and income are reduced by the value of recharges to other council services under the heading inter-departmental recharges. This ensures that the cost is only reflected in the receiving service.

### 1.3. Long-term contracts

Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion of contract costs incurred for work performed to date, as compared to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred, where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### 1.4. Overheads and support services

The full cost of overheads and support services are allocated to services in proportion to the benefits received, with the exception of charges to capital projects. Costs relating to capital projects incurred by services are charged to capital projects.

### 1.5. Employee benefits

Short-term employee benefits, such as wages and salaries and paid annual leave for current employees, are recognised as an expense in the year in which the employee renders service to the council. An accrual is

made for the value of holiday entitlements earned by employees but not taken before the financial year end, which employees can carry forward into the next financial year.

Termination benefits are amounts payable as a result of a decision by the council to terminate an employment before the normal retirement date or following an employee's decision to accept voluntary redundancy. Termination benefits are charged on an accruals basis in the Comprehensive Income and Expenditure Statement when the council is demonstrably committed to a termination, this will be recognised at the earlier of the following dates:

a) when the authority can no longer withdraw the offer of those benefits, and

b) when the authority recognises costs for a restructuring.

### 1.6. Retirement benefits

The council participates in two formal pension schemes, the Local Government Pension Scheme, which is administered by Strathclyde Pension Fund, and the Scottish Teachers' Superannuation Scheme, which is administered by the Scottish Government.

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

(i) Attributable assets are measured at fair value at the balance sheet date, after deducting accrued expenses. Attributable liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. Net pension assets are recognised only to the extent that the council is able to recover a surplus, either through reduced contributions in the future or through refunds from the scheme. Unpaid contributions to the schemes are recorded as creditors due within one year.

(ii) Unfunded liabilities relate to discretionary benefits that exceed those offered by Strathclyde Pension Fund. Liabilities are recognised at the point awards are made. However, no investment assets are accrued to offset these pension liabilities, requiring the generation of cash to cover actual pension payments as they fall due.

(iii) For pension charges, the change in defined benefit asset or liability is analysed and charged to the Comprehensive Income and Expenditure Statement as follows:

- Current service cost, past service cost and gains / losses on curtailments and settlements are included within Cost of Services;
- Net interest on the net defined benefit liability is included within Financing and Investment Income and Expenditure; and
- Actuarial gains / losses are incorporated within Other Comprehensive Income and Expenditure.

The nature of the teachers' scheme prevents the council's individual share of the pension liability from being separately identified. The scheme is therefore accounted for as if it were a defined contribution scheme. Further details of pension costs can be found in note 12 on pages 50 to 55.

### 1.7. Value Added Tax

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.

### 1.8. Service expenditure analysis

The Comprehensive Income and Expenditure Statement is presented in accordance with the council's management structure.

## 1.9. Charges to revenue for long-term assets

Services are debited with the following to recognise the cost of holding long-term 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; and
- amortisation of intangible assets attributable to the service.

The council is not required to raise Council Tax to fund these items. However, it is required to make an annual loans fund principal repayment from revenue to reduce the overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the loans fund principal, by way of an adjusting transaction between the General Fund and the Capital Adjustment Account within the Movement in Reserves Statement.

## 1.10. Financing costs

Repayment of debt to the consolidated Loans Fund is based on annuity principles. Repayment periods are in line with asset useful lives, for which debt has been incurred. They generally range from 5 to 10 years for major items of vehicles, plant, furniture and equipment to 40 years for infrastructure and buildings. The repayment of debt incurred in respect of significant components with specific useful lives is in line with the useful life of the component. Capital receipts from asset sales are applied in line with the council's overall financial planning model.

Interest is allocated by the Loans Fund on the basis of the debt outstanding at the start of the financial year with a proportionate adjustment in respect of borrowings or repayments during the financial year. Interest payable on external borrowings and interest receivable are accounted for on an accruals basis.

Financing costs comprise principal and interest. Interest is debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement, while the principal is debited to the General Fund through the Movement in Reserves Statement.

## 1.11. Leases and lease type arrangements

### 1.11.1. Finance leases

Leases are accounted for as finance leases when substantially all the risks and rewards relating to the leased asset transfer to the lessee. Finance leases have a number of characteristics, however, the council has determined the principal factor in defining a finance lease to be where the present value of the minimum lease payments amounts to substantially all of the fair value of the leased asset. Substantially all of the fair value will generally be at least 80%.

Property leases are classified and accounted for as separate leases of land and buildings. The council implements the requirements of International Financial Reporting Interpretations Committee 4 (IFRIC 4), to assess whether an arrangement contains the substance of a lease. This includes lease rental payments embedded within service payments, where this is significant.

The acquisition of the interest in assets under the terms of a finance lease is recognised in the Balance Sheet as a Deferred Liability at the inception of the lease, matched by a Long-term Asset. This liability is written down as rentals become payable. Rentals payable under finance leases are apportioned between principal

and interest. Interest is debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement, while the principal is debited to the General Fund through the Movement in Reserves Statement.

The interest in assets disposed of under the terms of a finance lease is recognised in the Balance Sheet as a Long-term Asset. Rentals receivable under finance leases are apportioned between finance income and a reduction in the finance lease receivable. Finance income is credited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement, with the balance applied to reduce the debtor.

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to Long-term Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

#### 1.11.2. Operating leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

### 1.12. Public Private Partnership and Similar Contracts

The Public Private Partnership (PPP) agreement and the Design, Build, Finance, Maintain (DBFM) arrangement for the provision of school buildings, maintenance and other facilities is accounted for in accordance with IFRIC 12 'Service Concession Arrangements'. The standard recognises that the council is in control of services provided under the PPP and DBFM scheme. As ownership of the Long-term Assets will pass to the council at the end of the contract for no additional charge, the council carries the assets on the Balance Sheet.

The amounts payable to the PPP and DBFM operators each year are analysed into 5 elements:

- Fair value of the services received during the year – charged to the Comprehensive Income and Expenditure Statement within Education Services;
- Finance cost – the interest charge on the outstanding Balance Sheet liability charged to the Comprehensive Income and Expenditure Statement within Financing and Investment Income and Expenditure;
- Contingent rent – increase in the amount to be paid for the property arising during the contract charged to the Comprehensive Income and Expenditure Statement within Financing and Investment Income and Expenditure;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PPP and DBFM operator; and
- Lifecycle replacement costs – recognised as Long-term Assets on the Balance Sheet.

The Scottish Government issued Finance Circular 10/2022 – Accounting for Service Concession Arrangements, Leases and Similar Arrangements in September 2022. This regulation provides the council with flexibility to realign the pattern of debt repayments associated with such arrangements to reflect the asset lives of the relevant assets rather than the contractual terms of individual arrangements. This change does

not affect the overall value of debt repayments but does allow for the spreading of such payments over a longer period.

The revised accounting arrangements provided by the Scottish Government allow the council to realign debt repayments charged to the council's general fund to reflect the useful life of the asset and not the contractual period of the agreements. The council has adopted an annuity method for repayment of debt over the life of the asset which is determined to be 40 years. The adoption of the annuity method for debt repayment, reflects the council's standard practice in relation to all its land and buildings assets. This reflects a charge that is better matched to the consumption of the asset over its useful life i.e., that deterioration is slower in the earlier years of life but accelerates in the later years. The application of a 40-year useful life reflects the anticipated life of the asset and aligns with other school assets financed via local authority borrowing.

Adopting this approach results in debt repayments being spread over a longer period and gives rise to a one-off gain of £103.855 million. The impact is an increase to Capital Adjustment Account and a reduction to amounts charge through the General Fund in respect of the statutory repayment of debt. Amounts charged to the General Fund up to an including 2021/22 were £145.875 million and amounts charged to the General Fund after applying the flexibility are £42.020 million.

## 1.13. Revenue expenditure funded from capital under statute

Revenue expenditure incurred during the year that may be capitalised under statutory provisions has been charged to the relevant service in the Comprehensive Income and Expenditure Statement. However, this is reversed out to the Capital Adjustment Account through the Movement in Reserves Statement, so that there is no impact on the General Fund balance.

## 1.14. Property, plant and equipment

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

### 1.14.1. Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Property, Plant and Equipment purchased from revenue exceeding the council's *de minimis* level of £6,000 is recognised as a Long-term Asset under the appropriate Property, Plant and Equipment categories. Enhancement expenditure, which substantially lengthens the useful life, value or extent to which the council will receive benefits from the asset, is capitalised. Expenditure on repairs and maintenance that does not add to an asset's potential to deliver future economic benefits is charged to the appropriate service revenue account.

### 1.14.2. Measurement

Assets under construction are measured at cost. The council does not capitalise borrowing costs incurred whilst assets are under construction. Where an asset is acquired via an exchange, the cost of the acquisition is deemed to be equivalent to the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and

Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure assets, vehicles, plant, furniture and equipment assets – depreciated historic cost.
- Community assets - valued at £1 on 1 April 1994, with any additions or enhancement from that date included at cost. The major assets in this category are areas of open parkland.
- Corporate surplus assets (i.e. surplus assets that do not meet the criteria to be held for sale) – fair value.
- Other land and buildings – current value.

Where there is no market-based evidence of current value, assets are valued using depreciated replacement cost. Further details on valuation are given at note 18.1 on page 59.

**1.14.3. Componentisation**

Componentisation refers to accounting separately for the different component parts of assets. A *de minimis* level of £1 million is applied to the overall asset value in this respect. The council separately accounts for significant components with substantially different useful economic lives. Components are deemed to be significant where the cost is more than 10% of the cost of the asset. In practice, the following components are accounted for separately, where material:

- Land (useful life not applicable);
- Buildings (useful life 40 years);
- Plant and equipment (useful life 5 to 10 years); and
- Other components with substantially different useful economic lives.

As assets under construction become operational and existing assets are revalued, componentisation will apply. Where a component is replaced, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount.

**1.14.4. Revaluation**

Assets held at current value, including significant components, are revalued on a five year rolling basis, in accordance with the guidelines provided within the Royal Institution of Chartered Surveyors Valuation Standards Manual. In addition, any material changes in the value of individual assets that arise between the periodic valuations are immediately reflected in the Balance Sheet.

Where a significant component of an existing asset is replaced, prior to the componentisation of the asset, as part of the five year rolling programme of revaluations, the carrying value of the component being replaced is assumed not to be material.

Increases in valuations are matched by credits to the Revaluation Reserve, to recognise unrealised gains, except where they arise from the reversal of a loss previously charged to a service revenue account.

In respect of decreases in value, 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 the balance, up to the amount of the accumulated gains. Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

**1.14.5. Depreciation and impairment**

Depreciation is calculated on a straight-line basis and is provided for on all Property, Plant and Equipment over their useful lives. An exception is made for assets without a determinable finite useful life, that is, freehold land, community assets and assets under construction. Where an item of Property, Plant and Equipment has significant components, the components are depreciated separately, in accordance with their useful lives. Depreciation is applied in the year from 1 April based on asset valuations as at 31 March of the previous financial year.

The useful lives of property assets are determined in consultation with City Property (Glasgow) LLP. Technical officers within services determine non-property asset lives.

Revaluation gains are also depreciated, with an amount equal to the difference between the current value and the historic cost depreciation transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

An asset is tested for impairment whenever there is an indication that the asset might be impaired. All impairment losses are written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess thereafter charged to the relevant service line within the Comprehensive Income and Expenditure Statement.

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

**1.14.6. Disposals and Long-term Assets held for sale**

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 upon reclassification and held at the lower of the carrying value and fair value less cost of sale. Where there is a subsequent decrease in fair value less costs to sell, the loss is debited to the Cost of Services line in the Comprehensive Income and Expenditure Statement. Gains in fair value are only recognised up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria of assets held for sale, they are reclassified back to Property, Plant and Equipment assets and revalued the subsequent year at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation and revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Receipts from

disposals are credited to the same line to give the gain or loss on disposal. Any accumulated revaluation gains are transferred from the Revaluation Reserve to the Capital Adjustment Account.

Amounts received for disposals are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to this reserve from the General Fund balance through the Movement in Reserves Statement. Similarly, the written-off value of disposals is appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement. Disposals have no impact on Council Tax as long-term assets are fully provided for under separate capital financing arrangements. Balances are transferred from the Capital Receipts Reserve to the Capital Adjustment Account as they are applied.

### 1.15. Intangible assets

Expenditure on 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 future economic benefits or service potential will flow from the intangible asset to the council. Internally generated assets would also be capitalised, where it could be demonstrated that a project will be able to generate future economic benefits by being able to sell or use the asset.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost.

Intangible assets are amortised over their useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any impairment losses are recognised within the relevant service lines, while any gains or losses arising from disposal are recognised within the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

### 1.16. Heritage assets

Heritage assets have historical, cultural, artistic, scientific, geophysical or environmental qualities and are held and maintained for future generations for their contribution to knowledge and culture. Operational heritage assets that are also used to provide other services are accounted for as operational assets. The Code relaxes some of the measurement rules where information on cost or value is not available and where the cost of obtaining information outweighs benefit to users of the annual accounts.

The council's heritage assets comprise museum and gallery collections. The council's museum and gallery collections are managed by Culture and Sport Glasgow (trading as Glasgow Life) on behalf of the council, in accordance with the council's policy for acquisition, preservation, management and disposal of collections outlined within the Museums Acquisition and Disposal Policy. As set out within the Museums Collections Development Policy, the Collection comprises an estimated 1.2 million items covering history, transport, technology, natural history, world cultures and fine and decorative arts.

The valuation of the collection included in the balance sheet is based on the fair value valuation included in the council's museum records system. This covers assets documented and valued which includes a total of 10,168 items. This valuation is £1.100 billion. The fair values have been determined based on internal and external valuations performed in earlier periods, however they are considered the most appropriate and relevant. Heritage asset valuations may be made by any method that is appropriate and relevant. Valuations need not be carried out by external valuers and there is no prescribed period between valuations. Carrying out valuations for collections held is very costly and time consuming so its not practicable to obtain recent valuations at a cost which is commensurate with the benefits to users of the financial statements. The

carrying amounts of these heritage assets are reviewed with sufficient regularity to ensure they remain appropriate.

It is recognised that heritage asset valuations may be made by any method that is appropriate and relevant. One such method would be to hold the collection according to valuations for insurance purposes. The insurance policies are renewed annually and would be reviewed as part of the annual accounts closedown procedures whilst recognising any external periodic revaluations of elements of the collections as necessary, the last of these was in 2017. The valuation of the collection using insurance valuation is between £1.400 billion and £1.700 billion. The insurance valuation takes cognisance of the Council's entire collection which is allocated across sites across Glasgow City and therefore considers the entirety of the Collection at an overall site, rather than itemised, level. This valuation is not reflected on balance sheet recognising the degree of grouping of assets and the higher level of estimation therefore required in the valuation.

Heritage assets also comprise civic regalia, held at fair value. These valuations include some pieces of artwork, which are held on long-term loan to the council but are not significant compared to the overall valuation. Where the council holds information on the cost of statues and fountains, these are included at cost.

Heritage assets are deemed to have indeterminate lives and high residual values; hence the council does not consider it appropriate to charge depreciation on these assets.

There are a number of other public space statues, monuments, memorials, fountains and outdoor artworks at various locations throughout the city. The council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets held and the lack of comparable market values. Such assets are therefore excluded from the Balance Sheet.

### 1.17. Interest in companies and other entities

The council has interests in companies and other entities that have the nature of subsidiaries, associates and joint boards and these are included in the council's Group Financial Statements. In the council's single entity accounts, the interests in these companies are recorded as long-term investments at cost.

### 1.18. Valuation of other assets and investments

Inventories are included at the lower of cost and net realisable value of the separate items of inventory or of groups of similar items, calculated on the basis of weighted average cost.

### 1.19. Cash and cash equivalents

Cash is represented as 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 within three months 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.

### 1.20. Foreign currency translation

Where the council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the transaction date. Where amounts in foreign

currency are outstanding at the year end, they are reconverted at the exchange rate as at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### 1.21. Provisions

The value of provisions is based upon the council's obligations arising from past events, the probability that a transfer of economic benefit will take place, and a reasonable estimate of the obligation. Provisions are charged to the appropriate service revenue account in the year the obligation becomes known and are reviewed at each balance sheet date. Any related reimbursement to be met by another party is only recognised where the receipt is virtually certain on settlement of the obligation.

Further details of provisions can be found in note 26 on page 67.

### 1.22. Contingent liabilities

Contingent liabilities are included in note 29 on page 72 to 73 and reflect possible liabilities facing the council where the potential amount is unable to be estimated, and/or it is still not deemed probable that an obligating event has arisen.

### 1.23. Deferred liabilities

Deferred liabilities are released to the Comprehensive Income and Expenditure Statement to match future payments. Further detail on deferred liabilities can be found within note 28 on page 72.

### 1.24. Financial instruments

Financial assets comprising the investment portfolio currently managed for the council by Ruffer Limited Liability Partnership are recognised as fair value through profit or loss. Financial assets (investments and debtors) and financial liabilities (borrowing and creditors) are recognised at amortised cost.

The council has financial guarantees on loans taken out by City Property Glasgow (Investments) LLP. It also has a financial guarantee in relation to bond returns for City Property Glasgow (Operations SL) Ltd. These financial guarantees are measured at fair value and estimated by considering the probability of the guarantee being called. Premiums and discounts arising from debt restructuring are written off through the Movement in Reserves Statement to the Financial Instruments Adjustment Account. Amortisation is undertaken in line with statutory instruction.

The interest receivable or payable that is recognised within Financing and Investment Income and Expenditure is based on the effective interest rate chargeable to the carrying amount.

The Financial Instruments Adjustment Account holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Statement and the accumulated financing costs required in accordance with the regulations to be charged to the General Fund balance.

Further details can be found in note 27 on pages 67 to 72.

### 1.25. Fair value measurement

Non-financial assets within the balance sheet such as surplus assets and assets held for sale are measured at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability take place either in

the principal market for that asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, account is taken of a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques used are appropriate in the circumstances and have sufficient data available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

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

### 1.26. Capital grants and contributions and Capital Receipts

Capital grants or contributions and donated assets are recognised as due to the council when there is reasonable assurance that the council will comply with any conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the council are credited to the Capital Grants and Contributions line in the Comprehensive Income and Expenditure Statement when grant conditions have been complied with. Amounts credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund balance in the Movement in Reserves Statement. Where grant conditions have not been met, the grant will be accounted for as Capital Grants Receipts in Advance on the Balance Sheet and donated assets will be accounted for in the Donated Assets Account. Where grant conditions have been met but the grant has not yet been used to finance capital expenditure, the grant will be held within the Capital Grants and Receipts Unapplied Account and transferred to the Capital Adjustment Account as expenditure is incurred.

Capital Receipts to be used to fund equal pay liabilities will be held within the Capital Grants and Receipts Unapplied Account and transferred to the General Fund as expenditure is incurred.

### 1.27. Usable and unusable reserves

Usable Reserves represent funds available to the council. The Capital Fund and various Revenue Reserve Funds, such as the Repairs and Renewals Fund, the Culture and Recreational Fund and the Insurance Fund, are Usable Reserves which have been set up by the council for specific purposes.

Unusable Reserves represent funds that are not available to the council. These balances are recognised as part of the accounting arrangements for capital, financial instruments, pensions and employee benefits. The Capital Adjustment Account contains entries relating to the financing of capital expenditure and the Revaluation Reserve reflects movements in the value of assets. The Financial Instruments Adjustment Account is required to permit the re-measurement of financial instruments. The Pension Reserve has been

set up in accordance with statutory accounting requirements to absorb the timing differences arising from accounting and funding for post-employment benefits. The Employee Statutory Adjustment Account has been created to negate the impact of the employee benefits accrual on the General Fund and also includes the deferral of equal pay costs in accordance with statutory accounting requirements. Details of the movement in these reserves can be found in note 6 on pages 40 to 44, and in note 8 on page 47.

### 1.28. Material items

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 accounts, depending on how significant the items are to the understanding of the council's financial performance.

### 1.29. Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events may be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where this would have a material effect, the nature and estimated financial impact of such events is disclosed in the notes.

### 1.30. Prior period adjustments, changes in accounting policies and estimates

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are only made when required by proper accounting practice or to provide more reliable or relevant information on the council's financial position. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always been applied. Changes in accounting estimation techniques are applied in the current and future years and do not give rise to a prior period adjustment.

The following prior period adjustments have been made in 2021/22:

- Revaluation of Heritage Assets as at 31 March 2021 to reflect a change to the valuation basis for Heritage Assets to move from the lower end of the range of valuations for insurance purposes to the fair value valuation included in the council's museums records system. The impact on the balance sheet as at 31 March 2021 was a decrease in both Heritage Assets and Unusable Reserves of £300.000 million;
- Revision to the accounting entries in respect of Pensions in 2021/22 to reflect the impact of the equal pay settlements on the pension liability at this time. The impact on the balance sheet as at 31 March 2022 was an increase in Pension Liabilities and a decrease in Unusable Reserves of £57.000 million;
- Correction of the analysis within the cashflow statement in 2021/22. The impact on the cashflow as at 31 March 2022 was a decrease to operating activities with a corresponding increase to financing activities of £38.215 million.

These prior period adjustments resulted in the following changes to the main statements:

### Effect on Movement in Reserves Statement 2021/22

| | 2021/22 Original Balance £000 | Adjustment £000 | 2021/22 Restated Balance £000 |
|---|---|---|---|
| **Balance at 31 March 2021 (Restated)** | | | |
| Total Unusable Reserves | 1,280,007 | (300,000) | 980,007 |
| Total Reserves | 1,620,672 | (300,000) | 1,320,672 |
| **Movement in reserves during 2021/22 (for Total Unusable Reserves)** | | | |
| Total comprehensive income and (expenditure) | 1,247,791 | (57,000) | 1,190,791 |
| Increase or (decrease) in the year | 734,962 | (57,000) | 677,962 |
| **Movement in reserves during 2021/22 (for Total Reserves)** | | | |
| Total comprehensive income and (expenditure) | 740,320 | (57,000) | 683,320 |
| Increase or (decrease) in the year | 714,904 | (57,000) | 657,904 |
| **Balance at 31 March 2022 (Restated)** | | | |
| Total Unusable Reserves | 2,014,969 | (357,000) | 1,657,969 |
| Total Reserves | 2,335,576 | (357,000) | 1,978,576 |

### Effect on Comprehensive Income and Expenditure Statement 2021/22

| | 2021/22 Original Net Expenditure £000 | Adjustment £000 | 2021/22 Restated Net Expenditure £000 |
|---|---|---|---|
| **Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services** | | | |
| Actuarial (gains) or losses on Pension Assets and Liabilities | (716,000) | 57,000 | (659,000) |
| **Other Comprehensive (Income) and Expenditure** | **(1,247,791)** | **57,000** | **(1,190,791)** |
| **Total Comprehensive (Income) and Expenditure** | **(740,320)** | **57,000** | **(683,320)** |

### Effect on Balance Sheet 2021/22

| | 2021/22 Original Balance £000 | Adjustment £000 | 2021/22 Restated Balance £000 |
|---|---|---|---|
| Heritage assets | 1,417,576 | (300,000) | 1,117,576 |
| **Long-term assets** | **5,335,864** | **(300,000)** | **5,035,864** |
| Net pensions liability | (575,000) | (57,000) | (632,000) |
| **Long-term Liabilities** | **(2,847,050)** | **(57,000)** | **(2,904,050)** |
| **Net Assets** | **2,335,576** | **(357,000)** | **1,978,576** |
| Unusable Reserves | 2,014,969 | (357,000) | 1,657,969 |
| **Total Reserves** | **2,335,576** | **(357,000)** | **1,978,576** |

**Effect on Cash Flow Statement 2021/22**

| | 2021/22 Original Balance £000 | Adjustment £000 | 2021/22 Restated Balance £000 |
|---|---|---|---|
| Adjustments to (Surplus) or Deficit on the Provision of Services for non-cash movements | (235,556) | (38,215) | (273,771) |
| **Net cash flows from Operating Activities** | **163,313** | **(38,215)** | **125,098** |
| Financing Activities | (93,412) | 38,215 | (55,197) |

The prior period adjustments outlined above do not alter the closing 2021/22 General Fund Reserve balance, as any impact on the Comprehensive Income and Expenditure Statement is adjusted for through the Movement in Reserves Statement.

## 2. New standards issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2023/24 Code:

- Amendments to IAS8 Definition of Accounting Estimates.
- Amendments to IAS1 and IFRS Practice Statement 2 Disclosure of Accounting Policies.
- Amendments to IAS12 Deferred Tax related to Assets and Liabilities arising from Single Transaction.
- Amendments to IFRS3 Conceptual Framework updates.

The Code requires implementation from 1 April 2023 therefore there is no impact on the 2022/23 annual accounts.

Overall, these new or amended standards are not expected to have a significant impact on the Annual Accounts.

## 3. Critical judgements made in applying accounting policies

In applying the accounting policies set out in note 1, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the annual accounts are as follows:

- Judgements made in assessing lease-type arrangements are set out in the accounting policy at 1.11.
- Judgements made in respect of accounting for asset components are set out in the accounting policy at 1.14.3.
- Assets held at current value are revalued on a five year rolling basis, as set out in the accounting policy at 1.14.4. Additional valuations may be carried out on an ad hoc basis outwith the rolling programme arrangements, for example, when assets change category. The authority asserts that at any point in time, the carrying amount does not differ materially from that which would be determined using current value.
- In assessing potential liabilities arising from legal claims against the council, legal opinion has been sought. Where it is judged that there is more than 50% chance of a liability arising and the amount can be reliably estimated, then a provision has been made. Where the council is challenging a claim through the legal system and is of the view that there is a less than 50% chance of a significant liability arising, then no provision has been made. However, such cases continue to be monitored for potential liabilities that require to be recognised, including any developments up to the point of signing the annual accounts.

- The annual unitary charge payable by the council in respect of the PPP contract for secondary schools is allocated across various expenditure headings based on a detailed financial model, in line with assumptions contained within the service provider's operating model. The PPP contract has been judged to be a service concession arrangement.
- In assessing financial implications associated with council properties containing Reinforced Autoclaved Aerated Concrete (RAAC) such properties are held at depreciated replacement cost, which covers the full rebuild cost. Consequently impairment costs are not included for these assets.

## 4. Assumptions about the future and other 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 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item | Uncertainties | Effect if results differ from assumptions |
|---|---|---|
| Pension assets and liabilities | 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 pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied.<br>The value of the net pensions asset/liability at 31 March 2023 is reported as nil, the IAS19 report value shows pension assets of £5,211 million and pension liabilities of £4,214 million. In line with proper accounting practice, the asset is limited to the forecast reductions in contributions as compared to the forecast future current service costs. This has resulted in the pension asset being recognised at £546.000 million. There is uncertainty within the forecast future current service costs as these are projected and therefore are an estimate. A 1% movement on assets and liabilities would be £52 million and £42 million respectively, both significant sums. Note 12 on page 50 provides further disclosure on Pension costs. | The effects on the net pension liability of changes in individual assumptions can be measured. The actuary has estimated that a 0.1% decrease in the real discount rate would result in an increase to the pension liability of £73 million. Similarly, a 0.1% increase in the rate of salary increase and pension increase rates would increase the liability by £9 million and £65 million respectively. In terms of life expectancy, an increase of 1 year is estimated to equate to an increased liability of between £125 million and £209 million. |
| Asset Valuations – Land & Buildings | Assets held at current value are revalued on a maximum five year rolling basis but may be more frequent where a change in classification occurs or a material movement is expected due to market conditions. Of the total £2,829 million (21/22 - £2,733 million) of Other land and buildings assets £1,538 million (21/22 - £2,670 million) was revalued during 2022/23. A review of the revaluation results highlighted the valuation of land and building assets was mainly driven by the movement in construction indices. It is possible to forecast the impact if the valuation methodology was uniformly applied across the remainder of the other land and buildings assets. | The effects on the other land and buildings assets can be measured. By projecting the valuation experience on to the remainder of the Other land and buildings assets, the total Other land and buildings value of £2,829 million would increase by £70 million, 2.5%. |

# 5. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with proper accounting practice. It also shows how this expenditure is allocated for decision making purposes between the council's services. The reportable segments have been identified to align with service structure. Income and expenditure accounted for under proper accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

## 5.1. Expenditure and Funding Analysis for the Year ended 31 March 2023

| *2021/22 Net (Income)/ Expenditure Chargeable to the General Fund £000* | *2021/22 Adjustments £000* | *2021/22 Net (Income)/ Expenditure in the CIES £000* | **Service** | **2022/23 Net (Income)/ Expenditure Chargeable to the General Fund £000** | **2022/23 Adjustments £000** | **2022/23 Net (Income)/ Expenditure in the CIES £000** |
|---|---|---|---|---|---|---|
| 123,910 | 42,244 | 166,154 | Chief Executive's Office | 122,338 | 23,196 | 145,534 |
| 631,117 | 60,720 | 691,837 | Education Services | 675,681 | 69,540 | 745,221 |
| 148,718 | (62,030) | 86,688 | Financial Services | 183,474 | (87,702) | 95,772 |
| 174,882 | 103,214 | 278,096 | Neighbourhoods, Regeneration and Sustainability | 187,371 | 52,653 | 240,024 |
| 455,913 | 50,255 | 506,168 | Social Work Services | 500,358 | 50,300 | 550,658 |
| 113,094 | 6,817 | 119,911 | Related Companies and Joint Boards | 124,641 | 8,745 | 133,386 |
| 0 | 260,106 | 260,106 | Equal Pay Obligations | (22) | (106) | (128) |
| 0 | 0 | 0 | Former Authority Residual Costs | 120 | 0 | 120 |
| **1,647,634** | **461,326** | **2,108,960** | **Net Cost of Services** | **1,793,961** | **116,626** | **1,910,587** |
| **(1,641,296)** | **39,807** | **(1,601,489)** | **Other (Income) and Expenditure** | **(1,832,617)** | **171,529** | **(1,661,088)** |
| **6,338** | **501,133** | **507,471** | **(Surplus) or Deficit on the Provision of Services** | **(38,656)** | **288,155** | **249,499** |
| | | **240,121** | **Opening General Fund Balance** | | | **225,734** |
| | | 2,917 | Adjustment for Consolidation of City Parking | | | 0 |
| | | (6,338) | Surplus/(Deficit) on General Fund in Year | | | 38,656 |
| | | (10,966) | Transfers (to)/from Other Statutory Reserves | | | 12,966 |
| | | **225,734** | **Closing General Fund Balance** | | | **277,356** |

## 5.2. Note to the Expenditure and Funding Analysis – Adjustments

| *2021/22 Adjustments for Capital Purposes £000* | *2021/22 Net Change for the Pensions Adjustments £000* | *2021/22 Other Differences £000* | *2021/22 Total Adjustments £000* | **Service** | **2022/23 Adjustments for Capital Purposes £000** | **2022/23 Net Change for the Pensions Adjustments £000** | **2022/23 Other Differences £000** | **2022/23 Total Adjustments £000** |
|---|---|---|---|---|---|---|---|---|
| 34,385 | 7,396 | 463 | 42,244 | Chief Executive's Office | 16,945 | 6,155 | 96 | 23,196 |
| 51,764 | 23,554 | (14,598) | 60,720 | Education Services | 57,874 | 21,249 | (9,583) | 69,540 |
| 630 | 16,181 | (78,841) | (62,030) | Financial Services | 1,640 | 14,744 | (104,086) | (87,702) |
| 87,782 | 21,777 | (6,345) | 103,214 | Neighbourhoods, Regeneration and Sustainability | 34,672 | 18,934 | (953) | 52,653 |
| (864) | 51,092 | 27 | 50,255 | Social Work Services | 2,605 | 46,918 | 777 | 50,300 |
| 0 | 0 | 6,817 | 6,817 | Related Companies and Joint Boards | 0 | 0 | 8,745 | 8,745 |
| 0 | 0 | 260,106 | 260,106 | Equal Pay Obligations | 0 | 0 | (106) | (106) |
| 0 | 0 | 0 | 0 | Former Authority Residual Costs | 0 | 0 | 0 | 0 |
| **173,697** | **120,000** | **167,629** | **461,326** | **Cost of Services** | **113,736** | **108,000** | **(105,110)** | **116,626** |
| **(78,538)** | **24,000** | **94,345** | **39,807** | **Other (Income) and Expenditure** | **42,768** | **19,000** | **109,761** | **171,529** |
| **95,159** | **144,000** | **261,974** | **501,133** | **(Surplus) or Deficit on the Provision of Services** | **156,504** | **127,000** | **4,651** | **288,155** |

# 6. Reserves

The council holds a number of reserves in the Balance Sheet for a variety of purposes. These are classified as either 'Usable' or 'Unusable' Reserves. Usable Reserves are those that can be applied to fund expenditure or reduce taxation. Usable Reserves can also be earmarked for future spending plans. Unusable Reserves are generally required to comply with proper accounting practice or statute.

## 6.1. Usable Reserves

### 6.1.1. General Fund Reserve

The General Fund Reserve represents the accumulated surplus of the council. The balance on the General Fund Reserve as at 31 March 2023 stands at £277.356 million, an increase of £51.622 million from the previous year. This comprises a cumulative total of £251.103 million earmarked for specific purposes (31 March 2022 £192.408 million) and an uncommitted balance of £26.253 million (31 March 2022 £33.326 million). The opening and closing balances, together with movements during the year, on significant reserve balances are outlined in the table below. In line with proper accounting practice, the element of the earmarked reserve related to unrealised gains may only be used to meet future unrealised losses and is not available to support ordinary activities.

| | **Earmarked Reserves** | | | | | | |
|---|---|---|---|---|---|---|---|
| | Budget Support Fund £000 | Equal Pay £000 | Service Commitments £000 | Unrealised Gains £000 | **Total £000** | **Unearmarked Reserve £000** | **Total General Fund Reserve £000** |
| Balance as at 1 April 2022 | 0 | 69,900 | 121,752 | 756 | 192,408 | 33,326 | 225,734 |
| Use of reserves during the year | 0 | 0 | (90,741) | (352) | (91,093) | (58,695) | (149,788) |
| Transfers to reserves during the year | 105,439 | 22 | 44,327 | 0 | 149,788 | 51,622 | 201,410 |
| **Balance as at 31 March 2023** | **105,439** | **69,922** | **75,338** | **404** | **251,103** | **26,253** | **277,356** |

### 6.1.2. Revenue and Capital Reserve Funds

The council also has statutory powers to hold Revenue Reserve Funds (Repairs and Renewals, Culture and Recreational, and Insurance Funds) and Capital Reserve Funds to meet future service revenue costs and capital investment respectively. Note 8 on page 47 provides information on these reserves showing the purpose of the reserve and an analysis of the movement in reserves from 1 April 2021 to 31 March 2023.

### 6.1.3. Capital Grants and Receipts Unapplied Account

In accounting for grants and other contributions related to capital investment, the Capital Grant and Receipts Unapplied represents the total grant and other contributions received, for which expenditure has not yet been incurred. This account also includes Capital Receipts received in respect of the sale and leaseback arrangements concluded during 2022/23, yet to be utilised for equal pay liabilities (see Management Commentary – Financial Review – Equal Pay, page 13). The following table shows the movement on the Capital Grants and Receipts Unapplied Account during the year:

| *2021/22 £000* | **Capital Grants and Receipts Unapplied Account** | **2022/23 £000** |
|---|---|---|
| 38,126 | Balance at 1 April for Capital Grants Unapplied | 21,489 |
| (19,042) | Capital Grants applied from prior years | (9,264) |
| 2,405 | Capital Grants unapplied in current year | 3,904 |
| **21,489** | **Balance at 31 March for Capital Grants Unapplied** | **16,129** |
| 0 | Balance at 1 April for Capital Receipts Unapplied | 0 |
| 0 | Capital Receipts unapplied in current year | 200,000 |
| **0** | **Balance at 31 March for Capital Receipts Unapplied** | **200,000** |
| **21,489** | **Total Balance at 31 March** | **216,129** |

## 6.2. Unusable Reserves

Unusable Reserves in the Balance Sheet comprises the following reserves:

| *2021/22 (Restated) £000* | **Unusable Reserves** | **2022/23 £000** |
|---|---|---|
| 280,560 | Capital Adjustment Account | 15,117 |
| 2,342,583 | Revaluation Reserve | 2,325,771 |
| (48,741) | Financial Instruments Adjustment Account | (43,902) |
| (632,000) | Pensions Reserve | 270,000 |
| (284,433) | Employee Statutory Adjustment Account | (289,084) |
| **1,657,969** | **Total** | **2,277,902** |

### 6.2.1. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of long-term assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The following table shows the movement on the Capital Adjustment Account during the year:

| *2021/22 £000* | **Capital Adjustment Account** | **2022/23 £000** |
|---|---|---|
| 373,808 | Balance at 1 April | 280,560 |
| (28,333) | Adjustment for consolidation of City Parking | 0 |
| 345,475 | Revised Balance at 1 April | 280,560 |
| | **Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:** | |
| (118,462) | Charges for depreciation and impairment | (122,805) |
| (89,554) | Revaluation losses | (5,432) |
| (2,634) | Amortisation of Intangible assets | (3,090) |
| 5 | Movement in the fair value of investment property | 123 |
| (2,955) | Revenue expenditure funded from capital under statute | (9,406) |
| (2,097) | Disposals | (199,971) |
| 0 | Deferred Income | (19,799) |
| 1,382 | Adjusting amounts written out of the Revaluation Reserve | 66,796 |
| | **Capital financing applied in the year:** | |
| 92,817 | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | 88,274 |
| 19,042 | Application of grants to capital financing from Capital Grant Unapplied | 7,144 |
| 372 | Derecognition of lease liability | 0 |
| 32,773 | Loans Fund principal repayment | 28,763 |
| (29) | Home loans principal repayment | (7) |
| 4,425 | Capital expenditure charged against the General Fund Reserve | 7,822 |
| 0 | Adjustment to statutory repayment of debt for Service Concession arrangements – permitted flexibility | (103,855) |
| **280,560** | **Balance at 31 March** | **15,117** |

### 6.2.2. Revaluation Reserve

The Revaluation Reserve contains the unrealised gains made by the council arising from the increases in the value of its Property, Plant and Equipment. The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. The following table shows the movement on the Revaluation Reserve during the year:

| *2021/22 (Restated) £000* | **Revaluation Reserve** | **2022/23 £000** |
|---|---|---|
| 1,829,039 | Balance at 1 April | 2,342,583 |
| 551,713 | Upward revaluation of assets | 107,390 |
| (19,922) | Downward revaluation of assets and impairment losses not charged to (Surplus) or Deficit on the Provision of Services | (21,555) |
| **531,791** | **Surplus or deficit on revaluation of Property, Plant and Equipment not posted to (Surplus) or Deficit on the Provision of Services** | **85,835** |
| (1,382) | Accumulated gains on assets sold or scrapped | (66,796) |
| **(1,382)** | **Amounts written off to the Capital Adjustment Account** | **(66,796)** |
| **(16,865)** | **Difference between fair value depreciation and historic cost** | **(35,851)** |
| **2,342,583** | **Balance at 31 March** | **2,325,771** |

### 6.2.3. Financial Instruments Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments. The council uses the account primarily to manage premiums paid on the early redemption of loans in line with the Treasury Management Strategy. Over time the expense is posted to the General Fund Reserve balance in accordance with statutory arrangements to spread the burden on Council Tax. The following table shows the movement on the Financial Instruments Adjustment Account during the year:

| *2021/22 £000* | **Financial Instruments Adjustment Account** | **2022/23 £000** |
|---|---|---|
| (53,381) | Balance at 1 April | (48,741) |
| 4,640 | Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | 4,839 |
| **(48,741)** | **Balance at 31 March** | **(43,902)** |

### 6.2.4. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Pension Reserve shows a net balance of £270.000 million at 31 March 2023. Employers' contribution rates and contribution strategy will be reviewed following the next formal valuation as at 31 March 2023. The following table shows the movement on the Pension Reserve during the year:

| *2021/22 (Restated) £000* | **Pension Reserve** | **2022/23 £000** |
|---|---|---|
| (1,147,000) | Balance at 1 April | (632,000) |
| 653,000 | Actuarial gains or (losses) on Pension Assets/Liabilities | 1,756,000 |
| 6,000 | Effect of business combinations and disposals | 0 |
| 0 | Pension asset derecognition | (727,000) |
| (250,000) | Reversal of items relating to net charges for retirement benefits charged to (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (243,000) |
| 106,000 | Employers' pension contributions paid to Strathclyde Pension Fund | 116,000 |
| **(632,000)** | **Balance at 31 March** | **270,000** |

### 6.2.5. Employee Statutory Adjustment Account

This account absorbs the differences that would otherwise arise on the General Fund Reserve balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement accrued, but not taken as at 31 March and holds the value of deferral of the charge for the increase in equal pay provision. Statutory arrangements require that the impact of these adjustments on the General Fund Reserve balance is neutralised by transfers to or from the Employee Statutory Adjustment Account. The following table shows the movement on the Employee Statutory Adjustment Account during the year:

| *2021/22 £000* | **Employee Statutory Adjustment Account** | **2022/23 £000** |
|---|---|---|
| (22,459) | Balance at 1 April for short term accumulating absences | (24,327) |
| 22,459 | Settlement or cancellation of accrual made for short term accumulating paid absences at end of preceding year | 24,327 |
| (24,327) | Amounts accrued in year for short term accumulating absences | (29,084) |
| **(24,327)** | **Balance at 31 March for short term accumulating absences** | **(29,084)** |
| 0 | Balance at 1 April for equal pay | (260,106) |
| 0 | Settlement or cancellation of accrual made for equal pay | 106 |
| (260,106) | Amount accrued in year for equal pay | 0 |
| **(260,106)** | **Balance at 31 March for equal pay** | **(260,000)** |
| **(284,433)** | **Total Balance at 31 March** | **(289,084)** |

## 7. Adjustments between accounting basis and funding basis under regulation

This note details the adjustments required to total Comprehensive Income and Expenditure for the year in accordance with either proper accounting practice or statutory provisions and applied to the General Fund Reserve. Figures for 2021/22 are provided in an additional table to allow comparison:

| | 31 March 2023 | | | | |
|---|---|---|---|---|---|
| | Usable Reserves | | | | |
| **Accounting adjustments permitted under regulation during 2022/23** | **General Fund Reserve £000** | **Capital Fund £000** | **Capital Grants and Receipts Unapplied Account £000** | **Capital Receipts Reserve £000** | **Unusable Reserves £000** |
| **Adjustments primarily involving the Capital Adjustment Account:** | | | | | |
| Charges for depreciation and impairment, and downward revaluation of Property, Plant and Equipment and Assets held for sale | 128,237 | | | | (128,237) |
| Amortisation of Intangible assets | 3,090 | | | | (3,090) |
| Capital grant and contributions applied to the Comprehensive Income and Expenditure Statement | (92,178) | 2,120 | (5,360) | | 95,418 |
| Net gain on sale of Property, Plant and Equipment and Assets held for sale | 3,375 | 9,987 | 200,000 | 6,408 | (219,770) |
| Capital receipts applied | 6,408 | | | (6,408) | 0 |
| Loans Fund principal | (28,756) | | | | 28,756 |
| Capital expenditure charged to General Fund Reserve | (7,822) | | | | 7,822 |
| Revenue expenditure funded from capital under statute | 9,406 | | | | (9,406) |
| Movement in market value of Investment Properties | (123) | | | | 123 |
| Adjustment to the statutory repayment of debt for service concession arrangements | 103,855 | | | | (103,855) |
| **Adjustments primarily involving the Financial Instruments Adjustment Account:** | | | | | |
| Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement differ to that calculated under statute | (4,839) | | | | 4,839 |
| **Adjustments primarily involving the Pension Reserve:** | | | | | |
| Amounts by which pension costs debited or credited to the Comprehensive Income and Expenditure Statement differ to that calculated under statute | 127,000 | | | | (127,000) |
| **Adjustments primarily involving the Employee Statutory Adjustment Account:** | | | | | |
| Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 4,757 | | | | (4,757) |
| Deferral of equal pay obligations | (106) | | | | 106 |
| **Totals** | **252,304** | **12,107** | **194,640** | **0** | **(459,051)** |

**Comparative Information 2021/22**

| Accounting adjustments permitted under regulation during 2021/22 | 31 March 2022 Usable Reserves: General Fund Reserve £000 | Capital Fund (restated) £000 | Capital Grants and Receipts Unapplied Account £000 | Capital Receipts Reserve (restated) £000 | Unusable Reserves (restated) £000 |
|---|---|---|---|---|---|
| **Adjustments primarily involving the Capital Adjustment Account:** | | | | | |
| Charges for depreciation and impairment, and downward revaluation of Property, Plant and Equipment and Assets held for sale | 208,016 | | | | (208,016) |
| Amortisation of Intangible assets | 2,634 | | | | (2,634) |
| Capital grant and contributions applied to the Comprehensive Income and Expenditure Statement | (95,222) | | (16,637) | | 111,859 |
| Net gain on sale of Property, Plant and Equipment and Assets held for sale (restated) | (1,779) | | | 3,504 | (1,725) |
| Capital receipts applied | 3,504 | | | (3,504) | 0 |
| Loans Fund principal | (32,744) | | | | 32,744 |
| Capital expenditure charged to General Fund Reserve | (4,425) | | | | 4,425 |
| Revenue expenditure funded from capital under statute | 2,955 | | | | (2,955) |
| Movement in market value of Investment Properties | (5) | | | | 5 |
| **Adjustments primarily involving the Financial Instruments Adjustment Account:** | | | | | |
| Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement differ to that calculated under statute | (4,640) | | | | 4,640 |
| **Adjustments primarily involving the Pension Reserve:** | | | | | |
| Amounts by which pension costs debited or credited to the Comprehensive Income and Expenditure Statement differ to that calculated under statute | 144,000 | | | | (144,000) |
| **Adjustments primarily involving the Employee Statutory Adjustment Account:** | | | | | |
| Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 1,868 | | | | (1,868) |
| Deferral of equal pay obligations | 260,106 | | | | (260,106) |
| **Totals** | **484,268** | **0** | **(16,637)** | **0** | **(467,631)** |

## 8. Transfers to or from statutory reserves

Under statute, the council is permitted to hold a number of revenue and capital reserves to provide financing for future expenditure plans. These funds include Repairs and Renewals Funds, the Culture and Recreational Fund, Insurance Fund and Capital Reserve Fund. The table below provides an analysis of the movement in reserve funds from 1 April 2021 to 31 March 2023. The Code requires that all income and expenditure associated with statutory reserves is reported within the Comprehensive Income and Expenditure Statement and transferred to the appropriate reserve in the Movement in Reserves Statement.

| Reserve | Balance at 1 April 2021 £000 | Transfers Out 2021/22 £000 | Transfers In 2021/22 £000 | Balance at 31 March 2022 £000 | Transfers Out 2022/23 £000 | Transfers In 2022/23 £000 | Balance at 31 March 2023 £000 | Purpose of the reserve |
|---|---|---|---|---|---|---|---|---|
| Property Repairs and Renewals | 4,796 | (1,920) | 6,002 | 8,878 | (6,911) | 1,587 | 3,554 | For the repair and renewal of council property |
| Winter Gardens Appeal | 40 | 0 | 0 | 40 | 0 | 1 | 41 | For the upkeep of the Winter Gardens |
| Energy Efficiency | 248 | (386) | 152 | 14 | (35) | 119 | 98 | For energy efficiency initiatives in council properties |
| New Technology | 12,665 | (210) | 1,850 | 14,305 | (4,192) | 853 | 10,966 | To fund new technology projects |
| Douglas Flagpole Appeal | 17 | 0 | 0 | 17 | 0 | 0 | 17 | For maintenance of the flagpole in the Botanic Gardens |
| Botanic Book Fund Appeal | 18 | 0 | 0 | 18 | 0 | 1 | 19 | For the purchase of books for the Botanic Gardens |
| Winter Maintenance Reserve Fund | 887 | 0 | 0 | 887 | 0 | 13 | 900 | To equalise the effect of severe, mild and average winters |
| **Total Repairs and Renewals Funds** | **18,671** | **(2,516)** | **8,004** | **24,159** | **(11,138)** | **2,574** | **15,595** | |
| Culture and Recreational Fund | 13,864 | (9,821) | 4,592 | 8,635 | (8,937) | 5,254 | 4,952 | For the provision of social, cultural, and recreational activities |
| Insurance Fund | 14,519 | (14,686) | 12,477 | 12,310 | (16,042) | 14,249 | 10,517 | For property, motor and liability insurance |
| **Total Revenue Reserves** | **47,054** | **(27,023)** | **25,073** | **45,104** | **(36,117)** | **22,077** | **31,064** | |
| Capital Reserve Fund | 15,364 | (5,266) | 18,182 | 28,280 | (9,482) | 22,663 | 41,461 | To fund capital investment projects |
| **Total Revenue and Capital Reserve Funds** | **62,418** | **(32,289)** | **43,255** | **73,384** | **(45,599)** | **44,740** | **72,525** | |

## 9. Subjective analysis

| *2021/22 £000* | % | Subjective analysis | 2022/23 £000 | % |
|---|---|---|---|---|
| | | **Where the money came from** | | |
| (1,726,301) | 53.4 | Government grants and local taxation | (1,777,285) | 54.4 |
| (726,439) | 22.5 | Other grants, reimbursements and contributions | (589,249) | 18.0 |
| (674,145) | 20.9 | Customer and client receipts | (777,926) | 23.9 |
| (1,920) | 0.1 | Interest | (6,340) | 0.2 |
| (198,534) | 6.1 | Income from other departments | (231,063) | 7.1 |
| (2,533) | 0.1 | Other miscellaneous income | (4,531) | 0.1 |
| (1,779) | 0.1 | Gain on disposal of property, plant and equipment | (3,979) | 0.1 |
| 198,534 | (6.1) | Inter-departmental recharges | 231,063 | (7.1) |
| (95,222) | 2.9 | Capital grants and contributions | (106,415) | 3.3 |
| **(3,228,339)** | **100.0** | **Total income** | **(3,265,725)** | **100.0** |
| | | **How the money was spent** | | |
| 1,435,797 | 38.4 | Employee costs | 1,244,106 | 35.4 |
| 204,798 | 5.5 | Premises costs | 255,478 | 7.3 |
| 237,841 | 6.4 | Supplies and services | 275,517 | 7.8 |
| 42,992 | 1.2 | Transport and plant | 46,759 | 1.3 |
| 1,130,773 | 30.2 | Third party payments | 1,120,806 | 31.9 |
| 537,771 | 14.4 | Transfer payments | 514,320 | 14.6 |
| 227,514 | 6.1 | Depreciation, amortisation and impairment | 167,178 | 4.8 |
| 101,140 | 2.7 | Financing costs | 104,073 | 3.0 |
| (8,282) | (0.2) | Allocations | (8,424) | (0.2) |
| 24,000 | 0.6 | Net interest on the net defined benefit liability | 19,000 | 0.5 |
| 0 | 0.0 | Loss on disposal of property, plant and equipment | 7,354 | 0.2 |
| (198,534) | (5.3) | Inter-departmental recharges | (231,063) | (6.6) |
| 0 | 0.0 | Former authority residual costs | 120 | 0.0 |
| **3,735,810** | **100.0** | **Total expenditure** | **3,515,224** | **100.0** |
| **507,471** | | **(Surplus) or Deficit on the Provision of Services** | **249,499** | |

The above table reflects the management structure of the council and includes the subjective analysis of expenditure incurred on inter-departmental trading activities. Both income and expenditure have been adjusted to exclude amounts related to inter-departmental trading. Total income and total expenditure represent transactions with bodies external to the council.

## 10. Material items

The Code requires disclosure of the nature and amount of material items. During 2022/23 the following items are regarded as material:

| Nature | 2022/23 £000 |
|---|---|
| Recognition of a net pension asset in 2022/23 from a net pension liability in 2021/22 mainly as a reduction to net pension liability arising from a decrease in the present value of funded liabilities. | 546,000 |

## 11. Public Private Partnership and Similar Contracts

The council entered into a Public Private Partnership for the provision of school buildings, maintenance and other facilities. This agreement provides the council with 29 replacement or renovated secondary schools and one primary school. The provider is required to maintain these schools to a high standard. When the agreement ends in July 2030 the schools will be handed back to the council with a guarantee of no major maintenance requirements for a five year period. The council has also entered into a design, build, finance, maintain (DBFM) arrangement for the provision of school buildings, maintenance and other facilities. This arrangement provides the council with 2 replacement primary schools. The provider is required to maintain these schools to a high standard. When the agreement ends in October 2043 the schools will be handed back to the council with a guarantee of no major maintenance requirements for a five year period. The value of the assets held under these schemes are £462.640 million (2021/22 £456.934 million). The in year movement of £5.706 million comprises of £12.412 million of additions and transfer in, an increase of £9.449 million from revaluations (including depreciation revaluations) less £16.155 million depreciation. Under the agreement the council is committed to paying the following sums (in cash terms at today's prices):

| *2021/22 Total £000* | Future repayment periods | Payment for services £000 | Repayment of liability £000 | Interest £000 | 2022/23 Total £000 |
|---|---|---|---|---|---|
| 58,418 | Within 1 year | 33,211 | 8,970 | 19,099 | 61,280 |
| 244,815 | 2 to 5 years | 142,723 | 40,109 | 74,067 | 256,899 |
| 216,152 | 6 to 10 years | 93,438 | 26,633 | 38,202 | 158,273 |
| 9,175 | 11 to 15 years | 2,966 | 3,870 | 2,419 | 9,255 |
| 9,582 | 16 to 20 years | 3,304 | 5,213 | 1,152 | 9,669 |
| 3,067 | 21 to 25 years | 303 | 751 | 43 | 1,097 |
| **541,209** | **Total** | **275,945** | **85,546** | **134,982** | **496,473** |

# 12. Pension costs

## 12.1. Local Government Pension Scheme

Disclosure of information relating to pensions follows the reporting requirements of IAS19 'Employee Benefits'. The table on page 52 details the assumptions made in estimating the figures contained in this note. The council offers retirement benefits to its employees under the Terms and Conditions of Employment.

The Local Government Pension Scheme is the main vehicle for the provision of pensions to council staff. The Strathclyde Pension Fund Office, which is part of Glasgow City Council's Financial Services, administers the scheme for all local authorities in the West of Scotland. This scheme is a funded defined benefits scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The scheme provides pension benefits for councillors and local government employees (excluding teachers). For local government employees this is a defined benefit scheme calculated on a career average basis. This means that pension benefits are earned based on pensionable pay earned in the scheme year. There is a statutory requirement for the Strathclyde Pension Fund to publish a separate annual report, which can be accessed on their website: http://www.spfo.org.uk.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund Reserve the amounts required by statute as described in the accounting policies note.

The council recognises the cost of retirement benefits within Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, as the charge made when calculating Council Tax is based on the cash payable in the year, the cost of retirement benefits under IAS19 is reversed out of the General Fund Reserve in the Movement in Reserves Statement as an adjustment between the accounting basis and funding basis under regulation.

The following transactions have been made during the year in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement:

| *2021/22 (Restated) £000* | **Local Government Pension Scheme** | **2022/23 £000** |
|---|---|---|
| | **Comprehensive Income and Expenditure Statement** | |
| | **Cost of Services:** | |
| 225,000 | Current service cost | 223,000 |
| 1,000 | Past service cost | 1,000 |
| | **Financing and Investment Income and Expenditure:** | |
| 24,000 | Net interest cost | 19,000 |
| **250,000** | **Total Post-employment Benefits charged / (credited) to the (Surplus) or Deficit on the Provision of Services** | **243,000** |
| | **Other Comprehensive Income and Expenditure** | |
| | **Remeasurement of the net defined benefit liability:** | |
| (277,000) | Return on assets | 226,000 |
| (402,000) | Actuarial (gains) / losses arising on changes in financial assumptions | (2,215,000) |
| (39,000) | Actuarial (gains) / losses arising on changes in demographic assumptions | (48,000) |
| (6,000) | Effect of business combinations and disposals | 0 |
| 65,000 | Other experience | 281,000 |
| 0 | Pension asset derecognition | 727,000 |
| **(409,000)** | **Total Post-employment Benefits charged / (credited) to the Comprehensive Income and Expenditure Statement** | **(786,000)** |
| 250,000 | Net charge / (credit) to the Surplus or Deficit on the Provision of Services brought forward | 243,000 |
| | **Movement in Reserves Statement** | |
| (144,000) | Reversal of net (charge) / credit made to the Surplus or Deficit on the Provision of Services in accordance with IAS19 | (127,000) |
| | **Actual amount charged against the General Fund balance for pensions in the year:** | |
| **106,000** | **Employers contribution paid** | **116,000** |

### 12.1.1. Pension assets and liabilities

As explained in the Accounting Policies (see note 1.6, Retirement Benefits on page 25) the council participates in two formal schemes, the Local Government Pension Scheme, which is administered by the Strathclyde Pension Fund Office, and the Scottish Teachers' Superannuation Scheme. The Strathclyde Pension Fund is a funded, multi-employer, defined benefit scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. The Teachers' Scheme is also a defined benefit scheme but the assets and liabilities cannot be identified at individual employer level. The council is not required to record information related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with HM Treasury. The council has additional liabilities for unfunded discretionary pension payments outside the main schemes.

Assets are valued at fair value. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The council's liabilities have been assessed by Hymans Robertson Limited Liability Partnership, an independent firm of actuaries. Calculations have been based on the triennial valuation of the scheme as at 31 March 2020.

The credit to the Surplus or Deficit on the Provision of Services from the Pension Reserve per note 12.1 is £127.000 million. The actuary reported a net pension asset against funded liabilities of £1,273.000m at 31 March 2023. The recognition of this asset was limited to £546.000m based on an asset ceiling calculation of the extent to which the Council could recover the asset through reduced contributions. At the same time, there remained unfunded liabilities totalling £276.000m. These balances have been recorded separately as assets and liabilities in line with accounting standards. The pension liability represents the best estimate of the current value of pensions, which the council will have to fund. The real discount factor, which is used to express the benefits in current value terms rather than cash terms, has increased from -0.5% at March 2022 to 1.8% at March 2023.

The increase in the real discount factor has contributed to the decrease in the reported pension liability. A higher real discount rate leads to a lower value being placed on the liabilities therefore the change in the real discount rate has a positive impact on the Balance Sheet.

The following table sets out the principal assumptions used by the actuary at 31 March 2023:

| *2021/22* | **Actuarial assumptions** | **2022/23** |
|---|---|---|
| | **Long-term expected rate of return on assets in the scheme:** | |
| 2.7% | Equity investments | 4.8% |
| 2.7% | Bonds | 4.8% |
| 2.7% | Property | 4.8% |
| 2.7% | Cash and net debtors / creditors | 4.8% |
| | **Mortality assumptions:** | |
| | Longevity at 65 for current pensioners: | |
| 19.6 | Men | 19.3 |
| 22.4 | Women | 22.2 |
| | Longevity at 65 for future pensioners: | |
| 21.0 | Men | 20.5 |
| 24.5 | Women | 24.2 |
| | **General assumptions:** | |
| 3.2% | Rate of price increases | 3.0% |
| 3.9% | Rate of increase in salaries | 3.6% |
| 3.2% | Rate of increase in pensions | 3.0% |
| 2.7% | Rate for discounting scheme liabilities | 4.8% |
| 50.0% | Take-up of option to convert annual pension into retirement lump sum (pre-April 2009 service) | 50.0% |
| 75.0% | Take-up of option to convert annual pension into retirement lump sum (post-April 2009 service) | 75.0% |

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

| *2021/22 (Restated) £000* | **Pension Assets and Liabilities recognised in the Balance Sheet** | **2022/23 £000** |
|---|---|---|
| 5,939,000 | Present value of the defined benefit obligation | 4,214,000 |
| (5,307,000) | Fair value of plan assets | (5,211,000) |
| 0 | Pension asset derecognition | 727,000 |
| **632,000** | **Net liability or (asset) arising from defined benefit obligation** | **(270,000)** |

The following tables set out the reconciliation of scheme assets and liabilities:

| *2021/22 (Restated) £000* | **Reconciliation of present value of scheme liabilities** | **2022/23 £000** |
|---|---|---|
| 6,057,000 | Opening balance at 1 April | 5,939,000 |
| 225,000 | Current service costs | 223,000 |
| 123,000 | Interest costs | 162,000 |
| 28,000 | Contributions by scheme participants | 31,000 |
| | **Remeasurement (gains) and losses:** | |
| (402,000) | Actuarial (gains) / losses arising from changes in financial assumptions | (2,215,000) |
| (39,000) | Actuarial (gains) / losses arising from changes in demographic assumptions | (48,000) |
| 36,000 | Effects of business combinations and disposals | 0 |
| 65,000 | Other | 281,000 |
| 1,000 | Past service costs | 1,000 |
| (155,000) | Benefits paid | (160,000) |
| **5,939,000** | **Closing balance at 31 March** | **4,214,000** |

| *2021/22 £000* | **Reconciliation of the movements in the fair value of scheme assets** | **2022/23 £000** |
|---|---|---|
| 4,910,000 | Opening fair value of scheme assets | 5,307,000 |
| 99,000 | Interest income | 143,000 |
| | **Remeasurement gain / (loss):** | |
| 277,000 | Return on assets, excluding the amount included in the net interest cost | (226,000) |
| 42,000 | Effects of business combinations and disposals | 0 |
| 106,000 | Contributions by employer | 116,000 |
| 28,000 | Contributions by scheme participants | 31,000 |
| (155,000) | Benefits paid | (160,000) |
| **5,307,000** | **Closing fair value of scheme assets** | **5,211,000** |

The Closing fair value of scheme assets is included at the unaudited position for Strathclyde Pension Fund. Updating this to the audited position would increase the value in 2021/22 by £16.502 million and would increase the value in 2022/23 by £15.342 million.

| | **Adjusted balance sheet position** | **2022/23 £000** |
|---|---|---|
| | Assets | 5,211,000 |
| | Funded obligations | (3,938,000) |
| | **Net Asset (unadjusted)** | **1,273,000** |
| | Asset Ceiling adjustment for economic benefit calculation result | (727,000) |
| | **Closing fair value of scheme assets** | **546,000** |

### 12.1.2. Analysis of Pension Fund's Assets

| 2021/22 | | | | 2022/23 | | |
|---|---|---|---|---|---|---|
| *Quoted prices in active markets £000* | *Prices not quoted in active markets £000* | *Total £000* | **Local Government Pension Scheme assets** | **Quoted prices in active markets £000** | **Prices not quoted in active markets £000** | **Total £000** |
| 133,000 | 2,000 | 135,000 | Cash and cash equivalents | 72,000 | 27,000 | 99,000 |
| | | | **Equity Instruments:** | | | |
| 249,000 | 0 | 249,000 | Consumer | 233,000 | 1,000 | 234,000 |
| 233,000 | 0 | 233,000 | Manufacturing | 283,000 | 7,000 | 290,000 |
| 55,000 | 0 | 55,000 | Energy and utilities | 26,000 | 0 | 26,000 |
| 146,000 | 0 | 146,000 | Financial institutions | 111,000 | 0 | 111,000 |
| 177,000 | 0 | 177,000 | Health and care | 185,000 | 0 | 185,000 |
| 308,000 | 0 | 308,000 | Information technology | 180,000 | 1,000 | 181,000 |
| **1,168,000** | **0** | **1,168,000** | **Sub-total equity instruments** | **1,018,000** | **9,000** | **1,027,000** |
| | | | **Private Equity:** | | | |
| 0 | 1,039,000 | 1,039,000 | All | 0 | 1,281,000 | 1,281,000 |
| | | | **Property:** | | | |
| 0 | 448,000 | 448,000 | UK | 0 | 430,000 | 430,000 |
| | | | **Other investment funds:** | | | |
| 29,000 | 1,936,000 | 1,965,000 | Equities | 22,000 | 1,704,000 | 1,726,000 |
| 0 | 536,000 | 536,000 | Bonds | 0 | 601,000 | 601,000 |
| 0 | 2,000 | 2,000 | Commodities | 0 | 2,000 | 2,000 |
| 0 | 5,000 | 5,000 | Infrastructure | 0 | 33,000 | 33,000 |
| 0 | 9,000 | 9,000 | Other | 0 | 12,000 | 12,000 |
| **29,000** | **2,488,000** | **2,517,000** | **Sub-total other investment funds** | **22,000** | **2,352,000** | **2,374,000** |
| **1,330,000** | **3,977,000** | **5,307,000** | **Total Assets** | **1,112,000** | **4,099,000** | **5,211,000** |

### 12.1.3. Investment Strategy

The investment strategy is set for the long-term but is monitored constantly and reviewed every 3 years using asset-liability modelling to ensure that it remains appropriate to the Fund's liability profile.

### 12.1.4. Impact on the Authority's Cash Flows

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy with the scheme's actuary to achieve a funding rate of 100% over time. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2023.

The total contributions expected to be made by the council to Strathclyde Pension Fund in the year to 31 March 2024 is £97.000 million.

The weighted average duration of the defined benefit obligation for scheme members is 18 years (2021/22 18 years).

## 12.2. Scottish Teachers' Superannuation Scheme

The Scottish Teachers' Superannuation Scheme is an unfunded multi-employer defined benefit scheme. The scheme is financed by payments from employers and from those current employees. As the scheme is not able to identify each body's share of the underlying liabilities on a consistent and reasonable basis, the pension costs are accounted for as if it were a defined contribution scheme. Glasgow City Council has no liability for other employer's obligations to the multi-employer scheme and as the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2023, the council's level of participation in the scheme is approximately 8.8%.

The employer's rate of contribution for the teachers' pension scheme administered by the Scottish Government is set with reference to a funding valuation undertaken by the scheme actuary. The employer's contribution rate from 1 April 2019 to 31 August 2019 was 17.2%; this increased to 23.0% on 1 September 2019. The last four-yearly valuation was undertaken as at 31 March 2016. The employee rate was 9.9% throughout the year. The next valuation will be as at 31 March 2020 and this will set contribution rates from 1 April 2023. The amount paid over to the Scottish Public Pensions Agency was as follows:

| *2021/22 £000* | **Scottish Teachers Superannuation Scheme** | **2022/23 £000** |
|---|---|---|
| 56,197 | Employer's Contributions | 58,535 |
| 23,049 | Employee's Contributions | 24,005 |
| **79,246** | **Total** | **82,540** |

The employer's contributions due to be paid in the next financial year are estimated to be £61.462 million.

In addition, the council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2022/23 these amounted to £6.041 million (2021/22 £6.033 million).

## 12.3. Capital cost of discretionary increases

Councils are also required to disclose the capital cost of discretionary increases in pensions payments, whether the employees are members of the Local Government Pension Scheme or the Scottish Teachers' Superannuation Scheme. In 2022/23 the capitalised costs attributable to the early retirals from Glasgow City Council and from predecessor authorities were as follows:

| *2021/22 £000* | **Capital cost of discretionary increases** | **2022/23 £000** |
|---|---|---|
| 7,000 | Current year | 0 |
| 332,000 | In earlier years | 276,000 |
| **339,000** | **Total** | **276,000** |

## 13. Grant income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23:

| *2021/22 £000* | **Grant income in the Comprehensive Income and Expenditure Statement** | **2022/23 £000** |
|---|---|---|
| | **Credited to Taxation and Non-specific Grant Income** | |
| (1,158,192) | General Revenue Grant | (1,113,816) |
| (223,812) | Redistribution from Non-Domestic Rates pool | (296,203) |
| (95,222) | Capital Grant and Contributions | (106,415) |
| | **Credited to Services** | |
| (260,869) | Housing benefit subsidy | (245,705) |
| (130,061) | Housing investment | (115,498) |
| (261,139) | Health Board | (162,920) |
| (21,019) | Criminal Justice | (22,283) |
| (3,450) | Benefits administration subsidy and initiatives | (3,459) |
| (35,528) | Attainment funding | (31,960) |
| (56,879) | Early Learning and Childcare | (62,485) |
| (8,970) | Various education services grants | (11,325) |
| (36,519) | Various other grants | (36,560) |
| (13,117) | Various other contributions | (4,087) |
| **(2,304,777)** | **Total** | **(2,212,716)** |

## 14. Agency income and expenditure

The council is the billing authority for Non-Domestic Rates in Glasgow and, in this role, acts as an agent of the Scottish Government. During 2022/23, the council billed £371.520 million (2021/22 £263.703 million) on behalf of the Scottish Government. After provisions for bad and doubtful debts, and prior year adjustments, the council contributed £334.522 million to the National Non-Domestic Rates Pool (2021/22 £247.569 million) and received back from the pool £296.203 million in income (2021/22 £223.812 million).

The council acted as agent on behalf of the Scottish Government in respect of the disbursement of funding during 2022/23, totalling £49 million, mainly in relation to payments relating to cost of living support.

## 15. Auditor remuneration

The council incurred fees of £0.754 million (2021/22 £0.670 million) for the statutory inspection of the Annual Accounts by EY. No other services were provided by the appointed auditor in 2022/23 (or 2021/22).

## 16. Related party transactions

Related parties are organisations that the council can control or influence or who can control or influence the council. Scottish Government has effective control over the general operations of the council. It is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in note 13 on page 56.

The council has an interest in a number of companies and other public bodies. Where the interest in another entity is considered material, the entity is consolidated with the accounts of the council to form the Group Financial Statements. Further details on the combining entities are shown within the Group Financial Statements.

Related party transactions during the year and balances as at 31 March 2023 are as follows:

| *(Restated) 2021/22 Net Expenditure / (Income) £000* | *(Restated) Debtor / (Creditor) at 31 March 2022 £000* | **Related party transactions and balances** | **2022/23** | | **Debtor / (Creditor) at 31 March 2023 £000** |
|---|---|---|---|---|---|
| | | | **Expenditure £000** | **Income £000** | |
| (34) | 44,840 | Scottish Event Campus Ltd | 692 | (83) | 44,193 |
| 37,385 | 4,152 | City Building (Glasgow) LLP | 57,374 | (7,055) | 5,807 |
| 13,027 | (125) | City Building (Contracts) LLP | 19,902 | (3,674) | (4,699) |
| 1,420 | 0 | City Parking (Glasgow) LLP | 0 | 0 | 0 |
| 83,278 | (10,831) | Culture and Sport Glasgow | 120,038 | (28,820) | 3,282 |
| 7,333 | (88,559) | City Property Glasgow (Investments) LLP | 15,892 | (3,650) | (88,282) |
| 5,829 | (182,171) | City Property Glasgow (Operations SL1) LLP | 8,540 | (4,275) | (181,386) |
| 7,773 | (168,793) | City Property Glasgow (Operations SL2) LLP | 7,986 | 0 | (170,028) |
| 0 | 0 | City Property Glasgow (Operations SL3) LLP | 1,175 | (25) | (192,359) |
| 1,968 | (121) | City Property (Glasgow) LLP | 2,715 | (396) | 135 |
| 6,077 | (683) | Jobs & Business Glasgow | 8,202 | (1,043) | (867) |
| 10,958 | 871 | Strathclyde Partnership for Transport | 10,948 | 0 | 951 |
| 103,312 | (2,282) | Strathclyde Pension Fund | 116,096 | (4,362) | (3,239) |
| 56,197 | (4,741) | Teachers' Pension Fund | 58,535 | 0 | (4,515) |
| 1,020 | (7) | Clyde Gateway | 2,880 | (77) | (2) |
| (96,503) | (175,372) | Glasgow City Integration Joint Board | 501,944 | (689,291) | (82,412) |
| (109) | 0 | Scotcash | 30 | (129) | 0 |

**Note:** Related parties disclosure acknowledge key management personnel of Glasgow City Council and associated group as set out in the respective Remuneration Reports. Key councillors are identified as members of group bodies.

In addition to transactions with related companies and other related bodies noted above, significant revenue and capital payments made to organisations where council members are represented, totalled £84.275 million (2021/22 £13.096 million), broken down as follows:

| *2021/22 £000* | **Organisation** | **2022/23 £000** |
|---|---|---|
| 12,704 | NHS Greater Glasgow & Clyde | 80,922 |
| 392 | Citizens Theatre | 3,353 |
| **13,096** | **Total** | **84,275** |

In addition to transactions with related companies and other related bodies noted above, significant revenue and capital payments made to organisations where council officers are represented, totalled £8.373 million (2021/22 £7.140 million), broken down as follows:

| *2021/22 £000* | **Organisation** | **2022/23 £000** |
|---|---|---|
| 6,067 | Enable Scotland | 7,245 |
| 1,073 | Glasgow Chamber of Commerce | 1,128 |
| **7,140** | **Total** | **8,373** |

## 17. Operating leases

The council utilises vehicles, plant, furniture and equipment under the terms of an operating lease. Lease rentals charged to the Comprehensive Income and Expenditure Statement in the year for such assets total £2.072 million (2021/22 £2.459 million). The future minimum lease payments due under non-cancellable leases in future years and in cash terms are as follows:

| *2021/22 £000* | **Operating lease commitments** | **2022/23 £000** |
|---|---|---|
| 142 | No later than one year | 156 |
| 233 | Later than one year and not later than five years | 258 |
| **375** | **Total** | **414** |

# 18. Long-term assets

## 18.1. Valuation of long-term assets

| Category | Valuer | Basis of Valuation | Date of last full Valuation | Useful Life |
|---|---|---|---|---|
| **Property, plant and equipment:** | | | | |
| Other land and buildings | City Property (Glasgow) LLP | Current value | March 2021 | Land – Not applicable<br>Buildings – 40 years |
| Vehicles, plant, furniture and equipment | Not applicable | Depreciated historic cost | Not applicable | 5-10 years |
| Infrastructure assets | Not applicable | Depreciated historic cost | Not applicable | 40 years |
| Community assets | Not applicable | Valued at £1 on 1 April 1994, with additions valued at cost | Not applicable | Not applicable |
| Assets under construction | Not applicable | Cost | Not applicable | Not applicable |
| Corporate surplus assets | City Property (Glasgow) LLP | Fair value | March 2023 | 40 years |
| **Other long-term assets:** | | | | |
| Heritage assets | Not applicable | Fair value or cost | Not applicable | Not applicable |
| Investment property | City Property (Glasgow) LLP | Fair value | March 2023 | 40 years |
| Intangible assets | Not applicable | Depreciated historic cost | Not applicable | 7 years |
| Assets held for sale | City Property (Glasgow) LLP | Lower of carrying value at date declared held for sale and fair value less cost of sale. | Date declared surplus | 40 years |

Land and buildings are re-valued on a maximum five year rolling basis in accordance with the guidelines provided within the Royal Institution of Chartered Surveyors Valuation Standards Manual but may be more frequent where a change in classification occurs or a material movement is expected due to market conditions. Any material changes in the value of individual assets that arise between the periodic valuations are immediately reflected in the Balance Sheet. The date of the last full valuation was 31 March 2021.

## 18.2. Depreciation

Depreciation is calculated on a straight-line basis and is provided for all operational and surplus assets other than land, community assets and heritage assets. The useful life of property assets are determined in consultation with City Property (Glasgow) LLP. Technical officers within services determine non-property asset lives. Infrastructure assets are depreciated over 40 years.

## 18.3. Community assets

When the council's asset register was first compiled in 1994, existing community assets were included at £1 in accordance with accepted practice. Additions to this category since 1994 have been added at cost.

## 18.4. Heritage assets

The council's heritage assets comprise museum and gallery collections, which are held according to the fair value of assets included on the museums records system. Civic regalia is held at fair value. Where the council holds information on the cost of statues and fountains, these are included at cost. However, where information on cost or value is not available, and where cost of obtaining information outweighs benefit to users of the Annual Accounts, these assets are not recognised in the Balance Sheet.

## 18.5. Summary of capital expenditure and sources of finance

| *2021/22 £000* | **Capital expenditure and sources of finance** | **2022/23 £000** |
|---|---|---|
| | Capital investment | |
| 141,367 | Property, plant and equipment | 348,410 |
| 15 | Heritage assets | 12 |
| 3,467 | Intangible assets | 3,600 |
| 181 | Assets held for sale | 34 |
| **145,030** | **Total expenditure** | **352,056** |
| | Sources of finance | |
| 25,242 | Net borrowing | 32,421 |
| 3,504 | Asset sales | 6,408 |
| 0 | Assets acquired under finance leases | 209,987 |
| 111,859 | Government grants and other capital contributions | 95,418 |
| 4,425 | Revenue contributions | 7,822 |
| **145,030** | **Total sources of finance** | **352,056** |

## 18.6. Summary of assets held

### 18.6.1. Intangible assets

These assets relate wholly to software licences purchased by the council over the current and previous financial years.

### 18.6.2. Property

To deliver the wide range of services it provides, the council operates over 300 schools, owns more than 150 cultural and recreational facilities, around 300 playing pitches and 46 residential facilities for the young, elderly and those with learning or physical disabilities. The council has over 150 offices, depots and workshops throughout the city and, in addition, operates a wide range of other facilities including, for example, crematoria and cemeteries.

### 18.6.3. Plant, vehicles and equipment

The council directly owns a fleet of around 250 vehicles, with additional vehicles held under the terms of a finance lease.

### 18.6.4. Infrastructure

Included within the city's infrastructure are approximately 1,700 kilometres of roads, around 300 road bridges and over 70,000 street lighting units.

### 18.6.5. Community assets

Included within this category are parklands, amenity sites and allotments.

### 18.6.6. Heritage assets

These assets include historical monuments, museum and gallery collections, works of art and civic regalia.

### 18.6.7. Assets held under finance leases

The council utilises property as well as a number of vehicles, plant and equipment under the terms of a finance lease. Lease rentals payable under these arrangements in the year total £26.770 million (2021/22 £25.067 million), comprising £25.820 million (2021/22 £24.310 million) charged to the Comprehensive Income and Expenditure Statement in respect of interest and £0.950 million (2021/22 £0.757 million) in respect of principal repayments.

The net carrying amount within property, plant and equipment with regard to assets held under finance leases is £728.821 million in respect of other land and buildings and £0.115 million in respect of vehicles, plant, furniture and equipment.

## 18.7. Commitments under capital investments

The council's approved capital investment programme will continue to progress during 2022/23 and subsequent years. As at 31 March 2023, the council has outstanding commitments on significant contracts for capital investment totalling £93.609 million (31 March 2022 £114.754 million). These outstanding commitments comprise the following:

| Project description | Outstanding commitment at 31 March 2023 £000 | Contract completion |
|---|---|---|
| City Deal – Clyde Waterfront | 26,745 | End 2029 |
| ICT Development and Innovation | 11,911 | End 2025 |
| Early Years 1140 Expansion | 8,713 | End 2024 |
| The Place Fund | 6,119 | End 2024 |
| Other Projects (33 projects) | 40,121 | Various |
| **Total** | **93,609** | |

As at 31 March 2023, outstanding obligations to make payments under finance leases are as follows:

| *31 March 2022 £000* | Finance lease obligations | 31 March 2023 £000 |
|---|---|---|
| 1,336 | Current liabilities | (1,671) |
| 532,284 | Deferred liabilities | 744,330 |
| 1,133,512 | Finance costs (future years) | 897,703 |
| **1,667,132** | **Total** | **1,640,362** |

These obligations will be payable over the following periods:

| *31 March 2022* | | | 31 March 2023 | |
|---|---|---|---|---|
| *Minimum Lease Payments £000* | *Liabilities £000* | Finance lease obligations | Minimum Lease Payments £000 | Liabilities £000 |
| 26,770 | 1,336 | Not later than one year | 36,897 | (1,671) |
| 154,428 | 11,340 | Later than one year and not later than five years | 159,292 | 6,986 |
| 1,485,934 | 520,944 | Later than five years | 1,444,173 | 737,344 |
| **1,667,132** | **533,620** | **Total** | **1,640,362** | **742,659** |

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

## 18.8. Fair value measurement of non-financial assets

Surplus asset and investment property are valued at fair value. Assets held for sale are valued at the lower of carrying value at date declared held for sale and fair value less cost of sale. Valuation reports prepared for these assets incorporate the methodology employed by the valuer in arriving at their opinion of value. The methodology includes comparable data which is recognised in accordance with the fair value measurement hierarchy. The valuers seek to minimise the volume of unobservable inputs and maximise the volume of observable inputs in forming their opinion of value. For these asset classes, the valuation inputs generally comprise either level 2 or level 3 inputs with adjustments not limited to location, rental growth, lease terms, covenants, costs, discount rates and vacancy levels. For valuations conducted in 2022/23, both the income and market valuation techniques were widely adopted in forming opinions of fair value. The resulting valuations for surplus assets of £45.362 million and assets held for sale of £7.883 million were entirely based on level 2 inputs.

## 18.9 Tax Incremental Financing (TIF) Projects

The council entered into an agreement with the Scottish Government in October 2012 in respect of the Buchanan Quarter Tax Increment Finance (TIF) scheme. This agreement essentially allows for the repayment of debt arising from infrastructure investment from incremental Non-Domestic Rates (NDR) revenue. The assets to be funded by the TIF project largely comprise public realm and infrastructure improvements within the Buchanan Quarter of Glasgow city centre.

The project is for a period of 25 years, with the first material capital investment incurred during the financial year ending 31 March 2014. During the TIF project period, the council is entitled to retain the TIF revenue from its NDR revenue, a pro-rated amount of NDR equal to the amount (if any) by which the collected amount exceeds the baseline collectable amount. The council is required to apply 100% of the TIF revenue towards repayment of the TIF debt. Following repayment in full, and until the end of the project period, the council is entitled to retain 50% of the TIF revenue for further infrastructure investment.

Net capital expenditure incurred in the year to 31 March 2023, to be funded from borrowing, in respect of TIF assets totalled £nil (2021/22 £nil). This is reflected within the 'Summary of capital expenditure and sources of finance', outlined within note 18.5 on page 60. Total TIF debt, to be repaid over the project period, in respect of investment to 31 March 2023, has been calculated in accordance with Local Government Finance Circular No. 8/2016 at £21.773 million (£21.773 million at 31 March 2022).

## 19. Property, Plant and Equipment

This note details the movement in Property, Plant and Equipment (PPE) during 2022/23. The valuation bases, useful lives and depreciation methods used are disclosed within notes 18.1 and 18.2 (page 59). A summary of capital expenditure during the year, together with the sources of finance and the amount of contractual commitments for PPE, are disclosed separately in notes 18.5 (page 60) and 18.7 (page 61).

| Movement in PPE 2022/23 | Other Land and Buildings £000 | Vehicles, Plant, Furniture and Equipment £000 | Infrastructure Assets £000 | Community Assets £000 | Assets Under Construction £000 | Corporate Surplus Assets £000 | Total Property, Plant and Equipment £000 |
|---|---|---|---|---|---|---|---|
| **Net book value at 1 April 2022** | **2,732,871** | **111,099** | **780,645** | **23,372** | **107,543** | **40,703** | **3,796,233** |
| Additions | 259,576 | 10,859 | 42,319 | 479 | 34,732 | 445 | 348,410 |
| Revaluations | 77,360 | 0 | 0 | 0 | 0 | 3,755 | 81,115 |
| Impairment | (127) | 0 | 0 | 0 | 0 | (317) | (444) |
| Depreciation | (99,553) | (29,266) | (29,446) | 0 | 0 | (66) | (158,331) |
| Disposals | (197,477) | 0 | 0 | 0 | 0 | (1,248) | (198,725) |
| Other movements (incl. transfers to other asset categories) | 56,693 | 297 | 24,381 | 0 | (88,037) | 2,090 | (4,576) |
| **Net book value at 31 March 2023** | **2,829,343** | **92,989** | **817,899** | **23,851** | **54,238** | **45,362** | **3,863,682** |
| Gross book value | 2,887,680 | 215,307 | | 23,851 | 54,238 | 45,678 | |
| Accumulated depreciation | (58,337) | (122,318) | | 0 | 0 | (316) | |
| **Net book value at 31 March 2023** | **2,829,343** | **92,989** | **817,899** | **23,851** | **54,238** | **45,362** | **3,863,682** |

| Movement in PPE 2021/22 | Other Land and Buildings £000 | Vehicles, Plant, Furniture and Equipment £000 | Infrastructure Assets £000 | Community Assets £000 | Assets Under Construction £000 | Corporate Surplus Assets £000 | Total Property, Plant and Equipment £000 |
|---|---|---|---|---|---|---|---|
| **Net book value at 1 April 2021** | **2,242,617** | **115,092** | **756,051** | **23,372** | **120,350** | **43,297** | **3,300,779** |
| Additions | 21,065 | 16,607 | 38,135 | 0 | 65,560 | 0 | 141,367 |
| Revaluations | 443,878 | 0 | 0 | 0 | 0 | (1,455) | 442,423 |
| Impairment | (482) | 0 | 0 | 0 | 0 | (30) | (512) |
| Depreciation | (78,010) | (28,527) | (28,178) | 0 | 0 | (100) | (134,815) |
| Disposals | (264) | (343) | 0 | 0 | 0 | (353) | (960) |
| Other movements (incl. transfers to other asset categories) | 104,067 | 8,270 | 14,637 | 0 | (78,367) | (656) | 47,951 |
| **Net book value at 31 March 2022** | **2,732,871** | **111,099** | **780,645** | **23,372** | **107,543** | **40,703** | **3,796,233** |
| Gross book value | 2,769,385 | 224,963 | | 23,372 | 107,543 | 40,950 | |
| Accumulated depreciation | (36,514) | (113,864) | | 0 | 0 | (247) | |
| **Net book value at 31 March 2022** | **2,732,871** | **111,099** | **780,645** | **23,372** | **107,543** | **40,703** | **3,796,233** |

Infrastructure asset values have been disclosed in accordance with the Scottish Government's Finance Circular 9/2022 Statutory Override - Accounting for Infrastructure Assets. The council has applied both statutory overrides set out in the circular which are as follows:

- For accounting periods commencing from 1 April 2021 until 31 March 2024, a local authority is not required to report the gross carrying amount and accumulated depreciation for infrastructure assets.
- For the accounting periods from 1 April 2010 to 31 March 2024, the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be accounted for as a nil amount, and no subsequent adjustment can be made to the carrying amount of the asset with respect to that part.

## 20. Heritage assets

This note details the movement in Heritage Assets during 2022/23. The valuation bases, useful lives and depreciation methods used are disclosed within notes 18.1 and 18.4 (page 59).

| Movement in Heritage assets | Fine art (restated) £000 | Civic regalia £000 | Statues and fountains £000 | Total Heritage assets (restated) £000 |
|---|---|---|---|---|
| **Cost or Valuation:** | | | | |
| At 1 April 2021 (restated) | 1,100,000 | 657 | 16,833 | 1,117,490 |
| Additions in year | 0 | 0 | 15 | 15 |
| Revaluations | 0 | 71 | 0 | 71 |
| Transfers | 0 | 0 | 0 | 0 |
| **At 31 March 2022 (restated)** | **1,100,000** | **728** | **16,848** | **1,117,576** |
| **Movement in 2022/23:** | | | | |
| Additions in year | 0 | 0 | 12 | 12 |
| Revaluations | 0 | 86 | 0 | 86 |
| Transfers | 0 | 0 | 0 | 0 |
| **At 31 March 2023** | **1,100,000** | **814** | **16,860** | **1,117,674** |

The following table shows assets that may be regarded as Heritage Assets, which have not been included in the Balance Sheet as the council considers that obtaining valuations would involve disproportionate cost, or reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets held and the lack of comparable market values. The Code therefore permits such assets to be excluded from the Balance Sheet.

| Assets excluded from Heritage Assets | Estimated number of assets 31 March 2023 |
|---|---|
| Fountains | 5 |
| Statues | 51 |
| War memorials | 31 |
| Museum and Gallery Collection items | 1,189,832 |

## 21. Intangible assets

The council accounts for purchased software licences held for various Information and Communications Technology (ICT) systems used throughout the council as Intangible assets. The cost of the licences are written-off on a straight-line basis over the expected life of the licences, which is seven years for all systems. The council does not recognise any internally generated intangible assets.

There have been no changes to the estimated useful life and there have been no revaluations of intangible assets during the year. The amortisation charge for intangible assets in 2022/23 was £3.090 million (2021/22 £2.634 million). There has been no impairment charge in 2022/23 (2021/22 £nil). The movement on intangible asset balances during the year is as follows:

| *2021/22 £000* | **Movement in Intangible assets** | **2022/23 £000** |
|---|---|---|
| | Balance at start of year: | |
| 19,573 | Gross carrying amounts | 22,686 |
| (6,310) | Accumulated amortisation | (7,806) |
| **13,263** | **Net carrying amount at start of year** | **14,880** |
| 3,467 | Additions | 3,600 |
| 784 | Transfers | 3,282 |
| (2,634) | Amortisation for the period | (3,090) |
| **14,880** | **Net carrying amount at end of the year** | **18,672** |
| | Comprising: | |
| 22,686 | Gross carrying amounts | 28,509 |
| (7,806) | Accumulated amortisation | (9,837) |
| **14,880** | **Net carrying amount at end of the year** | **18,672** |

## 22. Assets held for sale

Assets are recognised as held for sale when their carrying value is likely to be recovered principally through a sale transaction rather than through continued use. At 31 March 2023, the valuation of assets held for sale was £7.883 million (£8.480 million as at 31 March 2022).

| *2021/22 £000* | **Assets Held for Sale** | **2022/23 £000** |
|---|---|---|
| 8,775 | Balance at 1 April | 8,480 |
| | Assets newly classified as held for sale: | |
| 1,174 | Property, plant and equipment | 3,507 |
| (255) | Revaluation losses | (680) |
| | Assets declassified as held for sale: | |
| (260) | Property, plant and equipment | (2,212) |
| (1,135) | Assets disposed | (1,246) |
| 181 | Expenditure in year | 34 |
| **8,480** | **Balance at 31 March** | **7,883** |

## 23. Net short-term debtors

The net short-term debtors balance consists of amounts owed to the council, primarily in respect of Council Tax and grants, and H.M. Revenue and Customs debtors. It also includes sums due from other authorities and various other sundry debtors. During 2022/23, there was an accounting adjustment made to debtors and the associated impairment loss within the Financial Statements of £21.408 million. This mainly related to Council Tax (£14.310 million). The individual Non-Domestic Rates debtors are not included in the Balance Sheet but the outstanding debt and impairment loss are monitored separately, with the council acting as a collecting agent for the Scottish Government. Records associated with all outstanding debts are retained and recovery action will continue to be taken, where possible. The following table shows an analysis of debtors outstanding by customer group:

| *2021/22 £000* | **Analysis of net short-term debtors** | **2022/23 £000** |
|---|---|---|
| 110,979 | Bodies external to general government | 145,638 |
| 166,822 | Central government bodies | 141,052 |
| 7,017 | Other local authorities | 7,169 |
| 105,748 | NHS bodies | 5,011 |
| 647 | Public corporations and trading funds | 9 |
| **391,213** | **Total** | **298,879** |

## 24. Cash and cash equivalents

The council hold cash in hand, as well as deposits with financial institutions. Cash equivalents are short-term, highly liquid investments, principally held to meet liabilities in the short-term, rather than to make an investment gain. They are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value. The balance of cash and cash equivalents comprises the following elements:

| *2021/22 £000* | **Cash and cash equivalents** | **2022/23 £000** |
|---|---|---|
| 154,945 | Short-term deposits | 234,505 |
| 2,610 | Bank current accounts | 9,461 |
| 208 | Cash imprest held by the council | 143 |
| **157,763** | **Total** | **244,109** |

## 25. Short-term creditors

The short-term creditors balance consists of amounts received in advance or owed by the council, primarily in respect of payroll, grants and various other sundry creditors. The following table provides further analysis by supplier group:

| *2021/22 £000* | **Analysis of creditors** | **2022/23 £000** |
|---|---|---|
| 451,451 | Bodies external to general government | 398,032 |
| 185,021 | Central government bodies | 60,362 |
| 22,985 | Other local authorities | 3,563 |
| 3,029 | NHS bodies | 11,690 |
| 1,657 | Public corporations and trading funds | 1,482 |
| **664,143** | **Total** | **475,129** |

## 26. Provisions

The council has identified a number of material liabilities, where the amount or timing of the transaction is uncertain, and made provision for future expenditure. All provisions have been reassessed at the financial year end. The following table provides an analysis of the movement in provisions during 2022/23:

| Provisions | Asset decommissioning £000 | Employee related legal cases £000 | Other outstanding legal cases £000 | Other provisions £000 | Total £000 |
|---|---|---|---|---|---|
| Balance as at 1 April 2022 | 19,796 | 264,870 | 279 | 1,742 | 286,687 |
| Additional provisions made during the year | 921 | 0 | 54 | 2,394 | 3,369 |
| Costs incurred and charged against provision | (1,219) | (541) | (133) | (914) | (2,807) |
| Unused amounts reversed during the year | 0 | (128) | 0 | (18) | (146) |
| **Balance at 31 March 2023** | **19,498** | **264,201** | **200** | **3,204** | **287,103** |

Provisions for asset decommissioning reflect the council's liability for restoration and ongoing maintenance in respect of landfill sites formerly operated by the council, principally Cathkin Landfill Site. These have been provided for based on the net present value of estimated future costs.

Provisions for employee related legal cases comprise mainly of the short-term provision for the assessment of equal pay obligations, £263.706 million. In addition there is provision for the estimated level of holiday pay potentially due, £0.495 million. During 2022/23, £0.541 million equal pay compensation payments have been met from the provision.

Provisions for other outstanding legal cases relates to estimated payments, £0.200 million at 31 March 2023, in respect of the potential clawback of payments made by Municipal Mutual Insurance Limited to former employees of SRC and GDC under occupational disease claims. This follows the Supreme Court ruling on Employers' Liability Insurance 'Trigger' Litigation on 28 March 2012. Payments of £0.133 million were made in respect of claims by former employees of Strathclyde Regional Council (SRC) and Glasgow District Council (GDC) during 2022/23.

Other provisions include estimated future costs in relation to estimated future costs for the recycling contract (£1.831 million), provision for future warranty claims (£0.235 million) and financial guarantees in relation to loan repayments and bond issue relating to group subsidiaries (£1.034 million). During the year, the financial guarantees were amortised, allowing the release of £0.018 million from the provision. All other provisions are individually immaterial.

## 27. Financial instruments

The statement of accounting policies in note 1.24 on page 33, explains the requirement of the reporting basis for financial instruments.

## 27.1. Categories of financial instruments

Financial instruments in the Balance Sheet at 31 March 2023 comprise the following financial assets and financial liabilities with their measurement bases.

| *2021/22* | | | | **2022/23** | | |
|---|---|---|---|---|---|---|
| *Fair value through profit and loss £000* | *Amortised cost £000* | *Total £000* | **Financial assets** | **Fair value through profit and loss £000** | **Amortised cost £000** | **Total £000** |
| | | | Long-term: | | | |
| 4,728 | 0 | 4,728 | Investments | 3,222 | 0 | 3,222 |
| 0 | 4,357 | 4,357 | Debtors | 0 | 5,552 | 5,552 |
| | | | Short-term: | | | |
| 40,309 | 157,763 | 198,072 | Investments | 5,794 | 244,109 | 249,903 |
| 0 | 365,796 | 365,796 | Debtors | 0 | 269,239 | 269,239 |
| **45,037** | **527,916** | **572,953** | **Total financial assets** | **9,016** | **518,900** | **527,916** |

| *2021/22 Amortised cost £000* | **Financial liabilities** | **2022/23 Amortised cost £000** |
|---|---|---|
| | Long-term: | |
| 1,319,488 | Borrowing | 1,303,320 |
| 54,247 | Creditors | 59,171 |
| | Short-term: | |
| 84,512 | Borrowing | 135,546 |
| 629,764 | Creditors | 442,950 |
| **2,088,011** | **Total financial liabilities** | **1,940,987** |

## 27.2. Income, expense, gains and losses on financial instruments

Income, expense, gains and losses for the year ended 31 March 2023 and recognised within the Comprehensive Income and Expenditure Statement (page 19) for financial instruments comprise the following:

| *2021/22 £000* | **Income, expense, gains and losses on financial instruments** | **2022/23 £000** |
|---|---|---|
| | (Income) and expense from: | |
| (4,242) | Interest revenue from financial assets measured at amortised cost | (10,388) |
| 101,226 | Interest expenses | 103,693 |
| 39 | Management fee | 41 |
| **97,023** | **(Income) and expenses** | **93,346** |
| | | |
| | Net (gains) and losses on: | |
| (289) | Financial assets measured at fair value through profit or loss | 22 |
| 8,338 | Financial assets measured at amortised cost | 8,892 |
| **8,049** | **Total net (gains) / losses** | **8,914** |
| **105,072** | **Total (income), expense, (gains) and losses** | **102,260** |

## 27.3. Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. The rates quoted in this valuation were obtained by the council's treasury management advisors from the market on 31 March 2023.

In terms of the fair value measurement hierarchy, the financial instruments measured at fair value are considered level 2 being inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

The calculations are made using the following assumptions:

(i) The PWLB new loan rate, in force at 31 March 2023, has been used as the discount rate for PWLB debt;

(ii) For other market debt and investments the discount rate used is the rate available for an instrument with the same terms from a comparable lender;

(iii) Interpolation techniques have been used between available rates where the exact maturity date was not available;

(iv) No early repayment or impairment is recognised.

| *2021/22* | | | **2022/23** | |
|---|---|---|---|---|
| *Carrying Amount £000* | *Fair Value £000* | **Valuation of financial liabilities** | **Carrying Amount £000** | **Fair Value £000** |
| 1,404,000 | 1,726,142 | Borrowing | 1,438,866 | 1,284,684 |

The fair values of all financial instruments have been calculated. The fair value of financial liabilities is less than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. The council's commitment to pay interest below current market rates reduces the amount the council would have to pay if the lender requested or agreed to early repayment of the loan.

## 27.4. Nature and extent of risks arising from financial instruments

The council's management of treasury risks minimises the council's exposure to the unpredictability of financial markets and protects the financial resources available to fund services. The council has fully adopted CIPFA's 'Treasury Management in the Public Services: Code of Practice' and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

## 27.5. Credit risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the council's customers. The council's policy for managing credit risk is outlined within the approved Treasury Management and Annual Investment Strategy Approved TM & AIS 2022/23. No credit limits were exceeded during the financial year and the council expects full repayment on the due date of deposits placed with counterparties.

The council does not generally allow credit for customers. The past due date for payments can be analysed as follows:

| *2021/22 £000* | **Aged debt profile** | **2022/23 £000** |
|---|---|---|
| 377,710 | Less than 3 months | 291,341 |
| 3,407 | 3 to 6 months | 3,425 |
| 6,871 | 6 months to 1 year | 5,758 |
| 96,785 | More than 1 year | 104,205 |
| **484,773** | **Total** | **404,729** |

## 27.6. Liquidity risk

As the council has access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

The maturity analysis of borrowing at nominal value is as follows:

| *2021/22* | | **Borrowing** | **2022/23** | |
|---|---|---|---|---|
| *Principal £000* | *Interest £000* | | **Principal £000** | **Interest £000** |
| 858,919 | 641,146 | Public Works Loans Board | 863,227 | 611,104 |
| 449,000 | 1,152,911 | Lender Option Buyer Option (LOBO) | 449,000 | 1,132,337 |
| 45,110 | 22,924 | Market debt | 43,377 | 20,211 |
| 24,655 | 2 | Temporary borrowing | 57,352 | 770 |
| **1,377,684** | **1,816,983** | **Total** | **1,412,956** | **1,764,422** |
| 71,727 | 55,587 | Less than 1 year | 123,007 | 56,784 |
| 17,034 | 53,756 | Between 1 and 2 years | 17,635 | 52,045 |
| 110,096 | 149,944 | 2 to 5 years | 139,895 | 142,871 |
| 164,410 | 209,019 | 5 to 10 years | 120,458 | 201,879 |
| 110,606 | 696,185 | 10 to 30 years | 108,150 | 692,071 |
| 849,811 | 528,994 | 30 to 50 years | 849,811 | 515,848 |
| 54,000 | 123,498 | 50 to 70 years | 54,000 | 102,924 |
| **1,377,684** | **1,816,983** | **Total** | **1,412,956** | **1,764,422** |

The maturity analysis of borrowing is outlined in the above table at nominal values. However, these liabilities are reflected in the Balance Sheet at amortised cost, which includes accrued interest of £12.538 million (£12.785 million in 2021/22) and an effective interest rate adjustment of £13.372 million (£13.531 million in 2021/22) in respect of LOBOs with stepped interest rates.

The maturity analysis of other financial liabilities is given within note 11 on page 49, and note 18.7 on page 61, in respect of obligations under PPP and similar contracts, and finance leases.

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

## 27.7. Market risk

### 27.7.1. Interest rate risk

Movements in market interest rates expose the council to risk due to uncertainty in the interest payable on borrowings and interest receivable on investments. Higher interest rates would increase the interest charged on variable borrowing and increase income received on variable rate lending, both of which would impact on the Comprehensive Income and Expenditure Statement.

A further risk in the movements of market rates is the impact on the fair value of borrowings and investments. An increase in interest rates would decrease the fair value of borrowings and investments at fixed rates. Changes to the fair value of borrowings do not impact on the council taxpayer as they are not carried at fair value in the council's Balance Sheet and are only reflected in the notes to the accounts for information.

The council has a number of strategies for managing interest rate risk. In conjunction with its treasury management advisors, the council actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowing and restructuring of debt.

Taking cognisance of interest rate forecasts provided by its treasury management advisors, the risk of a 1% increase in interest rates is deemed to be reasonable. As at 31 March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

| *2021/22 £000* | **Estimated financial effect** | **2022/23 £000** |
|---|---|---|
| 6,063 | Increase in the interest payable on variable rate borrowings | 4,806 |
| (3,242) | Increase in interest receivable on variable rate investments | (2,824) |
| **2,821** | **Net impact on the (surplus) or deficit on the provision of services** | **1,982** |

| *2021/22 £000* | **Other presentational changes** (no impact on the Comprehensive Income and Expenditure Statement) | **2022/23 £000** |
|---|---|---|
| 260,131 | Decrease in the fair value of fixed rate borrowings | 143,328 |

The impact of a 1% decrease in interest rates would be as above but with the figures being reversed.

### 27.7.2. Market price risk

Part of the council's Insurance Fund is invested in externally managed portfolios under the powers of Schedule 3 of the Local Government (Scotland) Act 1975 and Section 3 of the Local Government etc. (Scotland) Act 1994. The Insurance Fund investments were managed during the year by Ruffer Limited Liability Partnership.

The investment objectives of the fund are to achieve low volatility, positive returns from an actively managed portfolio of different asset classes, including internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supra-nationals or government organisations and currencies. The portfolio may also be invested in collective investment schemes, cash and money market instruments. Pervading these objectives is a fundamental philosophy of capital preservation. The principal performance objective of the portfolio is to achieve a positive total annual return, after all expenses, of double the Bank of England base rate.

### 27.7.3. Foreign exchange rate risk

Investment in foreign currency denominated equities and bonds forms a part of the investment strategy of funds managed by Ruffer Limited Liability Partnership and the foreign exchange risk is actively managed as a key element of the portfolio's asset allocation. In addition, the council held euros to meet future currency commitments with a sterling equivalent value of £0.225 million as at the 31 March 2023 exchange rate (£0.217 million at 31 March 2022). The potential financial impact of exchange rate movements in this respect is not material.

## 28. Deferred liabilities

Deferred liabilities represent amounts falling due in more than 12 months from the balance sheet date. An analysis of deferred liabilities at 31 March 2023 is provided in the following table:

| *2021/22 £000* | **Analysis of deferred liabilities** | **2022/23 £000** |
|---|---|---|
| 70,726 | Long-term liability relating to the PPP secondary schools contract | 62,213 |
| 532,286 | Long-term lease liability relating to council properties, vehicles and equipment | 743,881 |
| 29,868 | Developers' contributions received for the provision of recreational greenspace in line with council policy | 32,052 |
| 38,609 | Other | 40,899 |
| **671,489** | **Total** | **879,045** |

## 29. Contingent liabilities

The council remains liable for potential liabilities arising from claims lodged against Strathclyde Regional Council (SRC) on a geographical basis. There is also a shared liability in connection with Municipal Mutual Insurance Limited, one of the key insurers of the former SRC (and other local authorities across the United Kingdom). Following the Supreme Court ruling on Employers' Liability Insurance 'Trigger' Litigation on 28 March 2012, the council has a provision to meet a 25% clawback of estimated payments made by Municipal Mutual Insurance Limited in respect of known claims. The council recognises a contingent liability for further unknown claims in the future.

The council recognises the potential for compensation claims following the prosecution of former members of staff at Kerelaw Residential School. Some claims will be historic and relate to SRC and some will post date reorganisation.

Whilst the council has made appropriate provision for all tax and national insurance liabilities and the settlement of all known outstanding claims in respect of equal pay and the implementation of the Workforce Pay and Benefits Review, the council recognises the potential for compensation claims in respect of cases not yet settled or presented.

The council recognises a potential liability in respect of guaranteeing any unfunded pension costs, which may arise in certain circumstances, in relation to employees of City Building (Glasgow) Limited Liability Partnership, City Building (Contracts) Limited Liability Partnership, Culture and Sport Glasgow, City Property (Glasgow) Limited Liability Partnership, Jobs & Business Glasgow and Glasgow Housing Association. As sponsoring authority, the council has guaranteed to accept liability for any unfunded costs which may arise relating to their membership of the Local Government Pension Scheme (LGPS) administered by Glasgow City Council should they cease to exist, withdraw from the LGPS or otherwise become unable to continue covering any unfunded liabilities with regard to the Local Government Pension Scheme (Scotland) Regulations 1998, as amended, or the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998.

The council has provided a financial guarantee in relation to loan repayments of a group subsidiary (80% of loan value), namely City Property Glasgow (Investments) Limited Liability Partnership (original total loan £285 million). The council has also provided financial guarantees in relation to bond returns of a group subsidiaries (100% of bond return), namely City Property Glasgow (Operations SL) Ltd (original bond issued £195 million) and City Property Glasgow (SL Operations 3) Ltd (original bond issued £210 million). The likelihood of these guarantees being called is assessed annually. As at 31 March 2023, the risk has been assessed as minimal and the guarantees have been accounted for on that basis. However, the council also recognises the potential for future liabilities in the event that the related companies do not meet their contractual obligations under the respective funding agreements.

The council recognises an exposure to risk with regard to possible future environmental claims associated with land transferred to Glasgow Housing Association.

The council recognises and has provided for the liability in respect of its obligation to undertake restoration and aftercare work in respect of former landfill sites. As at 31 March 2023, a sum of £19.498 million has been provided for, principally in respect of the former Cathkin Landfill Site. However, the council recognises a contingent liability in respect of other landfill sites formerly operated by the council. The timing of further liabilities in respect of asset decommissioning is uncertain and the associated costs cannot be reliably estimated at this time.

Various other actions and claims are pending. These include procurement claims, contractual disputes and employer, public and motor liability claims. The council is opposing these claims but continues to review each case individually for liabilities that arise as the legal process progresses.

It is anticipated that any costs subsequently arising from these contingent liabilities will in the main be borne by the council and not reimbursed by other parties.

## 30. Events after the balance sheet date

There were no material events between 31 March 2023 and the date of submission that require to be reflected in the Financial Statements.

## 31. Cash flow statement - Operating activities

| *2021/22 Restated £000* | | 2022/23 £000 |
|---|---|---|
| 1,254,997 | Cash paid to and on behalf of employees | 868,653 |
| (1,158,192) | General Revenue Grant | (1,113,816) |
| (237,343) | Non-Domestic Rates receipts from national pool | (170,710) |
| 101,140 | Interest paid | 104,073 |
| (1,920) | Interest received | (6,340) |
| (2,238) | Dividends received | (4,048) |
| 168,654 | Other net operating cash payments | 235,308 |
| **125,098** | **Net cash flows from operating activities** | **(86,880)** |

## 32. Cash flow statement - Investing activities

| *2021/22 £000* | | 2022/23 £000 |
|---|---|---|
| 129,519 | Purchase of property, plant and equipment and intangible assets | 356,438 |
| 10,000 | Purchase of short-term and long-term investments | (35,000) |
| (3,504) | Proceeds from sale of property, plant and equipment and intangible assets | (6,408) |
| (117,160) | Other receipts from investing activities | (287,392) |
| **18,855** | **Net cash flows from investing activities** | **27,638** |

## 33. Cash flow statement - Financing activities

| Reconciliation of Liabilities arising from Financing Activities | Balance as at 31 March 2022 £000 | Financing Cash Flows 2022/23 £000 | Non-Cash Flow Changes: Acquisition 2022/23 £000 | Non-Cash Flow Changes: Other 2022/23 £000 | Balance as at 31 March 2023 £000 |
|---|---|---|---|---|---|
| Long-term borrowing | (1,319,487) | 93,844 | 0 | (77,677) | (1,303,320) |
| Short-term borrowing | (84,512) | (129,117) | 0 | 78,083 | (135,546) |
| Finance lease liabilities | (533,622) | 950 | (209,987) | 0 | (742,659) |
| On balance sheet PPP and similar contract liabilities | (95,599) | 10,052 | 0 | 0 | (85,547) |
| Other financing activities: NDRI Net Debtor/Creditor | (93,405) | (2,833) | 0 | 125,493 | 29,255 |
| **Total liabilities from financing activities** | **(2,126,625)** | **(27,104)** | **(209,987)** | **125,899** | **(2,237,817)** |

| *Reconciliation of Liabilities arising from Financing Activities* | *Balance as at 31 March 2021 £000* | *Financing Cash Flows 2021/22 £000 Restated* | *Non-Cash Flow Changes: Acquisition 2021/22 £000* | *Non-Cash Flow Changes: Other 2021/22 £000* | *Balance as at 31 March 2022 £000* |
|---|---|---|---|---|---|
| Long-term borrowing | (1,318,284) | 56,893 | 0 | (58,096) | (1,319,487) |
| Short-term borrowing | (129,302) | (13,616) | 0 | 58,406 | (84,512) |
| Finance lease liabilities | (534,752) | 1,130 | 0 | 0 | (533,622) |
| On balance sheet PPP and similar contract liabilities | (104,597) | 8,998 | 0 | 0 | (95,599) |
| Other financing activities: NDRI Net Debtor/Creditor | 28,728 | (108,602) | 0 | (13,531) | (93,405) |
| **Total liabilities from financing activities** | **(2,058,207)** | **(55,197)** | **0** | **(13,221)** | **(2,126,625)** |

## ❖ Council Tax Income Account

| *2021/22 £000* | **Council Tax** | **2022/23 £000** |
|---|---|---|
| 411,892 | Gross Council Tax levied and contributions in lieu | 428,337 |
| | *Less :* | |
| (80,511) | Other discounts and reductions | (83,852) |
| 2,842 | Prior years' Council Tax | 5,543 |
| (18,311) | Provision for bad and doubtful debts | (15,780) |
| (72,738) | Council Tax Reduction | (74,015) |
| **243,174** | **Transfers to Comprehensive Income and Expenditure Statement** | **260,233** |

### Notes to the Council Tax Income Account

The council tax income account (Scotland) shows the gross income raised from council taxes levied and deductions made under statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

The charge for each household is based on the valuation banding to which the dwelling is allocated by the Assessor. The Council Tax can be reduced by 25% where a dwelling has only one occupant. Where a property is both unoccupied and unfurnished a 6 month exemption from payment of Council Tax may be due. A 10% discount can be applied after the initial 6 months or for properties that are otherwise empty for up to 12 months, after which a 100% additional premium is payable, unless the property is being actively marketed for sale or let. The property bandings can be adjusted where the property has been adapted for use by disabled persons and total exemptions are available for where the property is only occupied by certain categories of resident, for example full-time students.

From 1 April 1996, charges in respect of water and sewerage became the responsibility of the relevant Water Authority, now Scottish Water. Glasgow City Council collects total monies and makes a precept payment to Scottish Water on the basis of anticipated collection rates.

**Calculation of the Council Tax base (The Band D figures quoted are based on the Council Tax base as at 10 September 2021)**

| Band | Valuation | No. of dwellings | No. of exemptions | No. of disabled relief cases | No. of discounts 25% | No. of discounts 50% | Total equivalent dwellings | Ratio to Band D | No. of Band D equivalents | Charges per band |
|---|---|---|---|---|---|---|---|---|---|---|
| A | Up to £27,000 | 69,989 | 15,129 | 146 | 39,126 | 807 | 44,822 | 240/360 | 29,876 | £924 |
| B | £27,001 - £35,000 | 81,080 | 5,313 | 68 | 43,547 | 976 | 64,460 | 280/360 | 50,136 | £1,078 |
| C | £35,001 - £45,000 | 71,268 | 4,357 | -15 | 30,976 | 781 | 58,762 | 320/360 | 52,233 | £1,232 |
| D | £45,001 - £58,000 | 44,237 | 3,310 | -2 | 15,124 | 477 | 36,906 | 1 | 36,906 | £1,386 |
| E | £58,001 - £80,000 | 31,499 | 2,747 | -96 | 9,075 | 389 | 26,193 | 473/360 | 34,415 | £1,821 |
| F | £80,001 - £106,000 | 14,504 | 1,363 | -47 | 3,306 | 188 | 12,174 | 585/360 | 19,783 | £2,252 |
| G | £106,001 - £212,000 | 6,554 | 331 | -49 | 1,226 | 81 | 5,827 | 705/360 | 11,411 | £2,714 |
| H | Over £212,000 | 679 | 44 | -5 | 63 | 13 | 608 | 882/360 | 1,490 | £3,396 |
| | | | | | | | | | **236,250** | |
| | | | | | *Add:* | Class 17 and 24 dwellings | | | 29 | |
| | | | | | *Less:* | Provision for non-payment | | | 11,814 | |
| | | | | | | **Band D Equivalent** | | | **224,465** | |

**Note:** The charges above exclude the water and sewerage element of the Council Tax. This disclosure is quoted as at 10 September 2021 to align with the budget position for 2022/23.

## ❖ Non-Domestic Rates Income Account

| *2021/22 £000* | **Non-Domestic Rates** | **2022/23 £000** |
|---|---|---|
| 496,004 | Gross rates levied and contributions in lieu | 505,267 |
| | *Less :* | |
| (232,301) | Relief and other deductions | (133,747) |
| (13,089) | Provision for bad and doubtful debts | (18,478) |
| **250,614** | **Net Non-Domestic Rate Income** | **353,042** |
| (3,045) | Prior years - adjustments | (18,520) |
| **247,569** | **Contribution to National Non-Domestic Rates Pool** | **334,522** |
| 223,812 | Sum due from central rates pool | 296,203 |
| **223,812** | **Income credited to Comprehensive Income and Expenditure Statement** | **296,203** |

### Notes to the Non-Domestic Rates Income Account

The non-domestic rate account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate non-domestic rate account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

Non-Domestic Rates are a tax levied by local authorities on the occupiers of commercial property within their areas, as distinct from a charge for their use of service. The basis of tax, the rateable value of the property, was subject to revaluation by the Assessor at 1 April 2017. The uniform business rate for 2022/23 was set by the Scottish Government at 49.8p (49.0p in 2021/22). In response to the impact of Covid-19, the Scottish Government introduced Retail, Hospitality, Leisure and Airport relief in 2020/21 which significantly increased the level of reliefs applicable and extended this relief to cover all of 2021/22. In 2022/23 this relief was set at 50% for the first 3 months of the year (capped at £27,500 per ratepayer) and ended on 30th June 2022. The Small Business Rates Relief scheme was superseded by the Small Business Bonus Scheme, introduced on 1 April 2008 and applies to properties with a rateable value up to and including £18,000. This scheme is funded by a supplement (1.3p and 2.6p in the pound) to the rate poundage for businesses with a rateable value of more than £51,000 and £95,000 respectively.

The contribution to the National Non-Domestic Rates Pool shown in the table above is the Non-Domestic Rates contributed by the council through the pooling arrangements for government grant purposes. The sum due from the central rates pool shown in the same table represents the Non-Domestic Rates distributed to the council through the aggregate external finance distribution.

### Rateable values and numbers of premises as at 1 April

| **Premises** | **Number of subjects** | | **Rateable values** | |
|---|---|---|---|---|
| | *2021/22* | **2022/23** | *2021/22 £000* | **2022/23 £000** |
| **Industrial and freight** | 2,092 | 2,102 | 49,500 | 49,569 |
| **Commercial subjects** | | | | |
| Shops | 8,294 | 8,501 | 292,521 | 306,217 |
| Offices | 8,809 | 8,925 | 228,930 | 233,169 |
| Hotels, boarding houses etc. | 302 | 338 | 29,349 | 32,595 |
| Others | 3,913 | 3,985 | 111,939 | 105,246 |
| **Miscellaneous and formula valued subjects** | 4,734 | 4,529 | 260,973 | 257,531 |
| **Total** | **28,144** | **28,380** | **973,212** | **984,327** |

## ❖ Common Good Fund

The Common Good is the ancient patrimony of the former burghs, with additions that have taken place from time to time. The most concise statement of the administration of the Common Good Fund is contained in a judgement by Lord Kyllachy - "The Common Good is corporate property and falls as such to be administered by the council - and applied by them for the benefit of the community in such manner as, and using reasonable judgement as, they think proper". It is an indispensable qualification of any object, to which the Common Good can be legally applied, that it should be one in which the general public of Glasgow City Council, as distinct from the general public of any other locality, is interested.

The Common Good Fund (the Fund) primarily meets the cost of civic ceremonies and hospitality to distinguished visitors to the city. The principal assets of the Fund are its various properties throughout the city and financial investments.

The council has an approved policy to maintain the overall value of the Fund over time. The net assets of the Fund were £22.926 million as at 31 March 2023 (£23.417 million at 31 March 2022).

### Common Good Fund Movement in Reserves Statement

| | Total Usable Reserves £000 |
|---|---|
| **Balance at 1 April 2021** | **22,694** |
| **Movement in reserves during 2021/22:** | |
| Total Comprehensive Income and (Expenditure) | 723 |
| **Increase or (Decrease) in the year** | **723** |
| **Balance at 31 March 2022** | **23,417** |
| **Movement in reserves during 2022/23:** | |
| Total Comprehensive Income and (Expenditure) | (491) |
| **Increase or (Decrease) in the year** | **(491)** |
| **Balance at 31 March 2023** | **22,926** |

## Income and Expenditure Statement for the year ended 31 March 2023

| *2021/22 Expenditure £000* | *2021/22 Income £000* | *2021/22 Net Expenditure £000* | Service | Note | 2022/23 Expenditure £000 | 2022/23 Income £000 | 2022/23 Net Expenditure £000 |
|---|---|---|---|---|---|---|---|
| 333 | (9) | 324 | Common Good Fund | | 919 | (41) | 878 |
| **333** | **(9)** | **324** | **Cost of Services** | | **919** | **(41)** | **878** |
| 0 | (1,345) | (1,345) | Interest and investment income | | 2 | (114) | (112) |
| 596 | (298) | 298 | Income, expenditure and changes in the fair value of investment properties | | 69 | (344) | (275) |
| **596** | **(1,643)** | **(1,047)** | **Financing and Investment (Income) and Expenditure** | | **71** | **(458)** | **(387)** |
| **929** | **(1,652)** | **(723)** | **(Surplus) or Deficit on the Provision of Services** | **7** | **990** | **(499)** | **491** |
| | | **(723)** | **Total Comprehensive (Income) and Expenditure** | | | | **491** |

## Balance Sheet as at 31 March 2023

| *2021/22 £000* | | Note | 2022/23 £000 |
|---|---|---|---|
| 3,029 | Investment property | **2, 3** | 3,027 |
| 19,117 | Long-term investments | **4** | 16,542 |
| **22,146** | **Long-term Assets** | | **19,569** |
| 1,271 | Short-term investments | **4** | 3,263 |
| 16 | Inventories | | 14 |
| 0 | Net short-term debtors | | 139 |
| 78 | Cash and cash equivalents | **5** | 55 |
| **1,365** | **Current Assets** | | **3,471** |
| (94) | Short-term creditors | | (114) |
| **(94)** | **Current Liabilities** | | **(114)** |
| **23,417** | **Net Assets** | | **22,926** |
| 23,417 | Usable Reserves | **6** | 22,926 |
| **23,417** | **Total Reserves** | | **22,926** |

The unaudited accounts were issued on 29 June 2023

Martin Booth BA FCPFA MBA
Executive Director of Finance
29 June 2023

# Notes to the Common Good Fund

## 1. Accounting policies

**1.1** The financial statements for the year ended 31 March 2023 have been compiled on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to give a true and fair view of the financial performance and position of the Fund.

**1.2** The accounting concepts of materiality, accruals, going concern and primacy of legislative requirements have been considered in the application of accounting policies. In this regard, the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the council will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.

**1.3** The accounting convention adopted is historical cost, modified by the revaluation of certain categories of long-term assets and the fair value of investments.

**1.4** Where the Fund has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the transaction date. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the exchange rate as at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Income and Expenditure Statement.

**1.5** Financial assets comprising the investment portfolio currently managed for the council by Ruffer Limited Liability Partnership are recognised as fair value through profit or loss. Financial assets (investments and debtors) and financial liabilities (borrowing and creditors) are recognised at amortised cost.

## 2. Investment property

The Fund owns a number of properties across the city, which are held to generate rental income or for capital appreciation. They are, therefore, accounted for as investment property and held at fair value in accordance with the Code. The fair value must reflect market conditions at the balance sheet date and thus the fair value of investment property is reviewed annually for material differences. Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services. Investment properties are not depreciated. The consumption of the economic benefits in the asset over time is, instead, automatically reflected in the property's fair value. All the investment properties are leased under operating leases to third parties. The amounts received in rental income are detailed at note 7 (page 81).

## 3. Fair value measurement of investment property

Each financial year, a valuation report is prepared for Common Good assets which incorporates the methodology employed by the valuer in arriving at their opinion of value. The methodology includes comparable data which is recognised in accordance with the fair value measurement hierarchy. The valuers seek to minimise the volume of unobservable inputs and maximise the volume of observable inputs in forming their opinion of value. For Common Good assets, the valuation inputs comprise level 2 inputs with adjustments not limited to location, rental growth, lease terms, covenants, costs, discount rates and vacancy levels. For 2022/23, both the income and market valuation techniques were widely adopted in forming opinions of fair value. The resulting valuation was £3.027 million at 31 March 2023.

## 4. Short and long-term investments

The Fund's investments were managed by Ruffer Limited Liability Partnership during the year. The fair value of investments as at 31 March 2023 was £19.805 million (£20.388 million at 31 March 2022). These are split between short and long-term investments on the Common Good Fund Balance Sheet. In terms of the fair value measurement hierarchy, short and long-term investments are considered to be valuations at level 1, being quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

The investment objective of the Fund is to achieve low volatility, positive returns from an actively managed portfolio of different asset classes, including internationally listed or quoted equities or equity related securities (including convertibles) or bonds, which are issued by corporate issuers, supra-nationals or government organisations, and currencies. The portfolio may also be invested in collective investment schemes, cash and money market instruments. Pervading this objective is a fundamental philosophy of capital preservation. The principal performance objective of the portfolio is to achieve a positive total annual return, after all expenses, of double the Bank of England base rate. Actual performance for the year to 31 March 2023 was 0.58%.

## 5. Cash and cash equivalents

Cash and cash equivalents of £0.055 million represents the balance held in the council's loans fund at 31 March 2023 (£0.078 million at 31 March 2022).

## 6. Reserves

The Code requires reserves to be summarised as Usable and Unusable Reserves. The Usable Reserve represents the accumulated Surplus on the Provision of Services. Following the introduction of IFRS 9 'Financial Instruments' in 2018/19 the cumulative gains/losses on unrealised equities now sit in the usable reserve and can fluctuate dependant on fund performance.

During 2022/23 the Deficit on the Provision of Services totalled £0.491 million, £1.447 million in relation to unrealised losses offset by £0.956 million in relation to ordinary activities. At 31 March 2023, the usable reserves balance is £22.926 million, £0.646 million relates to unrealised gains and £22.280 million relates to ordinary activities. In line with proper accounting practice, any element of the reserve related to unrealised gains may only be used to meet future unrealised losses and is not available to support ordinary activities.

There are currently no unusable reserves.

## 7. Analysis of income and expenditure

The following table provides an analysis of the Fund's income and expenditure:

| *2021/22 £000* | | **2022/23 £000** | **%** |
|---|---|---|---|
| | **Where the money came from** | | |
| (1,371) | Interest and (gains)/losses on investments | (113) | 23 |
| (272) | Rental income | (345) | 69 |
| (9) | Other receipts | (41) | 8 |
| **(1,652)** | **Total income** | **(499)** | **100** |
| | **How the money was spent** | | |
| 75 | Civic hospitality | 648 | 66 |
| 596 | Investment property costs | 69 | 7 |
| 160 | Treasury management | 173 | 17 |
| 98 | Other supplies and services | 100 | 10 |
| **929** | **Total expenditure** | **990** | **100** |
| **(723)** | **(Surplus) or Deficit on the Provision of Services** | **491** | |

# ❖ Sundry Trusts and Funds

## Introduction

Sundry Trusts and Funds have been set up from donations made by various individuals and organisations over many years. It is generally the case that only income arising from these funds can be disbursed each year, thus ensuring that resources are available to meet their continuing requirements.

A total of 14 Sundry Trusts were held at 31 March 2023, with an overall balance of £18.174 million (£18.255 million at 31 March 2022).

The tables below include the 14 Sundry Trusts, distinguishing whether Glasgow City Council is sole trustee or not:

| Glasgow City Council is sole trustee | | | |
|---|---|---|---|
| *Balance 2021/22 £000* | **Name of Fund** | **Objectives** | **Balance 2022/23 £000** |
| **Charities** | | | |
| 1,213 | Lord Provost's Children's Fund | The prevention or relief of poverty, the advancement of education, the advancement of citizenship or community development and the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage – beneficiaries of school age and under | 1,204 |
| 1,064 | Lord Provost's Fund for Older People | The prevention or relief of poverty, the advancement of citizenship or community development, the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage – beneficiaries of retiral age | 1,069 |
| 3,587 | Lord Provost's Fund for Vulnerable Citizens | The prevention or relief of poverty, the advancement of education, the advancement of citizenship or community development, the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage – beneficiaries between school age and retiral age | 3,646 |
| **5,864** | | **Charities** | **5,919** |
| **Non-Charities** | | | |
| 21 | Glasgow Education Trust | General purpose – education in schools | 22 |
| 69 | Glasgow Necropolis Fund | For the upkeep of the Necropolis | 70 |
| 15 | Southern Necropolis Lair Fund | For the upkeep of lairs and stones in Southern Necropolis | 16 |
| 8,412 | Art and Museum Purchase Fund | For the purchase of works of art for the council | 8,418 |
| 327 | Donald McPherson | For the purchase of books at the Mitchell Library | 332 |
| 36 | Louis E Campbell Bequests | For the purchase of books at the Mitchell Library | 37 |
| 77 | Mitchell Centenary Fund | For the purchase of books at the Mitchell Library | 78 |
| 197 | Barbara Collier Trust Fund | To advance the education and help assist pupils at Hyndland Secondary School to achieve a place at University | 134 |
| 0 | Lord Provost/Lady Provost Lunch | To raise funds for good causes | 0 |
| **9,154** | | **Non-Charities** | **9,107** |
| **15,018** | | **Total** | **15,026** |

| Glasgow City Council is not sole trustee | | | |
|---|---|---|---|
| *Balance 2021/22 £000* | **Name of Fund** | **Objectives** | **Balance 2022/23 £000** |
| **Charities** | | | |
| 2,808 | Blindcraft Trust Fund | Provide support of the blind or visually impaired | 2,712 |
| 429 | Fossil Grove Trust | Provide support for the preservation of fossils at Victoria Park | 436 |
| **3,237** | | **Charities** | **3,148** |

Of the Sundry Trusts reported, 5 have charitable status, with a Total Reserves balance of £9.067 million at 31 March 2023 (£9.101 million at 31 March 2022). The remaining 9 trusts with non-charitable status have a Total Reserves balance of £9.107 million at 31 March 2023 (£9.154 million at 31 March 2022).

## Sundry Trusts and Funds Movement in Reserves Statement

| | **Total Usable Reserves £000** |
|---|---|
| **Balance at 31 March 2021** | **17,579** |
| **Movement in reserves during 2021/22:** | |
| Total Comprehensive Income and (Expenditure) | 676 |
| **Increase or (Decrease) in the year** | **676** |
| **Balance at 31 March 2022** | **18,255** |
| **Movement in reserves during 2022/23:** | |
| Total Comprehensive Income and (Expenditure) | (81) |
| **Increase or (Decrease) in the year** | **(81)** |
| **Balance at 31 March 2023** | **18,174** |

## Comprehensive Income and Expenditure Statement for the Year ended 31 March 2023

| 2021/22 | | | | | 2022/23 | | |
|---|---|---|---|---|---|---|---|
| *Charities £000* | *Non – Charities £000* | *Total £000* | **Sundry Trusts and Funds** | **Note** | **Charities £000** | **Non – Charities £000** | **Total £000** |
| 430 | 210 | 640 | Expenditure | | 407 | 198 | 605 |
| (39) | 0 | (39) | Income | | (243) | (18) | (261) |
| **391** | **210** | **601** | **Cost of Services** | | **164** | **180** | **344** |
| (639) | (638) | (1,277) | Interest and investment income | | (130) | (133) | (263) |
| **(639)** | **(638)** | **(1,277)** | **Financing and Investment Income** | | **(130)** | **(133)** | **(263)** |
| **(248)** | **(428)** | **(676)** | **(Surplus) or Deficit on the Provision of Services** | | **34** | **47** | **81** |
| **(248)** | **(428)** | **(676)** | **Total Comprehensive (Income) and Expenditure** | | **34** | **47** | **81** |

## Balance Sheet as at 31 March 2023

| 2021/22 | | | | | 2022/23 | | |
|---|---|---|---|---|---|---|---|
| *Charities £000* | *Non – Charities £000* | *Total £000* | **Sundry Trusts and Funds** | **Note** | **Charities £000** | **Non – Charities £000** | **Total £000** |
| 8,879 | 9,235 | 18,114 | Long-term investments | **1** | 8,985 | 8,986 | 17,971 |
| 7 | 0 | 7 | Short-term debtors | | 0 | 0 | 0 |
| 225 | 80 | 305 | Cash and cash equivalents | **2** | 111 | 121 | 232 |
| **232** | **80** | **312** | **Current Assets** | | **111** | **121** | **232** |
| (10) | (161) | (171) | Short-term creditors | | (29) | 0 | (29) |
| **(10)** | **(161)** | **(171)** | **Current Liabilities** | | **(29)** | **0** | **(29)** |
| **9,101** | **9,154** | **18,255** | **Net Assets** | | **9,067** | **9,107** | **18,174** |
| 9,101 | 9,154 | 18,255 | Usable Reserves | **3** | 9,067 | 9,107 | 18,174 |
| **9,101** | **9,154** | **18,255** | **Total Reserves** | | **9,067** | **9,107** | **18,174** |

# Notes to the Accounts

## 1. Long-term investments

The fair value of investments managed by Ruffer Limited Liability Partnership at 31 March 2023 was £17.921 million (£18.064 million at 31 March 2022). The investment objectives of the Fund is to preserve the capital over rolling 12 month periods, and secondly to grow the portfolio at a higher rate (after fees) than could reasonably be expected from depositing the cash in a UK bank. The Fund is invested in a variety of different asset classes, including fixed interest stocks and equities (both UK and international), and an allocation of other risk investments designed to improve the overall return, but never to the extent of risking serious capital loss.

Further long-term investments held at 31 March 2023 total £0.050 million (£0.050 million at 31 March 2022) relating to a National Savings Deposit Bond.

In terms of the fair value measurement hierarchy the long-term investments measured at fair value are considered Level 1 being quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

## 2. Cash and cash equivalents

Cash and cash equivalents of £0.232 million represents the balance held in the council's loans fund at 31 March 2023 (£0.305 million at 31 March 2022).

## 3. Reserves

The Code requires reserves to be summarised as Usable and Unusable Reserves. The Usable Reserve represented the accumulated Surplus on the Provision of Services. Following the introduction of IFRS 9 'Financial Instruments' in 2018/19 the cumulative gains/losses on unrealised equities now sit in the usable reserve and can fluctuate dependant on fund performance.

During 2022/23 the Deficit on the Provision of Services totalled £0.081 million, a decrease of £0.361 million in relation to unrealised losses and an increase of £0.280 million in relation to ordinary activities. At 31 March 2023, the usable reserves balance is £18.174 million, £5.179 million relates to unrealised gains and £12.995 million relates to ordinary activities. In line with proper accounting practice, any element of the reserve related to unrealised gains may only be used to meet future unrealised losses and is not available for ordinary activities.

There are currently no unusable reserves.

# ❖ Group Financial Statements

## Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 places a requirement on authorities to consider all their interests in external organisations, including limited companies and other statutory bodies. Where the interest is considered to be material, the authority is required to prepare a full set of Group Financial Statements, in addition to those prepared for the authority's single entity Financial Statements. The Group Financial Statements are designed to give a 'true and fair view' of the financial performance and position of the council's group.

## Combining entities

The council has created a number of companies, commonly known as Arm's Length External Organisations (ALEOs), to further council objectives. Where the council has a 'controlling interest', these ALEOs are termed 'subsidiaries'. The council also has a 'significant interest' in a number of ALEOs, other companies and statutory bodies that are termed 'associates', and is an equal partner in the Glasgow City Integration Joint Board with NHS Greater Glasgow and Clyde, which is termed as a 'joint board'. The subsidiaries, associates and joint board representing the combining entities are listed below. Additional information on these entities can be found in note 4 on pages 98 to 104.

## Basis of consolidation

The Group Financial Statements for the year ended 31 March 2023 have been prepared on the basis of a full consolidation, with all financial transactions and balances of the council and its material subsidiaries consolidated on a line-by-line basis. Capital transactions between group members have not been eliminated. Associates and joint boards have been incorporated using the equity method, where an opening investment is recognised in the Group Balance Sheet and adjusted each year by the council's share of the associate's operating results, and other gains and losses. The pension reserves of material subsidiaries and the share of City Building (Glasgow) pension reserve are disclosed as usable group reserves; distinct from the unusable pension reserves of the authority and other associates, permitted under statute. The accounting periods for all entities are for the year to 31 March 2023.

## Changes to group structure

During the year to 31st March 2023, two new Special Purpose Vehicles (SPVs) were formed to facilitate funding agreements in relation to settlement of the council's equal pay obligation. These entities are City Property Glasgow (Operations SL3) LLP and City Property Glasgow (SL Operations 3) Limited. From 2022/23, these SPVs are being treated as subsidiaries of the council, and their results have been consolidated into the group financial statements on a line-by-line basis with appropriate adjustments for consolidation.

There were no other changes to the group structure during the year.

## Subsidiaries

- Scottish Event Campus Limited
- City Building (Contracts) Limited Liability Partnership
- Culture and Sport Glasgow, trading as Glasgow Life

- City Property Glasgow (Investments) LLP
- City Property Glasgow (Operations SL1) LLP
- City Property Glasgow (Operations SL2) LLP
- City Property Glasgow (Operations SL3) LLP
- City Property Glasgow (Operations SL) Limited
- City Property Glasgow (SL Operations 3) Limited
- Jobs & Business Glasgow

## Associates and Joint Ventures

- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme
- Glasgow City Integration Joint Board
- City Building (Glasgow) Limited Liability Partnership

## Group Comprehensive Income and Expenditure Statement for the Year ended 31 March 2023

| 2021/22 Exp. £000 | 2021/22 Income £000 | 2021/22 Net Exp. £000 | Service | Note | 2022/23 Exp. £000 | 2022/23 Income £000 | 2022/23 Net Exp. £000 |
|---|---|---|---|---|---|---|---|
| 184,120 | (16,011) | 168,109 | Chief Executive's Office | | 168,620 | (13,122) | 155,498 |
| 803,837 | (112,847) | 690,990 | Education Services | | 860,837 | (115,683) | 745,154 |
| 375,254 | (284,388) | 90,866 | Financial Services | | 365,006 | (264,151) | 100,855 |
| 490,744 | (223,231) | 267,513 | Neighbourhoods, Regeneration and Sustainability | | 439,304 | (213,990) | 225,314 |
| 1,343,663 | (838,936) | 504,727 | Social Work Services | | 1,381,785 | (830,506) | 551,279 |
| 19,015 | (1,417) | 17,598 | Related Companies and Joint Boards | | 17,209 | (54) | 17,155 |
| 260,106 | 0 | 260,106 | Equal Pay Obligation | | (128) | 0 | (128) |
| 0 | 0 | 0 | Former Authority Residual Costs | | 120 | 0 | 120 |
| 159 | (3) | 156 | Common Good Fund | 6 | 319 | (5) | 314 |
| 280 | (31) | 249 | Sundry Trusts | 6 | 304 | (100) | 204 |
| 82,469 | (63,562) | 18,907 | City Building (Contracts) LLP | | 67,834 | (50,849) | 16,985 |
| 2,966 | (2,436) | 530 | City Parking (Glasgow) LLP | | 0 | 0 | 0 |
| 1,359 | (53) | 1,306 | City Property Glasgow (Investments) LLP | | 2,059 | (18) | 2,041 |
| 114,220 | (23,816) | 90,404 | Culture and Sport Glasgow | | 129,435 | (25,029) | 104,406 |
| 7,376 | (5) | 7,371 | Jobs & Business Glasgow | | 7,847 | (77) | 7,770 |
| 25,052 | (26,902) | (1,850) | Scottish Event Campus Ltd | | 38,338 | (42,299) | (3,961) |
| **3,710,620** | **(1,593,638)** | **2,116,982** | **Cost of Services** | | **3,478,889** | **(1,555,883)** | **1,923,006** |
| 94 | (1,779) | (1,685) | (Gain) or loss on the disposal of Property, Plant and Equipment. | | 0 | (4,195) | (4,195) |
| **94** | **(1,779)** | **(1,685)** | **Other Operating Expenditure** | | **0** | **(4,195)** | **(4,195)** |
| 100,193 | 0 | 100,193 | Interest payable | | 101,808 | 0 | 101,808 |
| 0 | (58,788) | (58,788) | Interest and investment income | | 0 | (8,784) | (8,784) |
| 26,970 | 0 | 26,970 | Net interest on the net defined benefit liability | 10 | 21,129 | 0 | 21,129 |
| 7,716 | (13,148) | (5,432) | Income, expenditure and changes in the fair value of investment properties | 14 | 3,343 | (14,212) | (10,869) |
| 0 | (6) | (6) | Minority interest | | 0 | (178) | (178) |
| **134,879** | **(71,942)** | **62,937** | **Financing and Investment Income and Expenditure** | | **126,280** | **(23,174)** | **103,106** |
| 0 | (1,158,192) | (1,158,192) | Non-ringfenced Government grants | | 0 | (1,113,816) | (1,113,816) |
| 0 | (223,812) | (223,812) | Non-Domestic Rates | | 0 | (296,203) | (296,203) |
| 0 | (243,174) | (243,174) | Council Tax / Community Charge | | 0 | (260,233) | (260,233) |
| 0 | (95,222) | (95,222) | Capital grants and contributions | | 0 | (106,415) | (106,415) |
| **0** | **(1,720,400)** | **(1,720,400)** | **Taxation and Non-specific Grant Income** | | **0** | **(1,776,667)** | **(1,776,667)** |
| **3,845,593** | **(3,387,759)** | **457,834** | **(Surplus) or Deficit on the Provision of Services** | | **3,605,169** | **(3,359,919)** | **245,250** |
| | | (21,481) | Share of (surplus) or deficit on provision of services by associates | | | | 43,827 |
| | | 999 | Tax expenses or (receipts) of subsidiaries | 12 | | | 1,273 |
| | | **437,352** | **Group (Surplus) or Deficit** | | | | **290,350** |
| | | | **Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services** | | | | |
| | | (578,810) | (Surplus) or deficit on revaluation of Property, Plant and Equipment | | | | (101,085) |
| | | (745,728) | Actuarial (gains) or losses on Pension Assets and Liabilities | 10 | | | (1,275,127) |
| | | (11,739) | Other unrealised (gains) or losses | | | | 0 |
| | | (53,390) | Share of other comprehensive (income) and expenditure of associates | | | | (71,104) |
| | | 6 | Minority interest | | | | 178 |
| | | **(1,389,661)** | **Other Comprehensive (Income) and Expenditure** | | | | **(1,447,138)** |
| | | **(952,309)** | **Total Comprehensive Income** | | | | **(1,156,788)** |

## Group Movement in Reserves Statement for the year ended 31 March 2023

| Movement in Reserves Statement | General Fund Reserve £000 | Revenue Reserve Fund £000 | Capital Reserve Fund £000 | Capital Grants Unapplied Account £000 | **Total Usable Reserves £000** | **Total Unusable Reserves £000** | **Total Authority Reserves £000** | **Authority's share of Usable Reserves of Subsidiaries & Associates £000** | **Authority's share of Unusable Reserves of Subsidiaries & Associates £000** | **Minority Interest £000** | **Total Reserves £000** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 31 March 2021 (Restated)** | **240,121** | **47,054** | **15,364** | **38,126** | **340,665** | **980,007** | **1,320,672** | **(6,079)** | **101,675** | **6,091** | **1,422,359** |
| | | | | | | *Restated* | *Restated* | *Restated* | *Restated* | | Restated |
| Total comprehensive income and (expenditure) *Restated* | (612,397) | 0 | 0 | 0 | (612,397) | 1,190,791 | 578,394 | 268,333 | 131,084 | (86) | 977,725 |
| Adjustment for consolidation of City Parking | 2,917 | 0 | 0 | 0 | 2,917 | (28,333) | (25,416) | 0 | 0 | 0 | (25,416) |
| Adjustments to usable reserves permitted by accounting standards | 16,865 | 0 | 0 | 0 | 16,865 | (16,865) | 0 | 0 | 0 | 0 | 0 |
| Adjustments between group and authority accounts: Purchase of goods and services between subsidiaries | 104,926 | 0 | 0 | 0 | 104,926 | 0 | 104,926 | (104,926) | 0 | 0 | 0 |
| Transfers (to) or from other statutory reserves | (10,966) | (1,950) | 12,916 | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Increase or (decrease) before transfers** | **(498,655)** | **(1,950)** | **12,916** | **0** | **(487,689)** | **1,145,593** | **657,904** | **163,407** | **131,084** | **(86)** | **952,309** |
| Adjustments between accounting and funding basis under statutory provisions | 484,268 | 0 | 0 | (16,637) | 467,631 | (467,631) | 0 | 32,123 | (32,123) | 0 | 0 |
| **Increase or (decrease) in the year** | **(14,387)** | **(1,950)** | **12,916** | **(16,637)** | **(20,058)** | **677,962** | **657,904** | **195,530** | **98,961** | **(86)** | **952,309** |
| **Balance as at 31 March 2022** | **225,734** | **45,104** | **28,280** | **21,489** | **320,607** | **1,657,969** | **1,978,576** | **189,451** | **200,636** | **6,005** | **2,374,668** |
| Total comprehensive income and (expenditure) | (362,794) | 0 | 0 | 0 | (362,794) | 1,114,835 | 752,041 | 314,907 | 86,355 | 3,485 | 1,156,788 |
| Adjustments to usable reserves permitted by accounting standards | 35,851 | 0 | 0 | 0 | 35,851 | (35,851) | 0 | 0 | 0 | 0 | 0 |
| Adjustments between group and authority accounts: Purchase of goods and services between subsidiaries | 113,295 | 0 | 0 | 0 | 113,295 | 0 | 113,295 | (113,295) | 0 | 0 | 0 |
| Transfers (to) or from other statutory reserves | 12,966 | (14,040) | 1,074 | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Increase or (decrease) before transfers** | **(200,682)** | **(14,040)** | **1,074** | **0** | **(213,648)** | **1,078,984** | **865,336** | **201,612** | **86,355** | **3,485** | **1,156,788** |
| Adjustments between accounting and funding basis under statutory provisions | 252,304 | 0 | 12,107 | 194,640 | 459,051 | (459,051) | 0 | 28,626 | (28,626) | 0 | 0 |
| **Increase or (decrease) in the year** | **51,622** | **(14,040)** | **13,181** | **194,640** | **245,403** | **619,933** | **865,336** | **230,238** | **57,729** | **3,485** | **1,156,788** |
| **Balance as at 31 March 2023** | **277,356** | **31,064** | **41,461** | **216,129** | **566,010** | **2,277,902** | **2,843,912** | **419,689** | **258,365** | **9,490** | **3,531,456** |

# Group Balance Sheet as at 31 March 2023

| 31 March 22 (Restated) £000 | | Note | £000 | 31 March 23 £000 |
|---|---|---|---|---|
| *2,907,577* | Other land and buildings | | 3,003,465 | |
| *117,203* | Vehicles, plant, furniture and equipment | | 99,646 | |
| *780,645* | Infrastructure assets | | 817,899 | |
| *23,372* | Community assets | | 23,851 | |
| *107,543* | Assets under construction | | 54,238 | |
| *40,703* | Corporate surplus assets | | 45,362 | |
| *3,977,043* | **Property, Plant and Equipment** | **13** | | 4,044,461 |
| *1,117,576* | Heritage assets | | | 1,117,674 |
| *238,553* | Investment property | **14** | | 238,710 |
| *14,880* | Intangible assets | | | 18,672 |
| *41,988* | Long-term investments | | | 37,738 |
| *225,242* | Investments in associates and joint boards | **16** | | 227,311 |
| *42,341* | Long-term debtors | | | 48,016 |
| *0* | Pensions asset | | | 711,803 |
| ***5,657,623*** | **Long-term Assets** | | | **6,444,385** |
| *41,580* | Short-term investments | | | 9,057 |
| *4,631* | Inventories | | | 3,384 |
| *393,862* | Net short-term debtors | | | 274,272 |
| *300,784* | Cash and cash equivalents | **17** | | 411,324 |
| *8,480* | Assets held for sale | | | 7,883 |
| ***749,337*** | **Current Assets** | | | **705,920** |
| *(96,259)* | Short-term borrowing | **15** | | (149,058) |
| *(736,290)* | Short-term creditors | | | (536,837) |
| *(5,849)* | Short-term provisions | | | (269,559) |
| *(1,075)* | Donated inventories account | | | 0 |
| *0* | Current Tax Liability | | | (406) |
| ***(839,473)*** | **Current Liabilities** | | | **(955,860)** |
| *(283,415)* | Long-term provisions | | | (24,300) |
| *(1,930,916)* | Long-term borrowing | **15** | | (2,114,671) |
| *(704,031)* | Pensions liability | **10** | | (283,038) |
| *(215,056)* | Deferred liabilities | **18** | | (208,978) |
| *(3,420)* | Deferred tax liability | | | (4,287) |
| *(19,679)* | Deferred grants | **19** | | (19,182) |
| *(11,094)* | Deferred income | | | (8,533) |
| *(25,208)* | Liabilities in associates and joint boards | **16** | | 0 |
| ***(3,192,819)*** | **Long-term Liabilities** | | | **(2,662,989)** |
| ***2,374,668*** | **Net Assets** | | | **3,531,456** |
| *225,734* | General Fund Reserve | | | 277,356 |
| *45,104* | Revenue Reserve Funds | | | 31,064 |
| *28,280* | Capital Reserve Funds | | | 41,461 |
| *21,489* | Capital Grants and Receipts Unapplied Account | | | 216,129 |
| *320,607* | Usable Reserves | | | 566,010 |
| *1,657,969* | Unusable Reserves | | | 2,277,902 |
| *396,092* | Group Reserves | | | 687,544 |
| ***2,374,668*** | **Total Reserves** | | | **3,531,456** |

The unaudited accounts were issued on 29 June 2023 and the audited accounts were authorised for publication on

Martin Booth BA FCPFA MBA
Executive Director of Finance

# Group Cash Flow Statement for the Year ended 31 March 2023

| *2021/22 (Restated) £000* | | **2022/23 £000** |
|---|---|---|
| *457,834* | Group (Surplus) or Deficit on the Provision of Services | 245,250 |
| *(253,609)* | Adjustments to net (surplus) or deficit on the provision of services for non-cash movements | (759,473) |
| *(107,343)* | Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities | 206,692 |
| *0* | Taxation | (14) |
| ***96,882*** | **Net cash flows from operating activities** | **(307,545)** |
| *20,872* | Investing activities | 24,967 |
| *(55,165)* | Financing activities | 172,038 |
| ***62,589*** | **Net (increase) or decrease in Cash and cash equivalents** | **(110,540)** |
| *(363,373)* | Cash and cash equivalents at the beginning of the reporting period | (300,784) |
| ***(300,784)*** | **Cash and cash equivalents at the end of the reporting period** | **(411,324)** |

Note: The cash flow from financing activities includes £209.987 million in respect of a bond issued by the new Special Purpose Vehicle, City Property Glasgow (SL Operations 3) Ltd during the year.

# ❖ Notes to the Group Financial Statements

## 1. Group accounting policies

The group's accounting policies align with those specified for the single entity's Financial Statements (pages 23 to 36). Group accounts have been prepared using uniform accounting policies for like transactions and events. The accounting policies of subsidiaries, associates and joint ventures shall align with those of the single entity. Where material differences exist, appropriate adjustments are made to the financial statements of the relevant group members when preparing the group accounts to ensure compliance with the group's accounting policies. Specific group policies are as follows:

### 1.1. Goodwill

The council inherited its interest in Scottish Event Campus Limited, Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme as a result of local government reorganisation in April 1996. There was no goodwill on acquisition.

### 1.2. Going concern

All group members have prepared their accounts on a going concern basis. In common with these public bodies, the council's Group Financial Statements have been prepared on a going concern basis, as it is expected that funding, aligned with robust budget processes, will continue to provide sufficient resources.

### 1.3. Pensions

Disclosure of information relating to the pensions of Glasgow City Council, its subsidiaries and associates follows the reporting requirements of IAS19 Employee Benefits.

Glasgow City Council, City Building (Contracts) LLP, Culture and Sport Glasgow, and Jobs & Business Glasgow are members of the Local Government Pension Scheme, a defined benefit scheme. The cost of providing pensions for employees was charged to the Group Comprehensive Income and Expenditure Statement in accordance with the Code.

Strathclyde Partnership for Transport is also an admitted body of the Local Government Pension Scheme and has used the asset ceiling method to arrive at their net asset valuation.

Scottish Event Campus Limited and Jobs & Business Glasgow operate defined contribution schemes on behalf of their employees. For these defined contribution schemes, the pension costs reported for the year are equal to the contributions payable to the scheme for the accounting period and are included within Cost of Services in the Group Comprehensive Income and Expenditure Statement. Assets or liabilities are recognised only to the extent that they are prepaid or outstanding at the year end.

### 1.4. Common Good Fund and Sundry Trusts

Expenditure and income associated with the Common Good Fund and Sundry Trusts are included within Cost of Services in the Group Comprehensive Income and Expenditure Statement. Trading between the Common Good Fund, Sundry Trusts and the group has been eliminated.

## 1.5. Depreciation

For the group and its associates, depreciation has been provided on a straight-line basis for the following long-term assets:

| Category | Useful Life (years) |
|---|---|
| Buildings | 5 - 60 |
| Plant, Vehicles and Equipment | 1 - 20 |
| Infrastructure | 10 - 40 |
| Surplus Property | 40 |
| Surplus Equipment | 10 |
| Rolling Stock | 1 - 25 |
| Sundry Assets | 1 - 25 |

## 1.6. Prior year restatement

The prior year figures have been restated as a result of audit adjustments to the single entity, GCC (see note 1.30, page 35) and other combining entities.

There has been a restatement within the Scottish Event Campus Ltd as at 31 March 2022 to reflect a revised valuation of Land & Buildings at this date. The impact on the balance sheet as at 31 March 2022 was an increase in both Property, Plant and Equipment and Group Reserves of £32.916 million.

These prior period adjustments resulted in the following changes to the main statements:

**Effect on Movement in Reserves Statement 2021/22**

| | 2021/22 Original Balance £000 | Adjustment £000 | 2021/22 Restated Balance £000 |
|---|---|---|---|
| **Balance at 31 March 2021 (Restated)** | | | |
| Total Unusable Reserves | 1,280,007 | (300,000) | 980,007 |
| Total Authority Reserves | 1,620,672 | (300,000) | 1,320,672 |
| **Total Reserves** | **1,722,359** | **(300,000)** | **1,422,359** |
| **Movement in reserves during 2021/22 (for Total Unusable Reserves)** | | | |
| Total comprehensive income and (expenditure) | 1,247,791 | (57,000) | 1,190,791 |
| Increase or (decrease) before transfers | 1,202,593 | (57,000) | 1,145,593 |
| Increase or (decrease) in the year | 734,962 | (57,000) | 677,962 |
| **Movement in reserves during 2021/22 (for Total Authority Reserves)** | | | |
| Total comprehensive income and (expenditure) | 635,394 | (57,000) | 578,394 |
| Increase or (decrease) before transfers | 714,904 | (57,000) | 657,904 |
| Increase or (decrease) in the year | 714,904 | (57,000) | 657,904 |
| **Movement in reserves during 2021/22 (for Authority's share of Usable Reserves of Subsidiaries & Associates)** | | | |
| Total comprehensive income and (expenditure) | 266,982 | 1,351 | 268,333 |
| Increase or (decrease) before transfers | 162,056 | 1,351 | 163,407 |
| Increase or (decrease) in the year | 194,179 | 1,351 | 195,530 |

| | | | |
|---|---|---|---|
| **Movement in reserves during 2021/22 (for Authority's share of Unusable Reserves of Subsidiaries & Associates)** | | | |
| Total comprehensive income and (expenditure) | 99,519 | 31,565 | 131,084 |
| Increase or (decrease) before transfers | 99,519 | 31,565 | 131,084 |
| Increase or (decrease) in the year | 67,396 | 31,565 | 98,961 |
| **Movement in Reserves during 2021/22 (for Total Reserves)** | | | |
| Total comprehensive income and (expenditure) | 1,001,809 | (24,084) | 977,725 |
| Increase or (decrease) before transfers | 976,393 | (24,084) | 952,309 |
| Increase or (decrease) in the year | 976,393 | (24,084) | 952,309 |
| **Balance at 31 March 2022 (Restated)** | | | |
| Total Unusable Reservices | 2,014,969 | (357,000) | 1,657,969 |
| Total Authority Reserves | 2,335,576 | (357,000) | 1,978,576 |
| Total Authority's share of Usable Reserves of Subsidiaries & Associates | 188,100 | 1,351 | 189,451 |
| Total Authority's share of Unusable Reserves of Subsidiaries & Associates | 169,071 | 31,565 | 200,636 |
| **Total Reserves** | **2,698,752** | **(324,084)** | **2,374,668** |

**Effect on Comprehensive Income and Expenditure Statement 2021/22**

| | 2021/22 Original Net Expenditure £000 | Adjustment £000 | 2021/22 Restated Net Expenditure £000 |
|---|---|---|---|
| Scottish Event Campus Ltd | (500) | (1,350) | (1,850) |
| **Cost of Services** | **2,118,332** | **(1,350)** | **2,116,982** |
| **(Surplus) or Deficit on the Provision of Services** | **459,184** | **(1,350)** | **457,834** |
| **Group (Surplus) or Deficit** | **438,702** | **(1,350)** | **437,352** |
| **Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services** | | | |
| (Surplus) or deficit on revaluation of Property, Plant and Equipment | (547,244) | (31,566) | (578,810) |
| Actuarial (gains) or losses on Pension Assets and Liabilities | (802,728) | 57,000 | (745,728) |
| **Other Comprehensive (Income) and Expenditure** | **(1,415,095)** | **25,434** | **(1,389,661)** |
| **Total Comprehensive (Income) and Expenditure** | **(976,393)** | **24,084** | **(952,309)** |

**Effect on Balance Sheet 2021/22**

| | 2021/22 Original Balance £000 | Adjustment £000 | 2021/22 Restated Balance £000 |
|---|---|---|---|
| Other land and buildings | 2,874,661 | 32,916 | 2,907,577 |
| **Property, Plant and Equipment** | **3,944,127** | **32,916** | **3,977,043** |
| Heritage assets | 1,417,576 | (300,000) | 1,117,576 |
| **Long-term assets** | **5,924,707** | **(267,084)** | **5,657,623** |
| Net pensions liability | (647,031) | (57,000) | (704,031) |
| **Long-term Liabilities** | **(3,135,819)** | **(57,000)** | **(3,192,819)** |

| | | | |
|---|---|---|---|
| **Net Assets** | **2,698,752** | **(324,084)** | **2,374,668** |
| Unusable Reserves | 2,014,969 | (357,000) | 1,657,969 |
| Group Reserves | 363,176 | 32,916 | 396,092 |
| **Total Reserves** | **2,698,752** | **(324,084)** | **2,374,668** |

**Effect on Cash Flow Statement 2021/22**

| | 2021/22 Original Balance £000 | Adjustment £000 | 2021/22 Restated Balance £000 |
|---|---|---|---|
| **(Surplus) or Deficit on the Provision of Services** | **459,184** | **(1,350)** | **457,834** |
| Adjustments to (Surplus) or Deficit on the Provision of Services for non-cash movements | (216,743) | (36,866) | (253,609) |
| **Net cash flows from Operating Activities** | **135,098** | **(38,216)** | **96,882** |
| Financing Activities | (93,381) | 38,216 | (55,165) |

The prior period adjustments outlined above do not alter the closing 2021/22 General Fund Reserve balance, as any impact on the Comprehensive Income and Expenditure Statement is adjusted for through the Movement in Reserves Statement.

## 2. Assumptions about the future and other sources of estimation uncertainty

The Group Financial Statements contain estimated figures that are based on assumptions made by the group about the future or outcomes that are otherwise uncertain. Estimates are made considering 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 item in the Group Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

| Item | Uncertainties | Effect if results differ from assumptions |
|---|---|---|
| Pensions liability | 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 pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied.<br>The IAS19 report value shows pension assets of £5,783 million and pension liabilities of £4,627 million. In accordance with proper accounting practice, the asset is limited to the forecast reductions in contributions as compared to the future service costs. This has resulted in the group pensions asset being recognised at £711.803m. A 1% movement on assets and liabilities would be £58 million and £46 million respectively, both significant sums. Note 10 on pages 108 to 112 provides further disclosure on Pension costs. | The effects on the net pension liability of changes in individual assumptions can be measured. The actuary has estimated that a 0.1% decrease in the real discount rate would result in an increase to the pension liability of £83 million. Similarly, a 0.1% increase in the rate of salary increase and pension increase rates would increase the liability by £10 million and £73 million respectively. In terms of life expectancy, an increase of 1 year is estimated to equate to an increased liability of £184 million |

## 3. Group Expenditure and Funding Analysis for the Year ended 31 March 2023

| *(Restated) 2021/22 Net (Income)/ Expenditure Chargeable to the General Fund £000* | *(Restated) 2021/22 Adjustments £000* | *2021/22 Net Expenditure in the CIES £000* | Service | 2022/23 Net (Income)/ Expenditure Chargeable to the General Fund £000 | 2022/23 Adjustments £000 | 2022/23 Net Expenditure in the CIES £000 |
|---|---|---|---|---|---|---|
| *125,865* | *42,244* | *168,109* | Chief Executive's Office | 132,302 | 23,196 | 155,498 |
| *630,270* | *60,720* | *690,990* | Education Services | 675,614 | 69,540 | 745,154 |
| *152,896* | *(62,030)* | *90,866* | Financial Services | 188,557 | (87,702) | 100,855 |
| *164,299* | *103,214* | *267,513* | Neighbourhoods, Regeneration and Sustainability | 172,661 | 52,653 | 225,314 |
| *454,472* | *50,255* | *504,727* | Social Work Services | 500,979 | 50,300 | 551,279 |
| *10,781* | *6,817* | *17,598* | Related Companies and Joint Boards | 8,409 | 8,746 | 17,155 |
| *0* | *260,106* | *260,106* | Equal Pay Obligations | (22) | (106) | (128) |
| *0* | *0* | *0* | Former Authority Residual Costs | 120 | 0 | 120 |
| *156* | *0* | *156* | Common Good Fund | 314 | 0 | 314 |
| *249* | *0* | *249* | Sundry Trusts | 204 | 0 | 204 |
| *19,550* | *(643)* | *18,907* | City Building (Contracts) LLP | 17,522 | (537) | 16,985 |
| *(27,851)* | *28,381* | *530* | City Parking LLP | 0 | 0 | 0 |
| *9,321* | *(8,015)* | *1,306* | City Property Glasgow (Investments) LLP | 9,887 | (7,846) | 2,041 |
| *73,915* | *16,489* | *90,404* | Culture and Sport Glasgow | 94,120 | 10,286 | 104,406 |
| *6,945* | *426* | *7,371* | Jobs & Business Glasgow | 6,521 | 1,249 | 7,770 |
| *(5,111)* | *3,261* | *(1,850)* | Scottish Event Campus Ltd | (3,966) | 5 | (3,961) |
| ***1,615,757*** | ***501,225*** | ***2,116,982*** | **Cost of Services** | **1,803,222** | **119,784** | **1,923,006** |
| ***(1,652,112)*** | ***(27,518)*** | ***(1,679,630)*** | **Other (Income) and Expenditure** | **(1,789,808)** | **157,152** | **(1,632,656)** |
| ***(36,355)*** | ***473,707*** | ***437,352*** | **Group Surplus or Deficit** | **13,414** | **276,936** | **290,350** |
| | | *234,042* | **Opening General Fund Balance** | | | 415,185 |
| | | *36,355* | Surplus/(Deficit) on General Fund in Year | | | (13,414) |
| | | *144,788* | Transfers (to)/from Other Statutory Reserves | | | 295,274 |
| | | ***415,185*** | **Closing General Fund Balance** | | | **697,045** |

Note: 2021/22 restatement includes removal of City Property SL1 and City Property SL2 from analysis.

## Note to the Group Expenditure and Funding Analysis – Adjustments

| *2021/22 Adjustments for Capital Purposes £000* | *2021/22 Net Change for the Pensions Adjustments £000* | *(Restated) 2021/22 Other Differences £000* | *(Restated) 2021/22 Total Adjustments £000* | Service | 2022/23 Adjustments for Capital Purposes £000 | 2022/23 Net Change for the Pensions Adjustments £000 | 2022/23 Other Differences £000 | 2022/23 Total Adjustments £000 |
|---|---|---|---|---|---|---|---|---|
| *34,384* | *7,396* | *464* | *42,244* | Chief Executive's Office | 16,945 | 6,155 | 96 | 23,196 |
| *51,764* | *23,554* | *(14,598)* | *60,720* | Education Services | 57,874 | 21,249 | (9,583) | 69,540 |
| *631* | *16,181* | *(78,842)* | *(62,030)* | Financial Services | 1,640 | 14,744 | (104,086) | (87,702) |
| *87,782* | *21,777* | *(6,345)* | *103,214* | Neighbourhoods, Regeneration and Sustainability | 34,672 | 18,934 | (953) | 52,653 |
| *(863)* | *51,092* | *26* | *50,255* | Social Work Services | 2,605 | 46,918 | 777 | 50,300 |
| *0* | *0* | *6,817* | *6,817* | Related Companies and Joint Boards | 0 | 0 | 8,746 | 8,746 |
| *0* | *0* | *260,106* | *260,106* | Equal Pay Obligations | 0 | 0 | (106) | (106) |
| *0* | *6,047* | *(6,690)* | *(643)* | City Building (Contracts) LLP | 0 | 5,029 | (5,566) | (537) |
| *280* | *608* | *27,493* | *28,381* | City Parking LLP | 0 | 0 | 0 | 0 |
| *0* | *0* | *(8,015)* | *(8,015)* | City Property Glasgow (Investments) LLP | 0 | 0 | (7,846) | (7,846) |
| *890* | *27,534* | *(11,935)* | *16,489* | Culture and Sport Glasgow | 600 | 24,777 | (15,091) | 10,286 |
| *139* | *265* | *22* | *426* | Jobs & Business Glasgow | 53 | 278 | 918 | 1,249 |
| *3,261* | *0* | *0* | *3,261* | Scottish Event Campus Ltd | 3,254 | 822 | (4,071) | 5 |
| ***178,268*** | ***154,454*** | ***168,503*** | ***501,225*** | **Cost of Services** | **117,643** | **138,906** | **(136,765)** | **119,784** |
| ***(123,627)*** | ***26,970*** | ***69,139*** | ***(27,518)*** | **Other (Income) and Expenditure** | **44,225** | **21,129** | **91,798** | **157,152** |
| ***54,641*** | ***181,424*** | ***237,642*** | ***473,707*** | **(Surplus) or Deficit on the Provision of Services** | **161,868** | **160,035** | **(44,967)** | **276,936** |

Note: 2021/22 restatement includes removal of City Property SL1 and City Property SL2 from analysis.

# 4. Combining entities

## 4.1. Scottish Event Campus Limited

Scottish Exhibition Centre Limited was incorporated under the terms of the Companies Acts to promote international exhibitions, conferences and events on 4 March 1983 and formally changed its name to Scottish Event Campus Limited on 26 January 2017. The council is the principal shareholder in the company holding 19,900,000 ordinary £1 shares, representing 90.87% of the issued share capital. Under accounting standards, the council has a controlling interest in this company. It is, therefore, included in the Group Financial Statements as a subsidiary.

Net assets of the company were £19.637 million at 31 March 2023 compared to £16.433 million at 31 March 2022. The profit on ordinary activities before taxation for the year to 31 March 2023 was £4.463 million, compared to a profit of £1.496 million for the period to 31 March 2022. The limit of the council's commitment to meet accumulated losses is £0.200 million (exclusive of RPI increases), in addition to the value of any rates paid or payable in the year for the conference centre. No dividend payments were due to, or received by, the council in respect of its investment.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Chief Executive, Scottish Event Campus Limited, Glasgow G3 8YW.

## 4.2. City Building (Contracts) Limited Liability Partnership

City Building (Contracts) Limited Liability Partnership was incorporated on 2 October 2006 to provide construction and repairs services to local authorities, other public sector organisations and the private sector. The council is the principal member of the partnership, holding 99.99% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is, therefore, included in the Group Financial Statements as a subsidiary.

After accounting for IAS19 Employee Benefits, the net assets of the partnership were £0.001 million at 31 March 2023, compared to a net liability of £18.127 million at 31 March 2022. The loss on ordinary activities before and after taxation for the year to 31 March 2023 was £3.404 million, compared to £4.210 million for the year to 31 March 2022.

The latest set of unaudited accounts is for the year to 31 March 2023. When available, copies of the audited accounts may be obtained from the Managing Director, City Building (Contracts) Limited Liability Partnership, 350 Darnick Street, Glasgow G21 4BA.

## 4.3. Culture and Sport Glasgow, trading as Glasgow Life

Culture and Sport Glasgow was incorporated on 22 December 2006 as a company limited by guarantee, with Glasgow City Marketing Bureau Limited incorporated within Culture and Sport Glasgow, as a wholly owned subsidiary, from 1 April 2016. The company is also a registered charity, with Glasgow City Council being the sole member. The limit of the council's liability, if the company was wound up, is £1. Under accounting standards, the council has a controlling interest in this company. It is, therefore, included in the Group Financial Statements as a subsidiary.

The company's principal objectives are to advance the arts, heritage, culture and science, education and health, participation in sport, citizenship and community development, through the provision of recreational facilities and other services that contribute to the advancement of well-being.

After accounting for IAS19 Employee Benefits, the net assets of the company were £41.458 million at 31 March 2023, compared to a net liability of £11.010 million at 31 March 2022. The loss on ordinary activities after taxation for the year to 31 March 2023 was £13.713 million, compared to £9.425 million for the year to 31 March 2022.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Chief Executive, Culture and Sport Glasgow, Commonwealth House, 38 Albion Street, Glasgow G1 1LH.

### 4.4. City Property Glasgow (Investments) LLP

City Property Glasgow (Investments) Limited Liability Partnership was incorporated on 13 August 2009 to acquire and manage Glasgow City Council's investment property portfolio. The council is the principal member of the partnership, holding 99.999% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is, therefore, included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £95.038 million at 31 March 2023, compared to £87.214 million at 31 March 2022. The profit on ordinary activities before and after taxation for the year to 31 March 2023 was £7.007 million, compared to £4.836 million for the period to 31 March 2022.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (Investments) Limited Liability Partnership, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

### 4.5. City Property Glasgow (Operations SL1) LLP

City Property Glasgow (Operations SL1) LLP was incorporated on 28 March 2019 to facilitate funding agreements in relation to settling the council's equal pay liability.

The council is the principal member of the partnership, holding 99.999% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is, therefore, included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £53.671 million at 31 March 2023 compared to £51.045 million at 31 March 2022. The profit on ordinary activities before and after taxation for the year to 31 March 2023 was £2.626 million compared to £7.185 million for the year to 31 March 2022.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (Operations SL1) LLP, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

### 4.6. City Property Glasgow (Operations SL2) LLP

City Property Glasgow (Operations SL2) LLP was incorporated on 28 March 2019 to facilitate funding agreements in relation to settling the council's equal pay liability.

The council is the principal member of the partnership, holding 99.999% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is, therefore, included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £72.734 million at 31 March 2023 compared to £62.014 million at 31 March 2022. The profit on ordinary activities before and after taxation for the year to 31 March 2023 was £10.720 million compared to £11.568 million at 31 March 2022.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (Operations SL2) LLP, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

### 4.7. City Property Glasgow (Operations SL3) LLP

City Property Glasgow (Operations SL3) LLP was incorporated on 26 July 2022 to facilitate funding agreements in relation to settling the council's equal pay liability.

The council is the principal member of the partnership, holding 99.999% of the ordinary capital. Under accounting standards, the council has a controlling interest in this partnership. It is, therefore, included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £131.266 million as at 31 March 2023. The profit on ordinary activities before and after taxation were £131.267 million in the year to 31 March 2023.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (Operations SL3) LLP, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

### 4.8. City Property Glasgow (Operations SL) Limited

City Property Glasgow (Operations SL) Limited was incorporated on 4 July 2019 to facilitate funding agreements in relation to settling the council's equal pay liability.

City Property Glasgow (Operations SL1) LLP is the sole owner of the company, holding 100% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company through holding 99.999% of the ordinary capital of City Property Glasgow (Operations SL1) LLP. It is, therefore, included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £0.008 million at 31 March 2023, compared to £0.006 million at 31 March 2022. The profit on ordinary activities before and after taxation for the year to 31 March 2023 was £0.002 million compared to £0.004 million at 31 March 2022.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (Operations) Limited, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

### 4.9. City Property Glasgow (SL Operations 3) Limited

City Property Glasgow (SL Operations 3) Limited was incorporated on 6 September 2022 to facilitate funding arrangements in relation to settling the council's equal pay liability.

City Property Glasgow (Operations SL3) LLP is the sole owner of the company, holding 100% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company through holding 99.999% of the ordinary capital of City Property Glasgow (Operations SL3) LLP. It is, therefore, included in the Group Financial Statements as a subsidiary.

The net assets of the partnership were £0.036 million at 31 March 2023. The profit on ordinary activities before and after taxation for the year to 31 March 2023 was £0.036 million.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Managing Director, City Property Glasgow (SL Operations 3) Limited, Ground Floor, Exchange House, 229 George Street, Glasgow G1 1QU.

### 4.10. Jobs & Business Glasgow

Glasgow's Regeneration Agency was incorporated on 28 March 2011 as a company limited by guarantee and formally changed its name to Jobs & Business Glasgow on 11 March 2013.

The company is also a registered charity, with Glasgow City Council being the sole member. The limit of the council's liability, if the company was wound up, is £1. The council is the principal member of the partnership, holding 99.99% of the ordinary capital. Under accounting standards, the council has a controlling interest in this company. It is, therefore, included in the Group Financial Statements as a subsidiary.

The company's principal objectives are to reduce the gap between Glasgow and Scotland's employment rate by increasing the percentage of Glasgow jobs going to Glasgow residents, and to match business density rates in competitor cities by raising the rate of sustainable business.

After accounting for IAS19 Employee Benefits, the net assets of the company were £14.971 million at 31 March 2023 compared to £15.259 million at 31 March 2022. The total net expenditure for the year to 31 March 2023 was £0.287 million, compared to net income of £0.934 million for the year to 31 March 2022.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Managing Director, Jobs & Business Glasgow, 94 Duke Street, Glasgow G4 0UW.

### 4.11. Strathclyde Partnership for Transport

Strathclyde Partnership for Transport was formed on 1 April 2006, as successor to Strathclyde Passenger Transport Authority and Strathclyde Passenger Transport Executive. It is one of the seven Regional Transport Partnerships in Scotland and is responsible for formulating the public transport policy for the 12 local authorities in the West of Scotland.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

Under accounting standards, the council has a significant interest in this statutory body (£133.1m/28.37% of £469.2m net assets). The Board is included within the Group Financial Statements as an associate. In 2022/23, Glasgow City Council contributed £10.108 million or 28.37% of the Board's estimated running costs (2021/22 £10.114 million) and its share of net assets as at 31 March 2023 was £135.864 million (31 March 2022 £136.603 million).

The following table represents the group's share of key financial information extracted from the Strathclyde Partnership for Transport accounts for 2022/23:

| *2021/22 £000* | *2021/22 GCC Share £000* | **Strathclyde Partnership for Transport** | **2022/23 £000** | **2022/23 GCC Share £000** |
|---|---|---|---|---|
| 76,606 | (21,681) | Gross (income) | (83,322) | (23,353) |
| -7,168 | (1,243) | (Surplus) or Deficit on the Provision of Services | (2,567) | (728) |
| -34,019 | (11,145) | Other Comprehensive (Income) and Expenditure | 16,684 | 946 |
| 321,591 | 90,896 | Long-term assets | 326,830 | 92,117 |
| 181,166 | 51,206 | Current assets | 177,466 | 50,344 |
| (19,454) | (5,499) | Current liabilities | 25,374 | (7,198) |

An analysis of the amounts owed and owing between Glasgow City Council and Strathclyde Partnership for Transport is provided below and includes normal trade debtors and creditors:

| *2021/22 £000* | **Strathclyde Partnership for Transport** | **2022/23 £000** |
|---|---|---|
| | **Amounts owed to GCC** | |
| 936 | Short-term debtors | 1,170 |
| | **Amounts owing by GCC** | |
| (65) | Short-term creditors | (219) |

## 4.12. Strathclyde Concessionary Travel Scheme

Strathclyde Concessionary Travel Scheme comprises the 12 councils within the West of Scotland and oversees the operation of the concessionary fares scheme for public transport within the area. The costs of the Scheme are met by the 12 councils and by the Scottish Government via grant funding. Strathclyde Partnership for Transport administers the Scheme on behalf of the Board.

The latest set of audited accounts is for the year to 31 March 2023. Copies of the audited accounts may be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St. Vincent Street, Glasgow G2 5JF.

Under accounting standards, the council has a significant interest in this statutory body. The Board is included within the Group Financial Statements as an associate. In 2022/23, Glasgow City Council contributed £0.840 million or 20.73% of the Board's estimated running costs (2021/22 £0.845 million) and its share of net assets as at 31 March 2023 was £1.040 million (31 March 2022 £0.953 million).

The following table represents the group's share of key financial information extracted from Strathclyde Concessionary Travel Scheme accounts for 2022/23:

| *2021/22 £000* | **Strathclyde Concessionary Travel Scheme** | **2022/23 £000** |
|---|---|---|
| (846) | Gross (income) | (861) |
| (235) | (Surplus) or Deficit on the Provision of Services | (89) |
| 1,064 | Current assets | 1,111 |
| (111) | Current liabilities | (71) |

## 4.13. Glasgow City Integration Joint Board

Glasgow City Integration Joint Board is a partnership consisting of Glasgow City Council and NHS Greater Glasgow and Clyde, set up to improve the wellbeing of people who use health and social care services across the Glasgow area, commencing 6 February 2016.

The latest set of audited accounts is for the year to 31 March 2023. When available, copies of the audited accounts may be obtained from the Chief Officer, Glasgow City Integration Joint Board, 32 Albion Street, Glasgow G1 1LH.

Under accounting standards, the council has a significant interest in this statutory body. The statutory body is included within the Group Financial Statements as a material joint venture. In 2022/23, the council contributed £501.944 million (2021/22 £454.693 million) or 33% of the board's running costs, and its share of net assets as at 31 March 2023 was £41.206 million (31 March 2022 £87.686 million).

The following table represents the group's share of key financial information extracted from the accounts of Glasgow City Integration Joint Board for 2022/23:

| *2021/22 £000* | *2021/22 GCC Share £000* | **Glasgow City Integration Joint Board** | **2022/23 £000** | **2022/23 GCC Share £000** |
|---|---|---|---|---|
| 1,834,456 | (917,228) | Turnover | 1,705,608 | (852,804) |
| (58,500) | (29,250) | (Surplus) or Deficit on the Provision of Services | 92,960 | 46,480 |
| 175,372 | 87,686 | Current assets | 82,412 | 41,206 |

An analysis of the amounts owed and owing between Glasgow City Council and Glasgow City Integration Joint Board relating to normal trade debtors and creditors is provided below:

| *2021/22 £000* | **Glasgow City Integration Joint Board** | **2022/23 £000** |
|---|---|---|
| | **Amounts Owing by GCC** | |
| (175,372) | Short-term creditors | (82,412) |

## 4.14. City Building (Glasgow) Limited Liability Partnership

City Building (Glasgow) Limited Liability Partnership is a 50/50 joint venture partnership between Glasgow City Council and the Wheatley Housing Group, set up to provide an integrated, responsive, effective and efficient building repair and construction service to Glasgow City Council, Glasgow Housing Association Limited and other service users, commencing 1 April 2017.

The latest set of unaudited accounts is for the year to 31 March 2023. When available, copies of the audited accounts may be obtained from the Managing Director, City Building (Glasgow) Limited Liability Partnership, 350 Darnick Street, Glasgow G21 4BA.

Under accounting standards, the council has a significant interest in this company. The company is included within the Group Financial Statements as a material joint venture. In 2022/23, the council contributed £9.377 million (2021/22 £7.569 million) or 50% of the company's running costs and its share of the year end net assets was £9.450 million (in 2021/22 the group share of the net liability was £25.208 million).

The following table represents the group's share of key financial information extracted from the accounts of City Building (Glasgow) Limited Liability Partnership for 2022/23:

| *2021/22 £000* | *2021/22 GCC Share £000* | **City Building (Glasgow) Limited Liability Partnership** | **2022/23 £000** | **2022/23 GCC Share £000** |
|---|---|---|---|---|
| | (87,492) | Gross (income) | (172,567) | (86,284) |
| | 9,247 | (Surplus) or Deficit on the Provision of Services | 16,001 | 8,001 |
| | (42,245) | Other Comprehensive (Income) and Expenditure | (66,649) | (33,325) |
| | 207 | Long-term assets | 517 | 259 |
| | 30,099 | Current assets | 45,700 | 22,850 |
| | (29,842) | Current liabilities | (26,593) | (13,297) |
| | (348) | Long-term liabilities excluding pension liability | (724) | (362) |
| | (25,324) | Pension asset / (liability) | 0 | 0 |

An analysis of the amounts owed and owing between Glasgow City Council and City Building (Glasgow) Limited Liability Partnership relating to normal trade debtors and creditors is provided below:

| *2021/22 £000* | **City Building (Glasgow) Limited Liability Partnership** | **2022/23 £000** |
|---|---|---|
| | **Amounts owed to GCC** | |
| 10,937 | Short-term debtors | 14,185 |
| | **Amounts owing by GCC** | |
| (6,785) | Short-term creditors | (8,378) |

## 5. Nature of combination

The council inherited its interest in Scottish Event Campus Limited, Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme as a result of local government reorganisation in April 1996. To advance council objectives, the council has established further limited companies and Limited Liability Partnerships, which were incorporated between November 2004 and September 2022.

The combination of these entities has been accounted for on an acquisition basis. There was no goodwill on acquisition.

## 6. Reporting authority adjustments to align to IFRS

The Code requires that the Common Good Fund and Sundry Trusts are included within the Group Comprehensive Income and Expenditure Statement, if material. Following the elimination of inter-company trading, net expenditure on the Common Good Fund of £0.314 million (£0.156 million in 2021/22) and net expenditure on Sundry Trusts of £0.204 million (£0.249 million in 2021/22) have been included as separate lines within Cost of Services in the Comprehensive Income and Expenditure Statement.

## 7. Financial impact of consolidation

The effect of the inclusion of the subsidiaries and associates in 2022/23 was to increase council reserves and net assets by £667.745 million (in 2021/22 net assets increased by £396.092 million) representing the council's net asset in the consolidating entities.

## 8. Non-material interest in subsidiaries, associates and joint committees

All subsidiaries, associates and joint committees that the council has an interest in are assessed annually, on the grounds of materiality, for consolidation into the Group accounts. The initial criteria for the materiality threshold is that they must have greater than 1% of either council turnover or non-current assets. The following companies and joint committees did not meet the minimum materiality threshold and have not been consolidated into the Group Financial Statements as they are considered immaterial to the understanding of the accounts:

- **GCC LLP Investments Limited** is a subsidiary company incorporated under the terms of the Companies Act on 4 July 2006. The company is an investment holding company, being the council's partner in the limited liability partnerships formed in recent years. The company is limited by guarantee with Glasgow City Council holding 1,000 ordinary shares, representing 100% of the issued share capital. Current assets of £0.001 million were matched by share capital of £0.001 million as at 31 March 2023.

- **City Property (Glasgow) Limited Liability Partnership** is a subsidiary that was incorporated on 17 February 2009. It was formed to manage and dispose of Glasgow City Council's surplus properties. After accounting for IAS19 Employee Benefits, the net assets of the partnership were £0.483 million at 31 March 2023, compared to net liabilities of £0.534 million at 31 March 2022. The loss available for discretionary division among members for the year to 31 March 2023 was £0.646 million, compared to £1.079 million for the year to 31 March 2022. In terms of IAS19 Employee Benefits the partnership had a net pension asset of £10.603 million and an unfunded element of pension liability of £0.862 million, these values were restricted to nil within the reported results of the partnership.

  During the year material transactions between City Property (Glasgow) LLP and the council's group were as follows:

| 2021/22 Net Expenditure/ (Income) £000 | Debtor / (Creditor) at 31 March 2022 £000 | | 2022/23 | | Debtor / (Creditor) at 31 March 2023 £000 |
|---|---|---|---|---|---|
| | | **City Property (Glasgow) Limited Liability Partnership** | **Expenditure £000** | **Income £000** | |
| 1,968 | (121) | Glasgow City Council | 2,715 | (396) | 135 |

- **Scotland Excel** is a Joint Committee established on 1 April 2008 to replace the Authorities Buying Consortium and other similar bodies across Scotland. It is the largest non-profit purchasing agency in Scotland and serves the buying needs of 32 local authorities and similar public sector bodies in Scotland. During the year, the council contributed £0.384 million (2021/22 £0.373 million) representing 9.9% of the organisation's estimated running costs for the year to 31 March 2023.

- **Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee**, formerly known as the Glasgow and Clyde Valley Structure Plan Joint Committee, was constituted under a formal agreement of the eight councils in the Glasgow and Clyde Valley area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for local planning matters in their area but also the strategic issues that cover the wider area of the Glasgow and Clyde Valley. Accordingly, the Joint Committee prepares, monitors and reviews the Structure Plan on behalf of member councils and liaises with Central Government, Scottish Enterprise and other bodies. During the year, the council contributed £0.068 million (2021/22 £0.052 million) representing 12.5% of the Joint Committee's estimated running costs for the year to 31 March 2023.

- **West of Scotland European Forum (WoSEF)** was set up in 2007 as a Joint Committee including the 12 local authorities and a number of influential organisations in the region. Following on from the work

previously undertaken by the West of Scotland European Consortium, WoSEF's purpose is to develop positive links between the communities of the region and the institutions of the European Union. WoSEF is set to be dissolved, with 2022/23 being the proposed final year of account. Consequently, the council made no financial contribution to the organisation in the year to 31 March 2023.

- **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. During the year, the council contributed £0.123 million (2021/22 £0.123 million) representing 31% of the consortium's estimated running costs for the year to 31 March 2023.

- **West of Scotland Archaeology Service** was set up in 1997 as a Joint Committee of 12 local authorities in the region. It is currently funded by 10 local authorities, and by Historic Scotland for specific projects. Its primary purpose is to provide planning related archaeological advice to its members, permitting them to discharge their duties in respect of Scottish Government planning guidance for the treatment of archaeological remains in the planning process. During the year, the council made a contribution of £0.009 million (2021/22 £0.009 million) representing 6.0% of the Joint Committee's estimated running costs for the year to 31 March 2023.

- **SEEMIS Group LLP** was incorporated on 11 May 2009 and commenced trading on 1 July 2010. It is funded by the 32 participating authorities and the principal activity of the LLP is the provision of information technology solutions to Education Services. During the year, the council made a contribution of £0.152 million (2021/22 £0.152 million) representing 9.2% of the organisation's estimated running costs for the year to 31 March 2023.

- **Glasgow City Region – City Deal Cabinet** is a Joint Committee 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 the delivery of the City Deal programme as agreed between member authorities and the UK and Scottish Governments. The City Deal programme aims to deliver a £1.1 billion investment programme, including delivery of labour market and innovation programmes. During the year the council contributed £0.463 million (2021/22 £0.164 million) representing 34.4% of the organisation's running costs for the year to 31 March 2023.

- **Scotcash CIC** is an associate company limited by guarantee with charitable status. The company was created to provide a cost-effective alternative for lending to individuals where a bank or building society cannot help. During the year, the council contributed £0.030 million (2021/22 £0.031 million) representing 1.9% of the organisation's estimated running costs for the year to 31 March 2023.

- **The Clyde Valley Learning and Development Project Joint Committee** was established in October 2007. The purpose of the committee is to establish and deliver a number of shared approaches to training, learning and development between the 8 Clyde Valley Councils. During the year, the council contributed £0.010 million (2021/22 £0.010 million) representing 12.8% of the Joint Committee's running costs for the year to 31 March 2023.

- **Transforming Communities Glasgow** was established as a charitable company in April 2012 and commenced trading in June 2015. The main purpose of the charity is to facilitate a single strategic focus for the regeneration of transformational regeneration areas. During the year, the council contributed £0.001 million (2021/22 £0.001 million) representing 33.3% of the Joint Committee's running costs for the year to 31 March 2023.

## 9. Group subjective analysis

| *2021/22 £000* | % | **Subjective analysis** | **2022/23 £000** | **%** |
|---|---|---|---|---|
| | | **Where the money came from** | | |
| *(1,726,301)* | 50.5 | Government grants and local taxation | (1,777,285) | 52.8 |
| *(750,155)* | 21.9 | Other grants, reimbursements and contributions | (710,590) | 21.1 |
| *(549,782)* | 16.1 | Customer and client receipts | (634,813) | 18.8 |
| *(69,412)* | 2.0 | Interest and investment income | (18,645) | 0.5 |
| *(198,534)* | 5.8 | Income from other departments | (231,063) | 6.9 |
| *(195,108)* | 5.7 | Other miscellaneous income | (107,976) | 3.2 |
| *198,534* | (5.8) | Inter-departmental recharges | 231,063 | (6.9) |
| *(1,779)* | 0.1 | Gain on disposal of property, plant and equipment | (4,195) | 0.1 |
| *(30,728)* | 0.9 | Share of surplus from associates and joint boards | (10,654) | 0.3 |
| *(95,222)* | 2.8 | Capital grants and contributions | (106,415) | 3.2 |
| ***(3,418,487)*** | **100.0** | **Total income** | **(3,370,573)** | **100.0** |
| | | **How the money was spent** | | |
| 1,558,604 | 40.4 | Employee costs | 1,376,011 | 37.7 |
| 216,275 | 5.6 | Premises costs | 285,014 | 7.8 |
| 192,302 | 5.0 | Supplies and services | 198,859 | 5.3 |
| 45,730 | 1.2 | Transport and plant | 49,323 | 1.2 |
| 1,134,078 | 29.4 | Third party payments | 1,123,114 | 30.7 |
| 539,364 | 14.0 | Transfer payments | 516,122 | 14.1 |
| 232,082 | 6.0 | Depreciation, amortisation and impairment losses | 171,086 | 4.7 |
| 107,909 | 2.8 | Financing costs | 105,151 | 2.9 |
| (8,282) | (0.2) | Allocations | (8,424) | (0.2) |
| 26,970 | 0.7 | Net interest on the net defined benefit liability | 21,129 | 0.6 |
| (198,534) | (5.1) | Inter-departmental recharges | (231,063) | (6.3) |
| 94 | 0.0 | Loss on disposal of property, plant and equipment | 0 | 0.0 |
| 0 | 0.0 | Former authority residual costs | 120 | 0.0 |
| 9,247 | 0.2 | Share of deficit from associates | 54,481 | 1.5 |
| **3,855,839** | **100.0** | **Total expenditure** | **3,660,923** | **100.0** |
| **437,352** | | **Group (surplus) or deficit for the year** | **290,350** | |

The above table reflects the management structure of the council and other combining entities and includes the subjective analysis of expenditure incurred on inter-departmental trading activities within the council. Both income and expenditure have been adjusted to exclude amounts related to inter-departmental trading within the council. Adjustments have also been made to exclude inter-company trading. Total income and total expenditure represent transactions with bodies external to the group.

# 10. Pension Costs

## 10.1. Local Government Pension Scheme

Glasgow City Council, City Building (Contracts) LLP, Culture and Sport Glasgow, and Jobs & Business Glasgow are members of the Local Government Pension Scheme - a defined benefit scheme that offers retirement benefits to employees under the terms and conditions of employment. Although these benefits will not actually be payable until employees retire, the group has a commitment to recognise the cost of retirement benefits within Cost of Services when the employees earn them, rather than when the benefits are eventually paid as pensions.

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement in 2022/23:

| *2021/22 (Restated) £000* | **Local Government Pension Scheme** | **2022/23 £000** |
|---|---|---|
| | **Comprehensive Income and Expenditure Statement** | |
| | **Cost of Services:** | |
| *258,414* | Current service cost | 252,707 |
| *1,855* | Past service cost | 1,177 |
| | **Financing and Investment Income and Expenditure:** | |
| *26,970* | Net interest cost | 21,129 |
| ***287,239*** | **Total post-employment benefits charged / (credited) to the Surplus or Deficit on the Provision of Services** | **275,013** |
| | **Other Comprehensive Income and Expenditure** | |
| | **Remeasurement of the net defined benefit liability:** | |
| *(309,320)* | Return on assets | 254,811 |
| *(455,833)* | Actuarial (gains) / losses arising on changes in financial assumptions | (2,515,580) |
| *(43,059)* | Actuarial (gains) / losses arising from changes in demographic assumptions | (52,531) |
| *62,484* | Other Experience | 311,173 |
| *0* | Pension asset derecognition | 727,000 |
| ***(458,489)*** | **Total post-employment benefits charged / (credited) to the Comprehensive Income and Expenditure Statement** | **(1,000,114)** |
| *287,239* | Net charge / (credit) to the Surplus or Deficit on the Provision of Services brought forward | 275,013 |
| | **Movement in Reserves Statement** | |
| *(167,516)* | Reversal of net (charge) / credit made to the Surplus or Deficit on the Provision of Services in accordance with IAS19 | (142,330) |
| | **Actual amount charged against the General Fund balance for pensions in the year:** | |
| ***119,723*** | **Employers contribution paid** | **132,683** |

## 10.2. Pension Assets and Liabilities

Assets are valued at fair value. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The council's liabilities have been assessed by Hymans Robertson Limited Liability Partnership, an independent firm of actuaries. Calculations have been based on the triennial valuation of the scheme as at 31 March 2020.

The actuary reported a net asset position against unfunded liabilities of £1,438.308m at 31 March 2023. The recognition of this asset was limited to £711.803m based on the asset ceiling calculation of the extent to which the Council could recover the asset through reduced contributions. At the same time, there remains unfunded liabilities totalling £285.038m. These balances have been recorded separately as assets and liabilities in line with accounting standards. The pension liability represents the best estimate of the current value of pensions which the council will have to fund.

The following table sets out the principal assumptions used by the actuary at 31 March 2023:

| *2021/22* | **Actuarial Assumptions** | **2022/23** |
|---|---|---|
| | **Long-term expected rate of return on assets in the scheme:** | |
| 2.7% | Equity Investments | 4.8% |
| 2.7% | Bonds | 4.8% |
| 2.7% | Property | 4.8% |
| 2.7% | Cash and net debtors/ creditors | 4.8% |
| | **Mortality assumptions:** | |
| | Longevity at 65 for current pensioners: | |
| *19.6* | Men | 19.3 |
| *22.4* | Women | 22.2 |
| | Longevity at 65 for future pensioners: | |
| *21.0* | Men | 20.5 |
| *24.5* | Women | 24.2 |
| | **General assumptions:** | |
| 3.2% | Rate of price increases | 3.0% |
| 3.9% | Rate of increase in salaries | 3.7% |
| 3.2% | Rate of increase in pensions | 3.0% |
| 2.7% | Rate for discounting scheme liabilities | 4.8% |
| 50.0% | Take-up of option to convert annual pension into retirement lump sum (pre April 2009 service) | 50.0% |
| 75.0% | Take-up of option to convert annual pension into retirement lump sum (post-April 2009 service) | 75.0% |
| | **Employer share of net assets** | |
| 79% | Equities Investments | 78% |
| 10% | Bonds | 12% |
| 8% | Property | 8% |
| 3% | Cash and Net Debtors/Creditors | 2% |
| ***100%*** | **Total** | **100%** |

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

| *2021/22 £000* | **Pension Assets and Liabilities recognised in the Balance Sheet** | **2022/23 £000** |
|---|---|---|
| 6,527,547 | Present value of the defined benefit obligation | 4,626,815 |
| (5,880,516) | Fair value of plan assets | (5,782,580) |
| 0 | Pension asset derecognition | 727,000 |
| ***647,031*** | **Net liability/(asset) arising from defined benefit obligation** | **(428,765)** |

The following tables set out the reconciliation of scheme assets and liabilities:

| *2021/22 (Restated) £000* | **Reconciliation of present value of scheme liabilities** | **2022/23 £000** |
|---|---|---|
| ***6,755,573*** | **Opening balance at 1 April** | **6,584,547** |
| *258,414* | Current service costs | 252,707 |
| *136,833* | Interest costs | 179,799 |
| *31,972* | Contributions by scheme participants | 34,978 |
| | **Remeasurement (gains) and losses:** | |
| (455,833) | Actuarial (gains) / losses arising from changes in financial assumptions | (2,515,580) |
| (43,059) | Actuarial (gains) / losses arising from changes in demographic assumptions | (52,531) |
| 62,679 | Other | 311,174 |
| 1,855 | Past service cost (including curtailments) | 1,177 |
| (163,887) | Benefits paid | (169,456) |
| ***6,584,547*** | **Closing balance at 31 March** | **4,626,815** |

| *2021/22 (Restated) £000* | **Reconciliation of present value of scheme assets** | **2022/23 £000** |
|---|---|---|
| ***5,473,330*** | **Opening balance at 1 April** | **5,880,516** |
| *109,863* | Interest income | 158,670 |
| | **Remeasurement gain / (loss):** | |
| *309,320* | Return on assets, excluding the amount included in the net interest cost | (254,811) |
| *119,723* | Contributions by employer | 132,683 |
| *31,972* | Contributions by scheme participants | 34,978 |
| *195* | Other | |
| *(163,887)* | Benefits paid | (169,456) |
| ***5,880,516*** | **Closing balance at 31 March** | **5,782,580** |

The closing fair value of scheme assets above is included at the unaudited position for Strathclyde Pension Fund. Updating this to the audited position would increase the value in 2021/22 by £18.302 million and would increase the value in 2022/23 by £17.926 million. In addition, there would be an increase to the share of assets included in the Group from associates and joint boards in 2021/22 of £1.109 million and an increase in 2022/23 of £1.592 million.

## 10.3. Analysis of Pension Fund's Assets

| *2021/22* | | | | 2022/23 | | |
|---|---|---|---|---|---|---|
| *Quoted Prices in Active Markets £000* | *Prices not quoted in Active Markets £000* | *Total £000* | **Local Government Pension Scheme assets** | **Quoted Prices in Active Markets £000** | **Prices not quoted in Active Markets £000** | **Total £000** |
| *147,400* | *2,193* | *149,593* | Cash and cash equivalents | 79,905 | 29,923 | 109,828 |
| | | | **Equity Instruments:** | | | |
| *275,842* | *25* | *275,867* | Consumer | 258,571 | 1,071 | 259,642 |
| *258,185* | *1,087* | *259,272* | Manufacturing | 314,050 | 7,822 | 321,872 |
| *60,923* | *45* | *60,968* | Energy and utilities | 28,861 | 0 | 28,861 |
| *161,739* | *56* | *161,795* | Financial institutions | 123,125 | 43 | 123,168 |
| *196,104* | *61* | *196,165* | Health and care | 205,298 | 34 | 205,332 |
| *341,303* | *0* | *341,303* | Information technology | 199,710 | 1,055 | 200,765 |
| ***1,294,096*** | ***1,274*** | ***1,295,370*** | **Sub-total equity instruments** | **1,129,615** | **10,025** | **1,139,640** |
| | | | **Private Equity:** | | | |
| *0* | *1,151,274* | *1,151,274* | All | 0 | 1,421,488 | 1,421,488 |
| | | | **Property:** | | | |
| *0* | *496,367* | *496,367* | UK | 0 | 477,126 | 477,126 |
| | | | **Other investment funds:** | | | |
| *32,182* | *2,144,181* | *2,176,363* | Equities | 24,462 | 1,890,956 | 1,915,418 |
| *0* | *593,924* | *593,924* | Bonds | 0 | 666,919 | 666,919 |
| *0* | *2,197* | *2,197* | Commodities | 0 | 2,223 | 2,223 |
| *0* | *5,504* | *5,504* | Infrastructure | 0 | 36,670 | 36,670 |
| *0* | *9,924* | *9,924* | Other | 0 | 13,268 | 13,268 |
| ***32,182*** | ***2,755,730*** | ***2,787,912*** | **Sub-total other investment funds** | **24,462** | **2,610,036** | **2,634,498** |
| ***1,473,678*** | ***4,406,838*** | ***5,880,516*** | **Total Assets** | **1,233,982** | **4,548,598** | **5,782,580** |

## 10.4. Impact on Group Cash Flows

The total contribution expected to be made to the Local Government Pension Scheme by the group in the year to 31 March 2024 is £109.599 million.

### 10.5. Defined Contribution Schemes

Scottish Event Campus Limited and Jobs & Business Glasgow operate defined contribution schemes for employees where assets of the scheme are held separately from those of the group. Contributions are charged to the Group Comprehensive Income and Expenditure Statement as they become payable in accordance with the rules of the scheme. The amounts paid into these pension schemes in the year are as follows:

| *2021/22 £000* | Defined Contribution Schemes | 2022/23 £000 |
|---|---|---|
| *770* | Scottish Event Campus Limited | 822 |
| *185* | Jobs & Business Glasgow | 200 |
| ***955*** | **Total** | **1,022** |

## 11. Minority interest

The minority interest credited to the Group Comprehensive Income and Expenditure Statement is in recognition of the share of the surplus for the year that is attributable to the minority shareholdings of Scottish Event Campus Limited.

On the Group Balance Sheet within group reserves, with accounting policies aligned, the share of the assets of Scottish Event Campus Limited attributable to minority shareholdings was £9.490 million for 2022/23 (2021/22 £6.005 million).

## 12. Taxation

For the Scottish Event Campus Limited and Culture and Sport Glasgow, the difference between tax at the standard rate on the company's profits for the year and the actual level of corporation tax is mainly as a result of tax rate changes, adjustments for prior periods and non-taxable/deductible items.

The analysis of the tax charge in the period is shown below:

| *2021/22 £000* | UK Corporation Tax | 2022/23 £000 |
|---|---|---|
| *999* | Deferred tax | 867 |
| *0* | Tax expense of subsidiaries | 406 |
| ***999*** | **Total** | **1,273** |

## 13. Long-term assets

### 13.1. Movement in Property, plant and equipment

The table below illustrates the movement in property, plant and equipment, analysed by asset category, arising from additions, disposals, revaluations, depreciation and transfers during the year. As a result of these movements, the net book value held at 31 March 2023 was £4,044.461 million.

| Movement in PPE 2022/23 | Other Land and Buildings £000 | Vehicles, Plant, Furniture and Equipment £000 | Infrastructure Assets £000 | Community Assets £000 | Assets Under Construction £000 | Corporate Surplus Assets £000 | Total Property, Plant and Equipment £000 |
|---|---|---|---|---|---|---|---|
| **Net book value at 1 April 2022** | **2,907,577** | **117,203** | **780,645** | **23,372** | **107,543** | **40,703** | **3,977,043** |
| Additions | 259,586 | 12,946 | 42,319 | 479 | 34,732 | 445 | **350,507** |
| Revaluations | 77,768 | (601) | 0 | 0 | 0 | 3,755 | **80,922** |
| Impairment | (127) | 0 | 0 | 0 | 0 | (317) | **(444)** |
| Depreciation | (100,438) | (30,147) | (29,446) | 0 | 0 | (66) | **(160,097)** |
| Disposals | (197,645) | 0 | 0 | 0 | 0 | (1,248) | **(198,893)** |
| Other movements (incl. transfers to other asset categories) | 56,744 | 245 | 24,381 | 0 | (88,037) | 2,090 | **(4,577)** |
| **Net book value at 31 March 2023** | **3,003,465** | **99,646** | **817,899** | **23,851** | **54,238** | **45,362** | **4,044,461** |
| Gross book value | 3,104,923 | 250,250 | | 23,851 | 54,238 | 45,678 | |
| Accumulated depreciation | (101,458) | (150,604) | | 0 | 0 | (316) | |
| **Net book value at 31 March 2023** | **3,003,465** | **99,646** | **817,899** | **23,851** | **54,238** | **45,362** | **4,044,461** |

| *Movement in PPE 2021/22* | *Other Land and Buildings £000* | *Vehicles, Plant, Furniture and Equipment £000* | *Infrastructure Assets £000* | *Community Assets £000* | *Assets Under Construction £000* | *Corporate Surplus Assets £000* | *Total Property, Plant and Equipment £000* |
|---|---|---|---|---|---|---|---|
| ***Net book value at 1 April 2021*** | **2,368,754** | **122,636** | **756,051** | **23,372** | **120,350** | **43,297** | **3,434,460** |
| *Additions* | 21,110 | 17,331 | 38,135 | 0 | 65,560 | 0 | **142,136** |
| *Revaluations* | 475,380 | 0 | 0 | 0 | 0 | (1,455) | **473,925** |
| *Impairment* | (535) | 0 | 0 | 0 | 0 | (30) | **(565)** |
| *Depreciation* | (80,693) | (30,358) | (28,178) | 0 | 0 | (100) | **(139,329)** |
| *Disposals* | 59,905 | 1,577 | 0 | 0 | 0 | (353) | **61,129** |
| *Other movements (incl. transfers to other asset categories)* | 63,656 | 6,017 | 14,637 | 0 | (78,367) | (656) | **5,287** |
| ***Net book value at 31 March 2022*** | **2,907,577** | **117,203** | **780,645** | **23,372** | **107,543** | **40,703** | **3,977,043** |
| *Gross book value* | 2,986,379 | 257,847 | | 23,372 | 107,543 | 40,950 | |
| *Accumulated depreciation* | (78,802) | (140,644) | | 0 | 0 | (247) | |
| ***Net book value at 31 March 2022*** | **2,907,577** | **117,203** | **780,645** | **23,372** | **107,543** | **40,703** | **3,977,043** |

### 13.2. Summary of capital expenditure and sources of finance

| *2021/22 £000* | Capital expenditure and sources of finance | 2022/23 £000 |
|---|---|---|
| | **Capital investment** | |
| *142,136* | Property, plant and equipment | 350,507 |
| *15* | Heritage assets | 12 |
| *3,467* | Intangible assets | 3,600 |
| *181* | Assets held for sale | 34 |
| *879* | Investment property | 2,307 |
| ***146,678*** | **Total gross expenditure** | **356,460** |
| | **Sources of finance** | |
| *25,242* | Borrowing | 242,408 |
| *3,504* | Asset Sales | 8,679 |
| *67* | Assets acquired under finance leases | 0 |
| *111,859* | Government grants and other capital contributions | 95,418 |
| *6,006* | Revenue contributions | 9,955 |
| ***146,678*** | **Total sources of finance** | **356,460** |

## 14. Investment property

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement in relation to investment properties owned by the group for capital appreciation or rental income:

| *2021/22 £000* | Investment property | 2022/23 £000 |
|---|---|---|
| *(13,148)* | Rental income from investment property | (14,212) |
| *7,716* | Investment Property Expenditure and Changes in Fair Value | 3,343 |
| ***(5,432)*** | **Net gain** | **(10,869)** |

There are no restrictions on the group's ability to realise the value inherent in its investment property or on the group's right to the remittance of income and the proceeds of disposal. The group has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties of the group over the year:

| *2021/22 £000* | Movement in fair value | 2022/23 £000 |
|---|---|---|
| ***226,418*** | **Balance at start of year:** | **238,553** |
| *879* | Additions | 2,307 |
| *(1,615)* | Disposals | (2,148) |
| *12,871* | Net gain / (loss) from fair value adjustments | (727) |
| *0* | Transfers (to) / from PPE | 725 |
| ***238,553*** | **Balance at end of year** | **238,710** |

## 15. Fair value measurement of assets and liabilities

Each financial year, a valuation report is prepared for non-financial assets, which incorporates the methodology employed by the valuer in arriving at their opinion of value. The methodology includes comparable data, which is recognised in accordance with the fair value measurement hierarchy. The valuers seek to minimise the volume of unobservable inputs and maximise the volume of observable inputs informing their opinion of value. For the group assets, the valuation inputs comprise either Level 1, Level 2 or Level 3 inputs, with adjustments not limited to location, rental growth, lease terms, covenants, costs, discount rates and vacancy levels. For 2022/23, both the income and market valuation techniques were widely adopted in forming opinions of fair value. In addition, short and long-term investments measured at fair value are categorised as Level 1, this being quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date. The resulting valuation of £329.731 million (2021/22 £326.263 million) comprises £37.776 million with Level 1 inputs (2021/22 £38.527 million) and £291.955 million with Level 2 inputs (2021/22 £277.831 million) and £0m with Level 3 inputs (2021/22 £9.905 million).

| Fair Value Measurement of assets | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
|---|---|---|---|---|
| Surplus Properties | 0 | 45,362 | 0 | 45,362 |
| Assets held for sale | 0 | 7,883 | 0 | 7,883 |
| Commercial Units | 0 | 238,710 | 0 | 238,710 |
| Other investments | 37,776 | 0 | 0 | 37,776 |
| **Total** | **37,776** | **291,955** | **0** | **329,731** |

In terms of the fair value measurement hierarchy, the financial instruments measured at fair value are categorised as Level 2, being inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

| Valuation of financial liabilities | Carrying Amount £000 | Fair Value £000 |
|---|---|---|
| Borrowing | (2,263,729) | (2,001,820) |

The maturity analysis of group borrowing at nominal value is as follows:

| *2021/22* | | **Borrowing** | **2022/23** | |
|---|---|---|---|---|
| *Principal £000* | *Interest £000* | | **Principal £000** | **Interest £000** |
| 858,919 | 641,146 | Public Works Loans Board | 863,227 | 611,104 |
| 449,000 | 1,152,911 | Lender Option Buyer Option (LOBO) | 449,000 | 1,132,337 |
| 478,021 | 191,461 | Market debt | 470,294 | 178,252 |
| 190,625 | 86,138 | Bonds | 398,233 | 346,303 |
| 24,294 | 2 | Temporary borrowing | 57,065 | 770 |
| **2,000,859** | **2,071,658** | **Total** | **2,237,819** | **2,268,766** |
| 83,848 | 71,218 | Less than 1 year | 138,263 | 85,403 |
| 31,057 | 69,115 | Between 1 and 2 years | 33,788 | 79,013 |
| 155,735 | 193,966 | 2 to 5 years | 195,779 | 221,699 |
| 254,708 | 274,700 | 5 to 10 years | 234,795 | 324,300 |
| 571,700 | 810,167 | 10 to 30 years | 731,383 | 939,579 |
| 849,811 | 528,994 | 30 to 50 years | 849,811 | 515,848 |
| 54,000 | 123,498 | 50 to 70 years | 54,000 | 102,924 |
| **2,000,859** | **2,071,658** | **Total** | **2,237,819** | **2,268,766** |

The maturity analysis of financial liabilities is outlined in the above table at nominal values. However, these liabilities are reflected in the Balance Sheet at amortised cost, which includes accrued interest of £12.538 million (£12.785 million in 2021/22) and an effective interest rate adjustment of £13.372 million (£13.531 million in 2021/22) in respect of LOBOs with stepped interest rates.

## 16. Investments / liabilities in associates and joint ventures

The effect of accounting for City Building (Glasgow) LLP as a joint venture resulted in the inclusion of an asset within the Group Balance Sheet. The group share of the investments in Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme and Glasgow City Integration Joint Board are an asset and are included on the Balance Sheet as a long-term investment. Details of the group's share of investments in associates and joint ventures are shown below:

| *2021/22 £000* | **Investments in Associates and Joint Ventures** | **2022/23 £000** |
|---|---|---|
| *136,603* | Strathclyde Partnership for Transport | 135,864 |
| *953* | Strathclyde Concessionary Travel Scheme | 1,040 |
| *87,686* | Glasgow City Integration Joint Board | 41,206 |
| *0* | City Building (Glasgow) LLP | 49,201 |
| ***225,242*** | **Sub-total** | **227,311** |
| | **Liabilities in Associates and Joint Ventures** | |
| *(25,208)* | City Building (Glasgow) LLP | 0 |
| ***(25,208)*** | **Sub-total** | **0** |
| ***200,034*** | **Total** | **227,311** |

The aggregation of the group's share of the gross income, assets and liabilities of the associates are provided in the following table:

| *2021/22 £000* | **Associates and Joint Ventures** | **2022/23 £000** |
|---|---|---|
| **1,027,247** | **Gross income** | **963,302** |
| 91,103 | Long-term assets | 132,727 |
| 170,055 | Current assets | 115,511 |
| (35,452) | Current liabilities | (20,565) |
| (25,672) | Long-term liabilities | (362) |
| ***200,034*** | **Net asset** | **227,311** |

## 17. Cash and cash equivalents

The group holds cash in hand as well as deposits with financial institutions. Cash equivalents are short-term, highly liquid investments, principally held to meet liabilities in the short-term, rather than to make an investment gain. They are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value. The balance of cash and cash equivalents comprises the following elements:

| *2021/22 £000* | **Cash and cash equivalents** | **2022/23 £000** |
|---|---|---|
| *185,145* | Short-term deposits | 264,505 |
| *115,431* | Bank current accounts | 146,676 |
| *208* | Cash imprests | 143 |
| ***300,784*** | **Total Cash and cash equivalents** | **411,324** |

## 18. Deferred liabilities

Deferred liabilities represent amounts falling due in more than 12 months from the balance sheet date. An analysis of deferred liabilities as at 31 March 2023 is provided in the following table:

| *2021/22 £000* | **Analysis of deferred liabilities** | **2022/23 £000** |
|---|---|---|
| 70,726 | Long-term liability relating to the council PPP secondary schools contract | 62,213 |
| 70,667 | Long-term lease liability relating to council properties, vehicles and equipment | 57,232 |
| 29,868 | Developers' contributions received by GCC for the provision of recreational greenspace in line with council policy | 32,052 |
| 43,795 | Other group deferred liabilities | 57,481 |
| **215,056** | **Total** | **208,978** |

## 19. Deferred grants

Following the elimination of inter-company transactions, the balance remaining on deferred grants of £19.182 million (2021/22 £19.679 million) represents external funding in support of capital projects.

## 20. Charitable reserves

Included within Group Reserves are charitable reserves representing the funds of Culture and Sport Glasgow, Jobs & Business Glasgow and the charitable element of Sundry Trusts.

The following table identifies charitable funds prior to consolidation adjustments:

| **Charitable Funds** | **Balance at 31 March 2022 £000** | **Net movement 2022/23 £000** | **Balance at 31 March 2023 £000** |
|---|---|---|---|
| Culture and Sport Glasgow | 43,283 | (1,825) | 41,458 |
| Jobs & Business Glasgow | 14,868 | 103 | 14,971 |
| Sundry Trusts - charitable element | 9,101 | (35) | 9,066 |
| **Total** | **67,252** | **(1,757)** | **65,495** |

# ❖ Annual Governance Statement

## 1. Scope of responsibility

1.1 Glasgow City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. Under the Local Government in Scotland Act 2003, the Council also has a statutory duty to make arrangements to secure best value, which is to ensure continuous improvement in the way its functions are exercised, and to ensure public funds and assets are used economically, efficiently and effectively.

1.2 In discharging these responsibilities, elected members and senior officers must ensure proper arrangements for the governance of the Council's affairs and facilitate the effective exercise of its functions, which includes the management of risk and stewardship of the resources at its disposal.

1.3 Collectively known as the Council Family, the Council has established various subsidiaries and associates to deliver services more effectively. While these organisations are required to implement their own organisational governance and management structures and arrangements, they also form part of the overall governance and control environment of the Council Family. The Corporate Management Team operates to consider matters of common interest across the Council Family.

## 2. The purpose of the governance framework

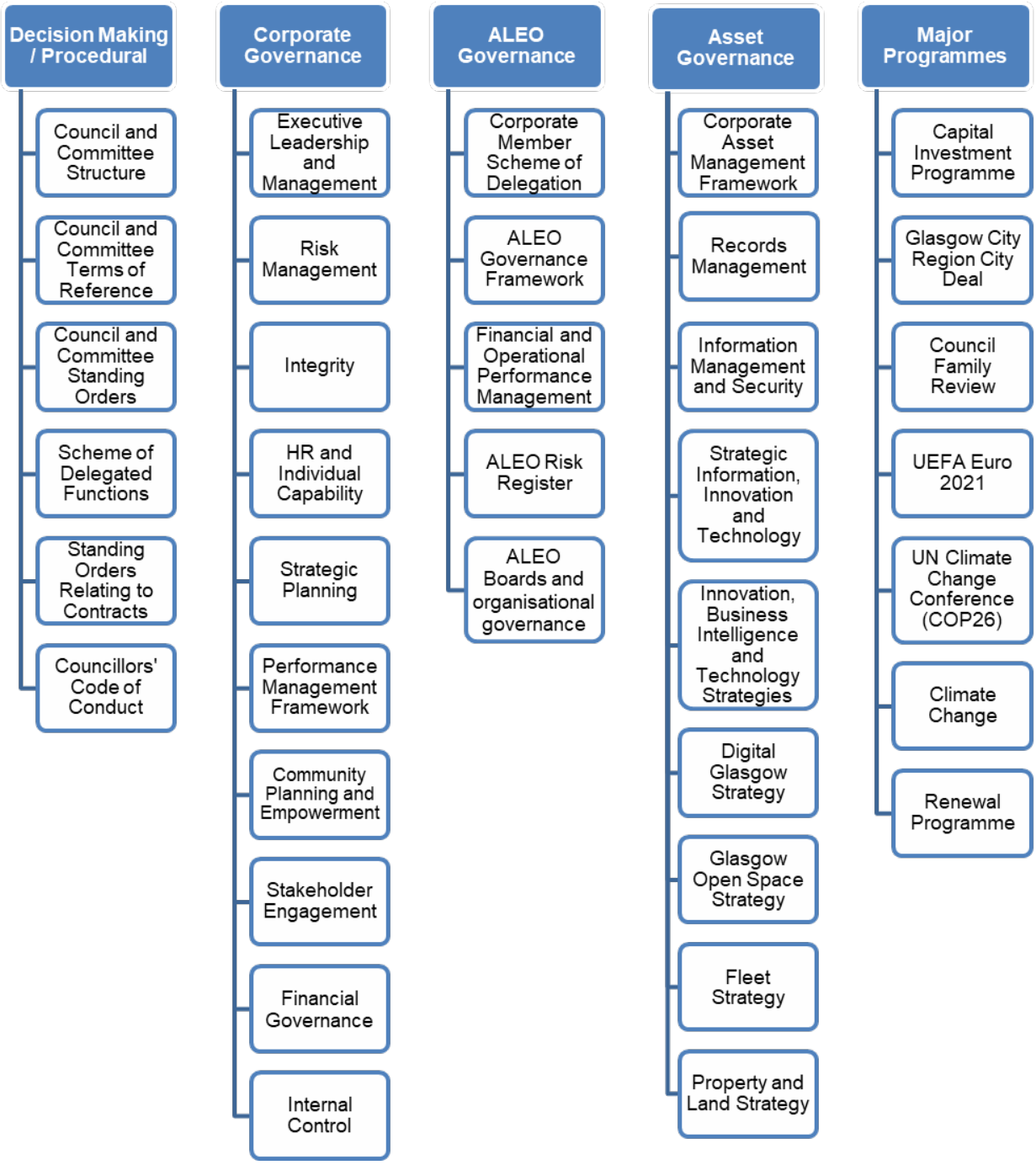
2.1 The Council's governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled. Through the framework, the Council is accountable to, engages with, and leads its communities. The framework enables the Council to monitor the achievement of the strategic objectives set out in the Council Strategic Plan 2022-2027 and to consider whether those objectives have led to the delivery of appropriate, cost-effective services and outcomes.

## 3. The governance framework

3.1 The main features of the Council's governance framework are enshrined in the Council's Local Code of Corporate Governance (the Code), which is consistent with the principles, and reflects the requirements of, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government. The Code is regularly reviewed and evidences the Council's commitment to achieving good governance and demonstrates how it complies with recommended governance standards.

3.2 A key part of the Code, the Council has embedded a system of risk management and internal control. While providing reasonable assurance, these systems cannot, however, provide absolute assurance or certainty in entirely eliminating the risk of the Council failing to achieve its aims and objectives; incurring material errors; losses; fraud or breaches of laws and regulations.

3.3 The Council's governance framework is set out in the diagram below.



3.4 The main features of the governance framework in operation across 2022/23 included:

(a) Committee and decision-making structure:

- a City Administration Committee - responsible for discharging all of the Council's functions, except those reserved to the Council and those matters specifically delegated to statutory committees;
- two Scrutiny Committees - responsible for holding Services and subsidiaries and relevant associates to account;
- five City Policy Committees - responsible for reviewing policies and overseeing implementation of Council Plan commitments within remit;
- a Contracts and Property Committee - responsible for approving relevant contract matters and deciding on relevant property matters, and
- quasi-judicial and other committees.

Agendas, papers and minutes for Committees are publicly available and the majority of meetings are webcast with a library of previously webcast meetings available on the Council's website.

(b) The Scheme of Delegated Functions sets out the delegations made to committees, the Lord Provost/Depute Lord Provost and officers under the principle that decisions should be made at the lowest or most local level consistent with the nature of the issues involved. The most recent update to the Scheme of Delegation was approved by the Council on 19 May 2023.

(c) The Council operates Codes of Conduct for employees and elected members are required to adhere to the nationally prescribed Councillors' Code of Conduct.

(d) The Council approved the Council Strategic Plan 2022-2027 on 27 October 2022. In order to ensure that the Plan clearly articulates its purpose it has been structured into Grand Challenges and their supporting Missions. The Grand Challenges are as follows:

- Reduce poverty and inequality in our communities;
- Increase opportunity and prosperity for all our citizens;
- Fight the climate emergency in a just transition to a net-zero Glasgow;
- Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities.

These Grand Challenges and their Missions are underpinned by Commitments which Services are undertaking to work towards the goal of each Mission. The Council agreed that the Strategic Plan will be subject to an annual review to reflect the volatility of outside pressures and budget constraints. There is a transparent change control process in place to assist this.

In order to transition from the previous Strategic Plan, an update on that 2017-2022 Plan and its seven themes was included in the Annual Performance Report, which was reported to the City Administration Committee on 30 September 2021. The new Strategic Plan is scrutinised and monitored by the Operational Performance and Delivery Scrutiny Committee (OPDSC). At the November 2022 Committee it was agreed to schedule the reporting of the Strategic Plan through a Cost Of Living lens; requesting that services report on areas relevant to Cost of Living within their Strategic Plan Missions and Commitments. This responds to the priorities laid out in the Strategic Plan in response to the Council's motion in June 2022 agreeing cost of living measures should be prioritised. As well as existing Commitments, new activity initiated or prioritised as a response to the crisis has been reflected in performance reporting to OPDSC through the reporting of emerging

Commitments. Throughout 2022/23, the OPDSC continued to receive performance reports from Services and ALEOs with a focus on Cost of Living priorities.

(e) The Corporate Performance Management Framework sets out how the Council monitors, manages and reports progress and performance to management, elected members and the public. This includes performance against delivery of the Strategic Plan, service performance, equalities, benchmarking and citizens' views on services. In 2019/20, a suite of outcome-based indicators, with a baseline reference point of 2017, was introduced. During 2022/23 an in depth review of the Council's Performance Manual was launched. The updated manual will be presented to OPDSC during 2023/24.

(f) The ten year Glasgow Community Plan was published in October 2017. This is the Glasgow Community Planning Partnership's (GCPP) Local Outcomes Improvement Plan that sets out shared priorities for the city. It identifies inclusive growth as a key objective for the city supported by three focus areas of economic growth, resilient communities and a fairer more equal Glasgow, as well as two enabling priority areas of childcare and transport. The Plan complements the partnership working taking place in the city and is published along with ten locality plans setting out how issues within specific communities across the city will be addressed.

The Plan has been supported by the Social Recovery Taskforce, established to set out a shared vision to drive the city's response to the impact of Covid in relation to a broad range of themes. The priorities of the Taskforce and its workstreams are embedded in the new Community Action Plan (2022 to 2025). Reports on the work of the Taskforce were presented to the Wellbeing, Empowerment, Community and Citizen Engagement City Policy Committee.

(g) The Council has a defined process for responding to Asset Transfer Requests and Participation Requests, both of which build on existing channels for communities to enter into dialogue regarding service design and delivery. An annual report on progress on Asset Transfer Requests was presented to the Wellbeing, Empowerment, Community and Citizen Engagement City Policy Committee (WECCE) on 3 March 2022.

The People Make Glasgow Communities programme works across the Council Family and builds on the Property and Land Strategy 2020-2030 and ongoing work to empower communities to make their own decisions, and meet the changing needs of neighbourhoods.

(h) The Council's approach to risk management is well embedded. The Corporate Risk Management Policy and Framework, and the Pentana risk management system, continue to operate across the Council Family and the Framework is subject to regular review. The Corporate Risk Register is supplemented by Service and ALEO Risk Registers; a Risk Register specifically recording the risks to the Council which arise by virtue of providing services through subsidiaries and relevant associates, and programme and project Risk Registers. The Council operates a Risk Management Forum which considers risks across the Council Family and regular reports are provided to the Corporate Management Team and the Finance and Audit Scrutiny Committee.

(i) Implemented in July 2017, the Council's Business Continuity Policy and Framework continued to be applied across Council Services and continues to form the basis of the review and update of Business Impact Analyses and Business Continuity Plans. The Framework underpinned the Council's response to Covid-19, including the prioritisation of services, recovery and resources.

Lessons learned workshops have informed opportunities for improvement in business continuity arrangements. Work is ongoing to continually review, test and update service plans.

(j) A publicised Whistleblowing Policy is in place and is publicised throughout the Council and community. Effective counter fraud and anti-corruption arrangements are in place and are consistent with the main principles set out in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014).

(k) An integral part of the stewardship of Council funds, the Financial Regulations, Management and Control: A Code of Practice aims to ensure that the Council's financial transactions are conducted in a manner which demonstrates openness, integrity and transparency. The most recent update to the Code of Practice was approved by the Council on 19 May 2022. Since 2004, financial management and reporting has been undertaken through the SAP software package which provides ledger, accounts payable, accounts receivable and banking services. A Financial Controls Framework is in place for the Council Family, setting out the existing seven key controls and how they are applied operationally to mitigate risk and vulnerability to fraud and error. This was relaunched in March 2022.

(l) The statutory Complaints Handling Procedure, which manages and monitors formal contact with members of the public, and the associated reports to senior management and the Operational Performance and Delivery Scrutiny Committee, continued to operate in 2022/23. The most recent report was presented to OPDSC on 16 November 2022 .

(m) The 2023 – 2027 Council Sustainable Procurement Strategy was approved by the City Administration Committee on 23 March 2023 and sets out the vision, objectives and actions that direct and govern procurement activities across the Council Family. The Standing Orders Relating to Contracts are regularly reviewed and define how the Council will conduct the business of procuring works, goods and services. The most recent update to the Standing Orders Relating to Contracts was approved by the Council on 19 May 2022.

(n) Structural changes across the Council Family have driven the need to review and align asset governance arrangements. The Corporate Asset Management Framework for 2021-2024 creates a consistent reporting model across the seven asset classes (property, information, ICT, infrastructure, open spaces, fleet, and the civic Collections) and key objectives for each, aligned to the Council's seven priority strategic themes, to inform how the Council shapes its assets to deliver outcomes. This will ensure the Council knows and efficiently uses assets to support service delivery and facilitate collaboration across the Council Family to achieve an improved asset base.

(o) Information and data security and records management have a high profile within the Council. In 2022/23, the Council continued to operate the Information Security and Integrity Board to oversee the development, maintenance, and operation of the information governance framework. The Board is supported by a series of sub-groups to ensure information security policies, processes and guidance continue to be fit for purpose; that these are communicated and staff receive the required training; that information security and cyber risks are identified and mitigated, and that the required levels of cyber and information security controls and defences are identified, applied and implemented. In 2022/23, the Council made two reports to the Information Commissioner's Office (ICO) in relation to information security breaches. No action was taken by the ICO.

Maintaining Public Services Network (PSN) accreditation is key to the Council's effective sharing of information with third party organisations, which in turn underpin a number of core Council services. The Council's PSN compliance was due for renewal in 2017. Technical ICT issues, primarily relating to a legacy call handling system, meant the Council was unable to apply for reaccreditation at that time. Remediation activities continue to progress and the Council continues to engage with the Government Digital Service. The council is engaging with its ICT provider to ensure accreditation during 2023/24. In 2019/20, the Council secured accreditation to the Cyber Essentials Plus standard. We are currently assessing the merits of re-applying as the standard is no longer considered appropriate for large complex networks such as the council's.

(p) The Council Family structure is subject to continual review to ensure it remains fit for purpose, delivers best value and takes account of new and emerging matters and requirements, including legislative changes. In recent years, the Council Family Review programme has implemented structural changes and this continued in 2022/23. During the year, a comprehensive review of Glasgow Life was concluded and reported to the City Administration Committee on 26 January 2023. The latest update on the Council Family Review was presented to the Operational Performance and Delivery Scrutiny Committee on 7 February 2024.

(q) The ALEO Governance Framework operates at political, strategic and operational levels to govern and oversee the relationship between the Council and its subsidiaries and relevant associates. These arrangements continued to apply throughout 2022/23. The Council Family Review programme has identified some potential enhancements to the ALEO Governance Framework and these were reported to OPDSC on 31 May 2023, with a further update to the 7 February 2024 meeting.

(r) The Council regularly publishes information about itself and the services it provides and makes the information available in a wide variety of forms and formats. The Council engages with stakeholders, including citizens, in a number of ways, including the annual Household Survey of over 1,000 citizens to establish views on matters ranging from service delivery to the development of strategy. Results of the 2022 Glasgow Household Survey were reported to OPDSC on 21 September 2022. A dedicated web page provides a Consultation Hub to co-ordinate consultation with residents and businesses.

(s) In May 2018, the Council produced its first City Charter, an informal agreement between the Council and citizens that lists shared commitments, aims and standards. Created and developed through consultation with citizens, it sets out citizens' vision for Glasgow, how the Council and citizens can work together and play their part in improving the city and respective roles, responsibilities and rights. The principles of the Charter underpin the Strategic Plan as well as major programmes across the Council Family, including People Make Glasgow Communities and People Make Glasgow Greener, and will continue to shape how the Council engages with citizens and re-designs services.

## 4. Review of effectiveness

4.1 The Council's governance arrangements set out above operated across 2022/23 and were regarded as fit for purpose in accordance with the governance framework. The governance framework is continually reviewed to reflect best practice, new legislative requirements and the expectations of stakeholders. The effectiveness of the framework, including the system of internal control, is considered at least annually and is informed by:

(a) The work of the members of the Corporate Management Team, including statutory officers, who have responsibility for the development and maintenance of the governance environment. Throughout 2022/23, arrangements continued to operate to ensure that officers were clear on their role and responsibilities and that officers were compliant with the CIPFA Statements on "The Role of the Chief Financial Officer in Local Government" and "The Role of the Head of Internal Audit in Public Service Organisations 2019".

(b) Oversight by the Director of Legal and Administrative Services, who was the Council's Monitoring Officer for 2022/23.

(c) The Head of Audit and Inspection's annual report and the work of the Internal Audit section. The latest external 5-yearly quality review of the section was completed in April 2021 and reported to the Finance and Audit Scrutiny Committee on 5 May 2021. This report concluded that the section conforms with the requirements of the Public Sector Internal Audit Standards 2017 (PSIAS). The Internal Audit section continues to hold BSi quality accreditation under ISO9001:2015. Internal Audit continue to present a register of all outstanding audit recommendations to the Finance and Audit Scrutiny Committee on a regular basis. The Internal Audit Plan for 2022/23 was approved by the Finance and Audit Scrutiny Committee on 23 March 2022 with a subsequent update on 22 March 2023.

(d) Observations made by external auditors and other review agencies and inspectorates.

(e) The completion of a self-assessment questionnaire by Service Directors and Managing Directors/Chief Executives of subsidiaries and relevant associates. This questionnaire is aligned to the principles contained in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government, and requires assessments to be made of the extent to which arrangements within each Service/organisation comply with these principles. The responses to the questionnaires are confirmed on a sample basis by Internal Audit, as part of a rolling programme of corporate governance reviews.

(f) The completion of signed statements of internal control by all Service Directors and the Managing Directors/Chief Executives of subsidiaries and relevant associates. Such statements were received for 2022/23, declaring that "There are, in my opinion, no significant matters that require to be raised in this Certificate, which is provided to support Glasgow City Council's Statement of Internal Control for the financial year 2022/23, as it is my opinion that the procedures which have been designed to ensure proper governance and financial control are operating adequately".

(g) The exercising, by the two Scrutiny Committees, of respective remits including scrutiny of the performance of Services, subsidiaries and relevant associates, including financial management, statutory and other performance, and outcomes set through the GCPP

Community Plan, which are relevant to partnership working and monitoring internal financial control, corporate risk management and corporate governance, and receiving and considering summaries of internal and external audit reports. In accordance with the Council's Standing Orders, all Committees are required to undertake an annual evaluation of effectiveness. An independent assessment of each Council Committee was undertaken during 2021/22, having been delayed due to the COVID-19 pandemic. These reviews were completed by senior officers independent of the Committee to be reviewed and the results were consolidated and reported to the Operational Performance and Delivery Scrutiny Committee on 9 February 2022. Self assessments for all Committees have been undertaken during 2023, allowing for a year of working after the 2022 Local Government Elections:

- Operational Performance and Delivery Scrutiny Committee
- Finance and Audit Scrutiny Committee
- Wellbeing, Equalities, Communities, Culture and Engagement City Policy Committee
- Economy, Housing, Transport and Regeneration City Policy Committee
- NetZero and Climate Progress Monitoring City Policy Committee
- Education, Skills and Early Years City Policy Committee
- Environment and Liveable Neighbourhoods City Policy Committee

(h) The CIPFA Financial Management 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. Council management undertook a self-assessment against the Financial Management Code during quarter one 2022/23, which confirmed overall compliance with the Code's requirements.

4.2 Senior officers have been advised on the implications of the result of the review of the effectiveness of the governance framework by Internal and External Audit and plans to address weaknesses and ensure continuous improvement of the systems are in place.

## 5. Governance Developments and Future Activity

5.1 Following publication of a Best Value Assurance Report on the Council by Audit Scotland, on behalf of the Accounts Commission, the Council approved its BVAR Action Plan in September 2018. Updates on the BVAR Action Plan were presented to Finance and Audit Scrutiny Committee on 13 March 2019 and 11 September 2019. The final update was presented on 11 March 2020 and noted that the majority of the specific agreed actions were complete with those actions forming part of longer-term ongoing plans, for example, homelessness and Thriving Places, continuing to progress, with oversight by, and reports to, existing governance structures, including the Corporate Management Team and City Administration Committee.

5.2 The following activity is planned, in relation to the governance framework, in 2023/24:

- Review the Strategic Plan to reflect the increasingly significant financial challenges faced by the Council and its ALEOs, and also the cost of living crisis that our citizens and communities continue to face.
- Review of the Council's Performance Management Framework.
- Continued implementation of the recommendations arising from the Best Value Assurance Report.

- Continuation of the Council Family Review, including the Glasgow Life CFR action plan, and enhancing the Council's ALEO Governance framework.

5.3 In 2023/24 the Council progressed the job evaluation programme which will underpin the new pay and grading scheme. In 2024/25 the Council is planning to:

- Create a ranked order of jobs based on the job evaluation programme;
- Design a Pay and Grading Scheme based on that rank order of jobs; and
- Collectively consult with Trade Unions in advance of the implementation of the new pay and grading scheme at the end of financial year 2024/2025.

## 6. Update on significant governance issues previously reported

ICT Service and Security

6.1 In 2021/22, the Internal Audit annual opinion was qualified due to significant concerns relating to ICT security and ICT contract management arrangements. Whilst some progress has been made to remedy these issues, the Council remains exposed to significant risk in this area. Internal Audit remains heavily involved in monitoring the progress being made by the Council's ICT provider, CGI, and Council Management on the high priority actions that are required to mitigate the significant risks arising in this area to an appropriate level. Further updates will be provided in the 2023/24 Internal Audit Annual Report, which will be reported to FASC in June 2024.

## 7. Significant governance issues

SAP P1 Incident

7.1 In January 2023, the Council experienced a critical incident involving the SAP system, leaving this business critical Enterprise Resource Planning system unavailable for five weeks. SAP is used to manage essential business processes including payroll, accounts payable/receivable, and financial ledger (including management accounts). It also interfaces with other key systems, for example Social Work Services' Care First system, and Financial Service's Academy system (Council Tax and Housing Benefit).

7.2 During the outage, Business Continuity Plans were activated by Services and ALEOs, but the length of the disruption put significant strain on the Council's ability to maintain transactional finance and associated processes. Whilst the Council and ALEOs managed to ensure all staff were paid on time, some manual processes had to be put in place. There was also a significant impact on the ability to make payments to suppliers, with only emergency manual payments being made manually for a period of time, and backlogs subsequently building up. Direct payments (carers payments etc), were also subject to manual BCP activity. Management accounts (a key aspect of the Council's internal control environment) and outturn forecasts were not completed between January and the year end.

7.3 Internal Audit has reviewed the significant manual and business continuity activity that happened during the incident, and the clearing of backlog transactions. Internal Audit concluded that services took reasonable steps to minimise the impact on service delivery; and no material errors were

identified. A full lessons learned report by CGI was issued in May 2023 and Internal Audit is currently undertaking corroboration assurance work on the findings.

Servitor Upgrade

7.4 During 2022/23 an unsatisfactory Internal Audit report was issued to City Building in relation to an upgrade to its Servitor system. This is a key application, used by CBG and CBC to manage and coordinate repairs and maintenance activities, including workflow scheduling and mobile working. Information in Servitor is then used to bill clients, including the Council, and update the financial ledger. The audit concluded that expected project management processes were not fully followed in implementing the new Servitor system. This resulted in significant operational and financial issues immediately following go-live in July 2022. The matters outlined above had an impact on transactional activity between CBG and Council Services/ALEOs, with a subsequent impact on CBG's cash flows. They also impacted the ability to produce accurate management accounts, and the production of the 2022/23 financial statements. CBG ICT believe the underlying Servitor data is accurate and have confirmed that a reconciliation of Servitor and the financial reporting information has now been completed, which will be subject to audit.

City Building

7.5 During 2022/23 Internal Audit investigated a number of whistleblowing allegations relating to City Building. Significant compliance matters covering key governance, procurement and HR practices were identified. This also resulted in a delay to the signing of the 2021/22 City Building financial statements. Council and Wheatley Housing Group Management, as Joint Venture Members, appointed Brodies to undertake a forensic investigation. The City Building external auditor signed the 2021/22 Accounts in March 2023 but noted significant deficiency in respect of the overall control environment within the business. The 2022/23 City Building accounts are not yet signed. In response to the investigation findings, a City Building Glasgow Partnership Steering Group was established jointly by the Council and the Wheatley Housing Group senior officers to review CBG. The workstreams of the review included governance, procurement, HR and finance. An action plan has been agreed and progress is being monitored by the Steering Group.

## 8. Internal Audit Opinion

8.1 The Council has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

8.2 Based on the audit work undertaken, the assurances provided by Service Directors and Managing Directors/Chief Executives of subsidiaries and relevant associates, and noting the issues outlined at Section 7 above, it is the Head of Audit and Inspection's opinion that limited assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2022/23 in the council and its subsidiaries and relevant associates.

## 9. Certification

It is our opinion that limited assurance can be placed upon the adequacy and effectiveness of the systems of governance and internal control that operate in Glasgow City Council and its subsidiaries and relevant associates. The self-assessments, the statements of internal control signed by Service Directors and Managing Directors (of subsidiaries and relevant associates) and the work undertaken by Internal Audit has shown that, with the exception of those matters listed above, the arrangements in place are operating as planned. However, improvements are specifically required in relation to ICT services and resilience, and governance arrangements at City Building. Work is underway to address these matters and officers will monitor and report on their implementation.

We will continue to review and enhance, as necessary, our governance arrangements.

| | |
|---|---|
| Councillor Susan Aitken | Annemarie O'Donnell |
| Leader of the Administration | Chief Executive |

# Remuneration report for the year ended 31 March 2023

## 1. Introduction

The remuneration report is set out in accordance with the Local Government Accounts (Scotland) Regulations 1985 (as amended by the Local Authority Accounts (Scotland) Amendment Regulations 2011). These Regulations require various disclosures about the remuneration and pension benefits of senior councillors and senior employees.

All information disclosed in the tables at 4.1 to 4.6 and 5.1 to 5.3 in this remuneration report has been audited by Ernst & Young LLP. The other sections of the remuneration report have been reviewed by Ernst & Young LLP to ensure that they are consistent with the Financial Statements.

## 2. Definitions

The term senior councillor means the Leader of the Council, the Lord Provost or a councillor who holds a significant position of responsibility in the council's management structure, all as defined by regulation 2 of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007(3).

The term senior employee means any employee of Glasgow City Council and its subsidiaries:

- Who has responsibility for the management of the local authority to the extent that the person has the 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; or
- 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 (4); or
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The term 'remuneration' means gross salary, fees and bonuses, taxable allowances and expenses and compensation for loss of employment. It excludes pension contributions paid by the council. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure.

The term 'pension benefits' covers in-year pension contributions for the employee or councillor by the council and the named person's accrued pension benefits at the reporting date.

## 3. Remuneration policy

**Elected members**

The full council sets the remuneration levels for senior councillors and senior officers. Its role is to ensure the application and implementation of fair and equitable systems for pay and for performance management within the guidelines of, and as determined by, Scottish Ministers and the Scottish Government. In reaching its decisions, the council has regard to the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities; the council's policies for the improvement of the delivery of public services; and the funds available to the council.

The remuneration of senior councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007(SSI No. 2007/183) and amendments. The regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (which is the Lord Provost in Glasgow), senior councillors or councillors. The Leader of the Council and the Civic Head 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 2022/23, the maximum salary for the Leader of the Council is £58,719. The regulations permit the council to remunerate one Civic Head and set out the maximum salary that may be paid to that Civic Head. For 2022/23, the maximum salary for the Civic Head is £44,039.

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% of the total yearly amount payable to the Leader of the Council. The council is able to exercise local flexibility in the determination of the precise number of senior councillors and their salaries within these maximum limits. The council pays senior councillor supplements to city conveners and chairs of committees. In 2022/23 the council had no more than 24 senior councillors at any one time and the total senior councillor salary paid to these councillors, excluding the Leader of the Council and the Lord Provost, did not exceed £763,323. The table at 4.1 shows the total remuneration paid to any councillors that held a senior councillor post at any point in 2021/22 or 2022/23 and includes the remuneration of the Leader of the Council and the Civic Head.

The regulations also permit the council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme. The Glasgow City Council Members' Allowances Scheme, for those councillors who elect to join the scheme, was agreed at a meeting of the full council on 17 May 2007.

**Senior officers**

The salaries of senior employees within the council are set based upon the salary points of the leadership job family, as set out in the council's Pay, Grading and Benefits Structure. These arrangements were originally agreed through approval of the Workforce Pay and Benefits Review report at a special meeting of the council's Executive Committee on 13 October 2006 and may be amended each year to allow for cost of living increases as negotiated by the Scottish Joint Council (SJC), for the general workforce and the Scottish Negotiating Council for Teachers (SNCT). The council does not pay bonuses or performance related pay. All council officers are eligible to join the Local Government Pension Scheme (LGPS). The scheme is described in section 5 entitled 'Pension Benefits'.

**Subsidiaries**

The council has a number of subsidiary bodies, which are governed via their company documents, service agreements and boards of directors. The council has responsibility for appointing directors and chairpersons to subsidiary boards. Since the introduction of the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2011, on the 1 July 2011, there has been no remuneration paid to councillors on the board of any subsidiary or any other group entity.

The council does not have any influence over the remuneration arrangements for the employees of any of these subsidiary bodies. The powers to set remuneration for employees lies solely with the board of each subsidiary body.

| | |
|---|---|
| Councillor Susan Aitken | Annemarie O'Donnell |
| Leader of the Administration | Chief Executive |

# 4. Remuneration

## 4.1. Remuneration of senior councillors

| *2021/22 Total Remuneration £* | **Remuneration of senior councillors (includes the basic councillor salary of £19,571)** | Date from | Date to | **Year ended 31 March 2023 Total Remuneration £** |
|---|---|---|---|---|
| 55,724 | **Susan Aitken** | | | **57,128** |
| | Leader and City Convener for Inclusive Economic Growth | April 2022 | May 2022 | |
| | Leader and Convener for City and City Region Economy and Just Transition | May 2022 | March 2023 | |
| - | **Jacqueline McLaren** | | | **41,440** |
| | Lord Provost | May 2022 | March 2023 | |
| 35,084 | **Richard Bell** | | | **41,716** |
| | City Treasurer | April 2022 | May 2022 | |
| | Deputy Leader and City Treasurer and Convener for Financial Inclusion | May 2022 | March 2023 | |
| 30,115 | **Christy Mearns** | | | **32,396** |
| | Deputy Lord Provost | April 2022 | March 2023 | |
| - | **George Redmond** | | | **25,733** |
| | Leader of the Opposition (Labour) | May 2022 | March 2023 | |
| - | **Ken Andrew** | | | **27,151** |
| | Chair of Planning Applications Committee | May 2022 | March 2023 | |
| 26,900 | **Malcolm Balfour** | | | **2,039** |
| | Convener of Contracts and Property Committee | April 2022 | May 2022 | |
| 41,793 | **Philip Braat** | | | **21,314** |
| | Lord Provost | April 2022 | May 2022 | |
| - | **Maureen Burke** | | | **27,151** |
| | Chair of Operational Performance and Delivery Scrutiny Committee | May 2022 | March 2023 | |
| - | **Graham Campbell** | | | **27,151** |
| | Chair of Education, Skills and Early Years City Policy Committee | May 2022 | March 2023 | |
| 26,709 | **Christina Cannon** | | | **35,606** |
| | Convener of General Purposes City Policy Committee | April 2022 | May 2022 | |
| | Convener of Education, Communities and Equalities | May 2022 | March 2023 | |
| 35,281 | **Allan Casey** | | | **36,245** |
| | City Convener for Workforce | April 2022 | May 2022 | |
| | Convener for Workforce and Homelessness and Addiction Services | May 2022 | March 2023 | |
| 26,709 | **Annette Christie** | | | **35,606** |
| | Convener of Wellbeing, Empowerment, Community and Citizen Engagement City Policy Committee | April 2022 | May 2022 | |
| | Convener for Culture, Sport and International Relations (and Chair of Glasgow Life) | May 2022 | March 2023 | |
| 26,709 | **Malcolm Cunning** | | | **8,581** |
| | Leader of the Majority Opposition (Labour Group) | April 2022 | May 2022 | |
| 35,084 | **Chris Cunningham** | | | **28,412** |
| | City Convener for Education, Skills and Early Years | April 2022 | May 2022 | |
| | Convener for Health, Care and Caring and Older People (and Chair or Vice Chair of IJB) | May 2022 | March 2023 | |
| 26,709 | **Glenn Elder** | | | **2,039** |
| | Convener of Planning Applications Committee | April 2022 | May 2022 | |
| 18,184 | **Michelle Ferns** | | | **0** |
| | City Convener for Workforce | April 2021 | April 2021 | |

| *2021/22 Total Remuneration £* | **Remuneration of senior councillors (includes the basic councillor salary of £19,571)** | Date from | Date to | **Year ended 31 March 2023 Total Remuneration £** |
|---|---|---|---|---|
| 40,932 | **Greg Hepburn**<br>Business Manager and City Convener for Democratic Renewal | April 2022 | May 2022 | **42,163** |
| | Business Manager and Convener for Open Government | May 2022 | March 2023 | |
| 26,709 | **Mhairi Hunter**<br>City Convener for Health and Social Care Integration | April 2022 | May 2022 | **2,037** |
| 26,709 | **Ruairi Kelly**<br>Convener for Neighbourhoods, Housing and Public Realm City Policy Committee | April 2022 | May 2022 | **35,606** |
| | Convener for Neighbourhood Services and Assets | May 2022 | March 2023 | |
| 26,709 | **Matthew Kerr**<br>Chair of Licensing Board | April 2022 | May 2022 | **20,162** |
| 26,709 | **Thomas Kerr**<br>Leader of the Opposition (Conservative Group) | April 2022 | May 2022 | **20,251** |
| 35,084 | **Jennifer Layden**<br>City Convener for Community Empowerment, Equalities and Human Rights | April 2022 | May 2022 | **2,678** |
| - | **Frank McAveety**<br>Chair of Finance and Audit Scrutiny Committee | May 2022 | March 2023 | **27,151** |
| 40,932 | **David McDonald**<br>Deputy Leader and City Convener for Culture, Vibrancy and International Cooperation | April 2022 | May 2022 | **3,125** |
| 35,084 | **Kenneth McLean**<br>City Convener for Neighbourhoods, Housing and Public Realm | April 2022 | May 2022 | **36,245** |
| | Convener for Housing, Development, Built Heritage and Land Use | May 2022 | March 2023 | |
| - | **Elaine McSporran**<br>Chair of Environment and Liveable Neighbourhoods City Policy Committee | May 2022 | March 2023 | **27,151** |
| - | **Anne McTaggart**<br>Chair of Wellbeing, Equalities, Communities, Culture and Engagement City Policy Committee | May 2022 | March 2023 | **27,151** |
| 26,709 | **David Meikle**<br>Convener of Finance and Audit Scrutiny Committee | April 2022 | May 2022 | **2,023** |
| 26,709 | **Angus Millar**<br>Chair of Environment, Sustainability and Carbon Reduction City Policy Committee | April 2022 | May 2022 | **35,606** |
| | Convener for Climate, Glasgow Green Deal, Transport and City Centre Recovery | May 2022 | March 2023 | |
| 20,256 | **Jon Molyneux**<br>Co-Leader of Green Group | May 2022 | March 2023 | **27,151** |
| | Senior Councillor (Green Group) | April 2021 | June 2021 | |
| 26,709 | **Jane Morgan**<br>Chair of Operational Performance and Delivery Scrutiny Committee | April 2022 | May 2022 | **2,039** |
| 21,275 | **Margaret Morgan**<br>City Convener for Education, Skills and Early Years City Policy Committee | April 2022 | May 2022 | **27,091** |
| | Convener of Licensing Board | June 2022 | March 2023 | |
| - | **Lana Reid-McConnell**<br>Chair of Net Zero and Climate Progress Monitoring City Policy Committee | May 2022 | March 2023 | **25,733** |
| 35,084 | **Anna Richardson**<br>City Convener for Sustainability and Carbon Reduction | April 2022 | May 2022 | **2,678** |

| *2021/22 Total Remuneration £* | **Remuneration of senior councillors (includes the basic councillor salary of £19,571)** | Date from | Date to | **Year ended 31 March 2023 Total Remuneration £** |
|---|---|---|---|---|
| - | **Franny Scally**<br>Chair of Contracts and Property Committee | May 2022 | March 2023 | **27,151** |
| 24,007 | **Rhiannon Spear**<br>Chair of Education, Skills and Early Years City Policy Committee | April 2021 | December 2021 | **0** |
| 25,025 | **Martha Wardrop**<br>Senior Councillor (Green Group) | April 2022 | May 2022 | **27,772** |
| | Chair of Economy, Housing, Transport and Regeneration City Policy Committee | May 2022 | March 2023 | |
| 26,709 | **Alex Wilson**<br>Chair of Licensing and Regulatory Committee | April 2022 | March 2023 | **27,772** |
| **876,352** | **Total** | | | **898,444** |

**Notes:**

1. Payments include salaries, there were no payments for bonuses or compensation for loss of office. Business expenses are disclosed at note 4.2. The remuneration of Councillor J McLaren and Councillor T Kerr includes taxable allowances of £180 and £89 respectively.

2. Salaries are paid four weekly and this can give rise to small differences in the actual payments made from one financial year to the next.

3. During 2022/23 there were changes to the senior councillor positions within the council. These changes have been reflected in table 4.1 and throughout this remuneration report. Further information is available in the public minutes of Glasgow City Council.

   www.glasgow.gov.uk/CouncillorsandCommittees

## 4.2. Remuneration paid to councillors

The council paid the following salaries, allowances and expenses to all councillors (including the senior councillors above) during the year:

| *2021/22 £000* | **Remuneration** | **2022/23 £000** |
|---|---|---|
| 1,912 | Salaries | 1,991 |
| 4 | Allowances | 9 |
| 4 | Expenses | 52 |
| **1,920** | **Total** | **2,052** |

**Note:**

The annual return of councillors' salaries and expenses for 2022/23 is available for any member of the public to view on the council's website at:

https://www.glasgow.gov.uk/index.aspx?articleid=17107

## 4.3. Remuneration of senior employees

| *2021/22 Total Remuneration* £ | Remuneration of senior employees | Year ended 31 March 2023 Salary, fees and allowances £ | Compensation for loss of office £ | Election duties £ | **Total Remuneration** £ |
|---|---|---|---|---|---|
| 224,690 | **Annemarie O'Donnell**<br>Chief Executive | 197,522 | 0 | 0 | **197,522** |
| 148,875 | **Martin Booth**<br>Executive Director of Finance | 155,090 | 0 | 1,400 | **156,490** |
| 3,343 | **Carole Forrest** (to 10 April 2021)<br>Director of Corporate Governance and Solicitor to the Council | 0 | 0 | 0 | **0** |
| 114,906 | **Maureen McKenna** (to 10 January 2022)<br>Executive Director of Education Services | 0 | 0 | 0 | **0** |
| 30,798<br>(FYE £133,824) | **Douglas Hutchison**<br>Executive Director of Education Services | 141,681 | 0 | 0 | **141,681** |
| 147,761 | **George Gillespie**<br>Executive Director of Neighbourhoods, Regeneration & Sustainability | 155,090 | 0 | 0 | **155,090** |
| 100,571 | **Jackie Kerr**<br>Interim Chief Social Work Officer | 111,010 | 0 | 0 | **111,010** |
| 110,263<br>(FYE £110,627) | **Kevin Rush**<br>Director of Regional Economic Growth | 115,968 | 0 | 0 | **115,968** |
| 110,077<br>(FYE £110,627) | **Bernadette Monaghan**<br>Director of Community Empowerment and Equalities | 115,968 | 21,756 | 0 | **137,724** |
| 101,461<br>(FYE £104,496) | **Elaine Galletly**<br>Director of Legal & Administration | 109,518 | 0 | 1,000 | **110,518** |
| 98,837<br>(FYE £98,890) | **Robert Anderson** (to 6 January 2023)<br>Head of Human Resources | 76,152<br>(FYE £103,834) | 58,528 | 0 | **134,680** |
| 63,417<br>(FYE £87,020) | **Michelle McGinty**<br>Head of Corporate Policy and Governance | 94,105 | 0 | 0 | **94,105** |
| 87,340 | **Anne Connolly** (to 31 July 2021) (note 1)<br>Strategic Advisor to the Chief Executive | 0 | 0 | 0 | **0** |
| 100,337 | **Colin Edgar** (note 1)<br>Head of Communication and Strategic Partnerships | 103,663 | 0 | 1,150 | **104,813** |
| **1,442,676** | **Total** | **1,375,767** | **80,284** | **3,550** | **1,459,601** |

**Notes:**

1. Employee included as post is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4).

2. There were no payments in the form of bonuses, taxable allowances or expenses, or other benefits in kind.

3. Salaries are paid four weekly and this can give rise to small differences in the actual payments made from one financial year to the next.

## 4.4. Remuneration of senior employees of subsidiaries

| *2021/22 Total Remuneration* £ | **Remuneration of senior employees of subsidiaries** | Year ended 31 March 2023<br>Salary, fees and allowances £ | Bonus £ | Taxable allowances & expenses £ | Benefits in Kind other than in cash £ | Payment in Lieu of Employer Pension Contributions £ | **Total Remuneration £** |
|---|---|---|---|---|---|---|---|
| 235,316 | **Peter Duthie** (note 1)<br>Chief Executive Officer,<br>Scottish Event Campus Ltd | 196,101 | 31,376 | 22,072 | 661 | 29,415 | **279,625** |
| 154,515 | **William McFadyen**<br>Director of Finance and Development,<br>Scottish Event Campus Ltd | 144,647 | 26,037 | 17,829 | 666 | 0 | **189,179** |
| - | **Daniel Thurlow**<br>Director of Exhibition Sales,<br>Scottish Event Campus Ltd | 136,215 | 27,243 | 15,526 | 441 | 0 | **179,425** |
| - | **Kathleen Warden**<br>Director of Conference Sales,<br>Scottish Event Campus Ltd | 136,215 | 25,881 | 15,526 | 441 | 0 | **178,063** |
| - | **Gayle Shepherd**<br>Director of People and Technology,<br>Scottish Event Campus Ltd | 130,459 | 23,483 | 15,526 | 1,083 | 0 | **170,551** |
| - | **Deborah McWilliams**<br>Director of Live Entertainment,<br>Scottish Event Campus Ltd | 130,459 | 26,092 | 15,526 | 441 | 0 | **172,518** |
| 165,027 | **Alan Burns** (note 2)<br>Executive Director,<br>City Building (Contracts) LLP | 158,221 | 0 | 11,755 | 704 | 0 | **170,680** |
| 147,969 | **Dr Bridget McConnell** (to 3 May 2022)<br>Chief Executive,<br>Culture and Sport Glasgow<br>t/a 'Glasgow Life' | 13,279 | 0 | 0 | 0 | 0 | **13,279** |
| - | **Susan Deighan** (from 23 April 2022)<br>Chief Executive.<br>Culture and Sport Glasgow<br>t/a 'Glasgow Life' | 131,557<br>FYE £140,404 | 0 | 0 | 0 | 0 | **131,557** |
| 28,603 | **William Taggart** (to 31 July 2021)<br>Managing Director<br>City Parking (Glasgow) LLP | 0 | 0 | 0 | 0 | 0 | **0** |
| 112,710 | **Pauline Barclay**<br>Managing Director,<br>City Property (Glasgow) LLP | 118,246 | 0 | 0 | 0 | 0 | **118,246** |
| 80,731 | **Gary Hay**<br>Managing Director,<br>Jobs & Business Glasgow | 84,920 | 0 | 0 | 0 | 0 | **84,920** |
| **924,871** | **Total** | **1,380,319** | **160,112** | **113,760** | **4,437** | **29,415** | **1,688,043** |

**Notes:**

1. The Scottish Event Campus Ltd provides a cash alternative in lieu of employer pension contributions which was fully exercised by Peter Duthie during 2022/23. The cash alternative is not taken into consideration for any bonus calculations.

2. This officer is employed by City Building (Glasgow) LLP but is the Executive Director of City Building (Glasgow) LLP and City Building (Contracts) LLP.

## 4.5. Remuneration of employees receiving more than £50,000

In accordance with the disclosure requirement of the regulations, the number of employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are shown in the table below in bands of £5,000. This information includes those senior officers who are subject to the fuller disclosure requirements in table 4.3.

| | | Remuneration in 2022/23 | | | |
|---|---|---|---|---|---|
| *Total 2021/22* | **£5,000 band** | Teachers | Those receiving compensation for loss of office | Staff (excl teachers) | **Total** |
| 1,048 | 50,000 – 54,999 | 353 | 1 | 481 | 835 |
| 310 | 55,000 – 59,999 | 443 | 3 | 252 | 698 |
| 244 | 60,000 – 64,999 | 184 | 0 | 68 | 252 |
| 154 | 65,000 – 69,999 | 153 | 0 | 135 | 288 |
| 20 | 70,000 – 74,999 | 82 | 0 | 26 | 108 |
| 24 | 75,000 – 79,999 | 15 | 0 | 17 | 32 |
| 49 | 80,000 – 84,999 | 7 | 0 | 45 | 52 |
| 10 | 85,000 – 89,999 | 9 | 0 | 9 | 18 |
| 7 | 90,000 – 94,999 | 5 | 0 | 4 | 9 |
| 19 | 95,000 – 99,999 | 4 | 0 | 1 | 5 |
| 9 | 100,000 – 104,999 | 2 | 0 | 19 | 21 |
| 0 | 105,000 – 109,999 | 1 | 0 | 2 | 3 |
| 7 | 110,000 – 114,999 | 0 | 0 | 2 | 2 |
| 0 | 115,000 – 119,999 | 0 | 0 | 4 | 4 |
| 1 | 120,000 – 124,999 | 0 | 0 | 0 | 0 |
| 1 | 125,000 – 129,999 | 0 | 1 | 1 | 2 |
| 0 | 130,000 – 134,999 | 0 | 1 | 0 | 1 |
| 0 | 140,000 – 144,999 | 0 | 0 | 1 | 1 |
| 2 | 145,000 – 149,999 | 0 | 0 | 0 | 0 |
| 0 | 155,000 – 159,999 | 0 | 0 | 2 | 2 |
| 0 | 195,000 – 199,999 | 0 | 0 | 1 | 1 |
| 1 | 220,000 – 224,999 | 0 | 0 | 0 | 0 |
| **1,906** | **Total** | **1,258** | **6** | **1,070** | **2,334** |

## 4.6. Exit packages

The Code requires disclosure of all exit packages agreed, in rising bands. The table below shows all exit packages that were accrued in the year, of which all were voluntary. Exit package values include redundancy, compensatory lump sum, pension strain, and notional capitalised compensatory added years costs (CAY). The notional capitalised compensatory added years costs are based on an assessment of the present value of all future payments to the retiree until death. Notional capitalised compensatory added years and pension strain costs relating to teachers are based on a calculation provided by the Scottish Public Pensions Agency.

| *2021/22* | | | | **Exit packages bands** | **2022/23** | | | |
|---|---|---|---|---|---|---|---|---|
| *Number* | *Cash value £000* | *Notional CAY value £000* | *Total £000* | | **Number** | **Cash value £000** | **Notional CAY value £000** | **Total £000** |
| 11 | 97 | 0 | 97 | £1 - £20,000 | 4 | 21 | 0 | 21 |
| 4 | 130 | 0 | 130 | £20,001 - £40,000 | 3 | 96 | 0 | 96 |
| 6 | 298 | 6 | 304 | £40,001 - £60,000 | 0 | 0 | 0 | 0 |
| 2 | 145 | 0 | 145 | £60,001 - £80,000 | 2 | 147 | 0 | 147 |
| 0 | 0 | 0 | 0 | £80,001 - £100,000 | 2 | 171 | 0 | 171 |
| 0 | 0 | 0 | 0 | £100,001 - £150,000 | 2 | 293 | 0 | 293 |
| 2 | 387 | 0 | 387 | £150,001 - £200,000 | 0 | 0 | 0 | 0 |
| 1 | 215 | 0 | 215 | £200,001 - £250,000 | 0 | 0 | 0 | 0 |
| 1 | 280 | 0 | 280 | £250,001 - £300,000 | 0 | 0 | 0 | 0 |
| **27** | **1,552** | **6** | **1,558** | **Total** | **13** | **728** | **0** | **728** |

## 5. Pension benefits

Pension scheme benefits for councillors and local government employees (excluding teachers) are provided through the Local Government Pension Scheme (LGPS). The LGPS is a funded scheme whereby fund balances are maintained from employee / employer contributions and returns on investments to meet the ongoing and anticipated future costs. Benefits are then paid out of this fund. The LGPS is therefore unique in the Scottish public sector. The other five Scottish public sector schemes (NHS, civil service, police, fire fighter, and teachers) are unfunded, also known as 'pay-as-you-go', where no fund is built up to help cover future payments and employers and employees contribute as if the scheme were funded. One of the objectives of a funded scheme is to reduce the variability of costs over time for employers compared with an unfunded (pay-as-you-go) alternative. The funding mechanism should also minimise inter-generational transfer of liabilities. The LGPS is subject to an actuarial revaluation every three years, and employer contribution rates are re-assessed.

Councillors' benefits earned up to 31 March 2015 are based on career average pay. Pay for each year or part year ending 31 March (other than the pay in final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate 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 average career pay. This is used to calculate the benefits.

For local government employees the LGPS was a final salary pension scheme up to 31 March 2015. This means that benefits are based on the final year's pay and the number of years the person has been a member of the scheme.

For service from 1 April 2015 both Councillors and local government employees are in a career average revalued pension scheme. Each year an amount of pension is earned that is then revalued for inflation until retirement.

From 1 April 2009 a five-tier contribution system was introduced with contributions from members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Up to 31 March 2015 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. From 1 April 2015 contribution rates are worked out on actual pay. The tiers and member / Councillor contribution rates for 2021/22 and 2022/23 are as follows:

| Whole time pay 2021/22 bandings | Employee contribution rate | Whole time pay 2022/23 bandings |
|---|---|---|
| On earnings up to and including £22,300 | 5.50% | On earnings up to and including £23,000 |
| On earnings above £22,301 and up to £27,300 | 7.25% | On earnings above £23,001 and up to £28,100 |
| On earnings above £27,301 and up to £37,400 | 8.50% | On earnings above £28,101 and up to £38,600 |
| On earnings above £37,401 and up to £49,900 | 9.50% | On earnings above £38,601 and up to £51,400 |
| On earnings of £49,901 and above | 12.00% | On earnings of £51,401 and above |

At retirement members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The pension accrual rate from 1 April 2015 is 1/49$^{th}$ of pensionable pay. The pension accrual rate from 1 April 2009 to 31 March 2015 was a pension based on 1/60$^{th}$ of final pensionable salary for each year of pensionable service. Prior to 2009 the accrual rate was a pension based on 1/80$^{th}$ and a lump sum based on 3/80$^{th}$ of final pensionable salary and years of pensionable service.

For benefits earned up to 31 March 2015, the LGPS normal pension age for both councillors and employees was 65. Benefits earned from 1 April 2015 have a normal pension age equal to the member's state pension age (or 65 if higher).

The tables at 5.1 - 5.3 summarise the in-year employer contributions and the accrued benefits for all senior councillors, senior employees and senior employees of subsidiaries that held post at some point during 2021/22 or 2022/23. The tables do not include contributions made by employees or councillors to the pension fund.

The value of accrued benefits has been calculated using the age at which the person will first become entitled to receive a full pension on retirement, without reduction, on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; without any adjustments for the effects of future inflation; and total local government service (not just their current appointment). Membership of the pension scheme is voluntary and not all councillors or employees are members.

## 5.1. Pension benefits of senior councillors

| | In year pension contributions | | Accrued pension Benefits | | |
|---|---|---|---|---|---|
| **Pension benefits of senior councillors** | For year to 31 March 2022 £ | For year to 31 March 2023 £ | | Difference from 31 March 2022 £000 | As at 31 March 2023 £000 |
| **Susan Aitken** | 10,755 | 11,026 | Pension | 1 | 10 |
| | | | Lump Sum | 0 | 0 |
| **Jacqueline McLaren** | - | 7,963 | Pension | 1 | 3 |
| | | | Lump Sum | 0 | 0 |
| **Richard Bell** | 6,771 | 8,051 | Pension | 1 | 4 |
| | | | Lump Sum | 0 | 0 |
| **Christy Mearns** | 5,812 | 6,252 | Pension | 1 | 3 |
| | | | Lump Sum | 0 | 0 |
| **George Redmond** | - | 4,966 | Pension | 1 | 1 |
| | | | Lump Sum | 0 | 0 |
| **Ken Andrew** | - | 5,240 | Pension | 1 | 5 |
| | | | Lump Sum | 0 | 0 |
| **Malcolm Balfour** (note 2) | 5,192 | 394 | Pension | -4 | 0 |
| | | | Lump Sum | 0 | 0 |
| **Philip Braat** | 8,066 | 4,114 | Pension | 1 | 9 |
| | | | Lump Sum | 0 | 1 |
| **Maureen Burke** | - | 5,240 | Pension | 0 | 4 |
| | | | Lump Sum | 0 | 0 |
| **Graham Campbell** | - | 5,240 | Pension | 0 | 2 |
| | | | Lump Sum | 0 | 0 |
| **Christina Cannon** | 5,155 | 6,872 | Pension | 1 | 3 |
| | | | Lump Sum | 0 | 0 |
| **Allan Casey** | 6,809 | 6,995 | Pension | 1 | 3 |
| | | | Lump Sum | 0 | 0 |
| **Annette Christie** | 5,155 | 6,872 | Pension | 1 | 3 |
| | | | Lump Sum | 0 | 0 |
| **Malcolm Cunning** (note 3) | 5,155 | 1,656 | Pension | -4 | 0 |
| | | | Lump Sum | 0 | 0 |
| **Chris Cunningham** | 6,771 | 5,483 | Pension | 0 | 4 |
| | | | Lump Sum | 0 | 0 |
| **Glenn Elder** | 5,155 | 394 | Pension | 0 | 4 |
| | | | Lump Sum | 0 | 0 |
| **Michelle Ferns** | 3,509 | 0 | Pension | - | - |
| | | | Lump Sum | - | - |
| **Greg Hepburn** | 7,900 | 8,137 | Pension | 1 | 5 |
| | | | Lump Sum | 0 | 0 |
| **Mhairi Hunter** | 5,155 | 393 | Pension | 0 | 5 |
| | | | Lump Sum | 0 | 0 |
| **Ruairi Kelly** | 5,155 | 6,872 | Pension | 0 | 3 |
| | | | Lump Sum | 0 | 0 |
| **Matthew Kerr** | 5,155 | 3,891 | Pension | 0 | 3 |
| | | | Lump Sum | 0 | 0 |
| **Thomas Kerr** | 5,155 | 3,891 | Pension | 1 | 3 |
| | | | Lump Sum | 0 | 0 |
| **Jennifer Layden** | 6,771 | 517 | Pension | 0 | 3 |
| | | | Lump Sum | 0 | 0 |
| **Frank McAveety** | - | 5,240 | Pension | 1 | 7 |
| | | | Lump Sum | 0 | 0 |

| | In year pension contributions | | Accrued pension Benefits | | |
|---|---|---|---|---|---|
| **Pension benefits of senior councillors** | For year to 31 March 2022 £ | For year to 31 March 2023 £ | | Difference from 31 March 2022 £000 | As at 31 March 2023 £000 |
| **David McDonald** | 7,900 | 603 | Pension | 0 | 9 |
| | | | Lump Sum | 1 | 2 |
| **Kenneth McLean** | 6,771 | 6,995 | Pension | 1 | 4 |
| | | | Lump Sum | 0 | 0 |
| **Elaine McSporran** | - | 5,240 | Pension | 0 | 2 |
| | | | Lump Sum | 0 | 0 |
| **Anne McTaggart** | - | 5,240 | Pension | 0 | 2 |
| | | | Lump Sum | 0 | 0 |
| **David Meikle** | 5,155 | 390 | Pension | 0 | 6 |
| | | | Lump Sum | 0 | 2 |
| **Angus Millar** | 5,155 | 6,872 | Pension | 1 | 4 |
| | | | Lump Sum | 0 | 0 |
| **Jon Molyneux** | 3,909 | 5,240 | Pension | 0 | 2 |
| | | | Lump Sum | 0 | 0 |
| **Jane Morgan** (note 2) | 5,155 | 394 | Pension | -2 | 0 |
| | | | Lump Sum | 0 | 0 |
| **Margaret Morgan** | 4,106 | 5,229 | Pension | 0 | 2 |
| | | | Lump Sum | 0 | 0 |
| **Lana Reid-McConnell** | - | 4,966 | Pension | 1 | 1 |
| | | | Lump Sum | 0 | 0 |
| **Anna Richardson** | 6,771 | 517 | Pension | 0 | 4 |
| | | | Lump Sum | 0 | 0 |
| **Rhiannon Spear** | 4,633 | 0 | Pension | - | - |
| | | | Lump Sum | - | - |
| **Franny Scally** | - | 5,240 | Pension | 0 | 4 |
| | | | Lump Sum | 0 | 0 |
| **Martha Wardrop** | 4,830 | 5,360 | Pension | 0 | 6 |
| | | | Lump Sum | 0 | 2 |
| **Alex Wilson** | 5,155 | 5,360 | Pension | 1 | 4 |
| | | | Lump Sum | 0 | 0 |
| **Total** | **169,136** | **173,345** | **Pension** | **7** | **137** |
| | | | **Lump Sum** | **1** | **7** |

**Notes:**

1. All senior councillors shown in the table above are members of the Local Government Pension Scheme (LGPS).

2. These councillors retired at the local government election in May 2022 and began to receive their pension benefits from that date; as such no accrued pension benefits are shown.

3. This councillor passed away in September 2022; as such no accrued pension benefits are shown.

## 5.2. Pension benefits of senior employees

| Pension benefits of senior employees | In year pension contributions For year to 31 March 2022 £ | For year to 31 March 2023 £ | | Accrued pension Benefits Difference from 31 March 2022 £000 | As at 31 March 2023 £000 |
|---|---|---|---|---|---|
| **Annemarie O'Donnell** | 36,309 | 38,122 | Pension | 3 | 90 |
| | | | Lump Sum | 6 | 135 |
| **Martin Booth** | 28,443 | 29,932 | Pension | 5 | 53 |
| | | | Lump Sum | 2 | 57 |
| **Carole Forrest** | 645 | 0 | Pension | - | - |
| | | | Lump Sum | - | - |
| **Maureen McKenna** | 22,177 | 0 | Pension | - | - |
| | | | Lump Sum | - | - |
| **Douglas Hutchison** | 5,944 | 27,344 | Pension | 4 | 24 |
| | | | Lump Sum | 0 | 0 |
| **George Gillespie** | 28,518 | 29,932 | Pension | 6 | 70 |
| | | | Lump Sum | 4 | 93 |
| **Jackie Kerr** | 19,314 | 20,257 | Pension | 5 | 59 |
| | | | Lump Sum | 5 | 95 |
| **Kevin Rush** | 21,335 | 22,382 | Pension | 2 | 32 |
| | | | Lump Sum | 0 | 10 |
| **Bernadette Monaghan** (note 2) | 21,245 | 77,429 | Pension | 3 | 12 |
| | | | Lump Sum | 0 | 0 |
| **Elaine Galletly** | 19,314 | 21,137 | Pension | 4 | 50 |
| | | | Lump Sum | 1 | 65 |
| **Robert Anderson** (note 3) | 19,075 | 104,452 | Pension | -49 | 0 |
| | | | Lump Sum | -73 | 0 |
| **Michelle McGinty** | 16,471 | 18,162 | Pension | 3 | 28 |
| | | | Lump Sum | 1 | 17 |
| **Anne Connolly** (note 4) | 143,404 | 0 | Pension | - | - |
| | | | Lump Sum | - | - |
| **Colin Edgar** | 19,075 | 20,007 | Pension | 4 | 32 |
| | | | Lump Sum | 1 | 14 |
| **Total** | **401,269** | **409,156** | **Pension** | **-10** | **450** |
| | | | **Lump Sum** | **-53** | **486** |

**Notes:**

1. All senior employees shown in the table above are members of the Local Government Pension Scheme (LGPS).

2. The pension contributions for the year ended 31 March 2023 include strain on the fund costs prior to the officer retiring on 30 April 2023.

3. This officer retired on 6 January 2023 and began to receive their pension benefits from that date, as such no accrued pension benefits are shown. The pension contributions for the year ended 31 March 2023 include strain on the fund costs.

4. The pension contributions for the year ended 31 March 2022 include strain on the fund costs.

## 5.3. Pension benefits of senior employees of subsidiaries

| Pension benefits of senior employees of Glasgow City Council subsidiaries | In year pension contributions: For year to 31 March 2022 £ | In year pension contributions: For year to 31 March 2023 £ | | Accrued pension Benefits: Difference from 31 March 2022 £000 | Accrued pension Benefits: As at 31 March 2023 £000 |
|---|---|---|---|---|---|
| **Peter Duthie** (note 2) | 0 | 0 | Pension | n/a | n/a |
| | | | Lump Sum | n/a | n/a |
| **William McFadyen** | 19,313 | 20,251 | Pension | n/a | n/a |
| | | | Lump Sum | n/a | n/a |
| **Daniel Thurlow** | - | 17,708 | Pension | n/a | n/a |
| | | | Lump Sum | n/a | n/a |
| **Kathleen Warden** | - | 20,432 | Pension | n/a | n/a |
| | | | Lump Sum | n/a | n/a |
| **Gayle Shepherd** | - | 18,264 | Pension | n/a | n/a |
| | | | Lump Sum | n/a | n/a |
| **Deborah McWilliams** | - | 14,350 | Pension | n/a | n/a |
| | | | Lump Sum | n/a | n/a |
| **Alan Burns** | 29,093 | 30,537 | Pension | 4 | 64 |
| | | | Lump Sum | 5 | 99 |
| **Dr Bridget McConnell** (note 3) | 28,454 | 2,563 | Pension | -79 | 0 |
| | | | Lump Sum | -136 | 0 |
| **Susan Deighan** | - | 26,593 | Pension | 15 | 67 |
| | | | Lump Sum | 18 | 88 |
| **William Taggart** | 5,520 | 0 | Pension | - | - |
| | | | Lump Sum | - | - |
| **Pauline Barclay** | 21,753 | 22,821 | Pension | 4 | 43 |
| | | | Lump Sum | 2 | 37 |
| **Gary Hay** | 13,539 | 14,241 | Pension | 3 | 18 |
| | | | Lump Sum | 0 | 0 |
| **Total** | **117,672** | **187,760** | **Pension** | **-53** | **192** |
| | | | **Lump Sum** | **-111** | **224** |

**Notes:**

1. All senior employees of subsidiaries shown in the table above are members of the Local Government Pension Scheme (LGPS), with the exception of Scottish Event Campus (SEC) Ltd employees who are all members of a group stakeholder scheme with SEC Ltd. This is a defined contribution scheme and so accrued pension benefits information is not applicable.

2. The SEC provides a cash alternative in lieu of employer pension contributions which was fully exercised by Peter Duthie during 2022/23. The cash alternative is not taken into consideration for any bonus calculations.

3. This officer retired on 3 May 2022 and began to receive their pension benefits from that date, as such no accrued pension benefits are shown.

# 6. Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on the 1st April 2017. These regulations place a legislative requirement on the Council to collate and publish, on an annual basis, a range of data on the amount and cost of facility time.

## 6.1 Relevant Union Officials

What was the total number of your employees who were relevant union officials during the relevant period?

| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
|---|---|
| 217 | 209.6 |

## 6.2 Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1% - 50%, c) 51% - 99% or d) 100% of their working hours on facility time?

| Percentage of time | Number of representatives |
|---|---|
| **0%** | 70 |
| **1% – 50%** | 122 |
| **51% - 99%** | 9 |
| **100%** | 16 |

## 6.3 Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

| | |
|---|---|
| **Total cost of facility time** | £1,460,771 |
| **Total pay bill** | £1,079,983,891 |
| **Percentage of the total pay bill spent on facility time, calculated as:**<br><br>*(total cost of facility time ÷ total pay bill) x 100* | 0.14% |

## 6.4 Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

| | |
|---|---|
| **Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:**<br>*(total hours spent on paid trade union activities by relevant trade union representatives during the relevant period ÷ total paid facility time hours) x 100* | 42% |

# Independent auditor's report to the members of Glasgow City Council and the Accounts Commission

## Reporting on the audit of the financial statements

### Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Glasgow City Council and its group for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the Council Tax Income Account, and the Non-domestic Rate Account, Common Good fund, Sundry Trusts and Funds, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements::

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2023 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

### Basis for qualified opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We were appointed as auditor of the Council for the yearend 31 March 2023, on conclusion of the 31 March 2022 financial yearend. At the date of our appointment one subsidiary and one joint venture of the Council Group (City Building (Glasgow) LLP and City Building (Contracts) LLP) had not completed its 2021/2022 financial statement audit. At the date of approval of these financial statements, the 31 March 2022 financial statements audit has been completed, however the 31 March 2023 audit has not commenced. Thus we have not been able to issue group instructions to the auditors of City Building (Glasgow) LLP and City Building (Contracts) LLP for the 31 March 2023 audit, or any related prior period work required as part of our initial audit procedures, and are unable to satisfy ourselves by alternative means concerning the consolidated balances in the Group financial statements at 31 March 2022 or 2023, which are included in the balance sheet at £x (2022: £x), and in the CIES at £x, (2022: £x), by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

## Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, we report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

## Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

## Responsibilities of the Executive Director of Finance and the Council for the financial statements

As explained more fully in the Statement of Responsibilities, the Executive Director of Finance is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Executive Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Council is responsible for overseeing the financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Chief Executive, Executive Director of Finance and Monitoring Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Chief Executive, Executive Director of Finance and Monitoring Officer concerning the policies and procedures of the councils and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the

degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Reporting on other requirements

### Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

### Other information

The Executive Director of Finance is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the City Building (Glasgow) LLP and City Building (Contracts) LLP consolidated balances of £x held at 31 March 2023, or £x held at 31 March 2022. We have concluded that where the other information refers to these balances, it may be materially misstated for the same reason.

**Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or

- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or

- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

## Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Stephen Reid, (for and on behalf of Ernst & Young LLP),
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

## ❖ The Scottish Public Services Ombudsman

If you have gone through the council's complaints process and are still unhappy, you have the right to take your complaint to the Scottish Public Services Ombudsman, Bridgeside House, 99 McDonald Road, Edinburgh, EH7 4NS. Tel: 0800 377 7330.

Generally, if you want to do this, you must contact the Ombudsman within one year.