

# ANNUAL ACCOUNTS

2022-2023



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# Annual Accounts 2022/23

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# Annual Accounts 2022/23

## Management Commentary

### Introduction

North Lanarkshire is Scotland's fourth largest local authority area by population. It is ideally situated in the heart of Scotland with first-rate connectivity to the rest of Scotland, the UK, and the world. As the fifth most densely populated council area, North Lanarkshire is divided into 21 wards which are represented by 77 elected members. The Council is the main provider of services to a population of 341,400 residents and those who come to *Live, Learn, Work, Invest and Visit*.

### Background

The Annual Accounts demonstrate the stewardship of the public funds with which the Council is entrusted. The financial statements represent the financial position of North Lanarkshire Council as at 31 March 2023. They have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom which is based on International Financial Reporting Standards (IFRS). The Accounts also reflect the requirements of accounting and statutory guidance set by the Government. IFRS is a set of accounting standards developed by the independent, not-for-profit organisation, the International Accounting Standards Board (IASB) in order to provide a global framework and general guidance to allow organisations to prepare and disclose financial statements.

### Comprehensive Income and Expenditure Statement (CIES)

The CIES (page 16) sets out the day-to-day operational expenditure incurred by each Council service and the level of income received to support that service provision. It includes cash payments made in the provision of services and payments to employees, and non-cash expenditure including depreciation and accrued expenditure representing the cost of goods or services received by the authority by 31 March, for which payment has not yet been made. It also reflects all sources of income received, and accrued in the year representing income due as at 31 March but not yet received.

The CIES shows the accounting position before statutory adjustments are applied. It analyses income and expenditure in line with the organisational structure against which performance has been monitored throughout the year.

There is a Net Cost of Services of £924.947m and other corporate charges totalling £57.630m. These were funded by Taxation and Non-Specific Grant Income (including Council Tax, General Revenue Grant and Non Domestic Rates) of £945.408m. This resulted in an accounting deficit on the provision of services for the year of £37.169m.

Other net expenditure not related to the provision of services totalling £15.653m is also reported, resulting in the Total Comprehensive Income and Expenditure for the year showing a deficit of £52.822m. This is a decrease of £483.168m from the position reported in 2021/22, primarily due to a deficit on revaluation of non-current assets together with an increase in the actuarial valuation of the Council's share of pension scheme assets.

### Movement in Reserves Statement (MiRS)

The MiRS statement (page 18) shows the movement in year on both usable and unusable reserves held by the Council, as a result of the Council's performance, accounting adjustments and statutory adjustments. Reserves represent the authority's net worth and show its spending power. The key figure in the Accounts is the General Fund balance. The credit balance in the General Fund is the excess of income over expenditure in the revenue account, after adjusting for movements to and from reserves and other non-cash items such as depreciation. When account is taken of those items excluded from the Comprehensive Income and Expenditure Statement, the overall surplus on the General Fund Account for the year is £13.608m.

The net General Fund surplus for the year has been added to the surplus of £236.264m brought forward from 2021/22 resulting in an overall surplus to be carried forward into 2023/24 of £249.872m. This balance has increased over recent years largely due to proactive management within the Council to maximise reserves to support future budget challenges and to help ensure the delivery of Council services is financially sustainable.

## Annual Accounts 2022/23 Management Commentary

The overall balance is represented by:

|                                   | £m             |
|-----------------------------------|----------------|
| Earmarked for Service Expenditure | 174.730        |
| Change Management Fund            | 28.115         |
| Contingency                       | 8.000          |
| Unallocated                       | 39.027         |
| <b>Total General Fund Balance</b> | <b>249.872</b> |

### Expenditure and Funding Analysis

The Expenditure and Funding Analysis (Note 2 page 32) shows how expenditure is incurred and funded from resources (government grants, housing rents, Council Tax and Non-Domestic Rates) in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated across Council Services. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

### Housing Revenue Account

The Council is required by statute to maintain a separate Housing Revenue Account, as distinct from the General Fund Revenue Account. The movements in the Housing Revenue Account are outlined in the Movement in Reserves Statement (page 18), with the Housing Revenue Account financial statements detailed on page 79. These reflect transactions linked to managing the Council's housing stock. The account shows an in-year surplus of £6.822m, which when added to the 2021/22 balance brought forward results in a cumulative surplus of £26.318m, shown within the Council's Usable Reserves. Of this surplus, £11.304m has been approved for specific purposes including Council Ambition of £4.385m, HRA capital energy efficiency programme of £2.500m and an approved contingency reserve of £1.470m, which leaves an unallocated balance of £15.014m.

The opening 2022/23 equal pay provision included £0.119m in relation to the Housing Revenue Account. There were no charges to the provision during the year and no further changes were deemed necessary, resulting in the balance of £0.119m carrying forward to 2023/24.

### Capital Account

Details of Capital Expenditure and Capital Financing are shown on page 70. Total gross expenditure for Housing and General Fund Services amounted to £234.609m. This was funded as summarised below:

|                                    | £m            |
|------------------------------------|---------------|
| Sale of Council Assets             | 1.012         |
| Contributions from Revenue Budgets | 34.648        |
| Capital Grants and Other Income    | 78.443        |
| Loans Fund Advances                | 120.506       |
|                                    | <hr/> 234.609 |

The 2022/23 loans fund advances of £120.506m was funded primarily from a combination of internal cash balances/reserves, short-term borrowing and long-term borrowing from the Public Works Loan Board (PWLb).

In response to the COVID-19 health crisis, a revised Strategic Capital Investment Programme was developed by the Council's Strategic Capital Delivery Group with the revised plan for 2021/22 to 2025/26 approved at the Policy and Strategic Committee in March 2021. Financial year 2022/23 was the second year of the Council's approved programme and was approved at Policy and Strategy Committee in March 2022.

During 2022/23 the Council's Strategic Capital Investment Programme continued to face a number of delivery challenges linked to the ongoing impacts of recovery from COVID-19, Brexit and the Russian invasion of Ukraine on industries such as construction and transport associated with the availability of labour and raw materials. These resulted in reduced capacity for external contractors to deliver projects within previously assumed timelines and increased material costs. The overall impact meant that lower than anticipated expenditure, and

## **Annual Accounts 2022/23 Management Commentary**

resultant borrowing, was incurred with the programme delivery reprofiled across the remainder of the five year capital planning period.

The Strategic Capital Investment Programme for 2023/24 was approved at Policy and Strategy Committee in March 2023. This report also highlighted the Council's plan to commence work on a revised Strategic Capital Investment Programme from 1 April 2024. The new capital plan will be supported by a revised Capital Strategy which will ensure alignment with the Council's updated Programme of Work and be driven by the updated Corporate Asset Management Plan.

### **Cash Flow Statement**

The Council's cash and cash equivalent balance (page 20) decreased by £38.822m during 2022/23. This represents a net cash inflow from operating activities of £61.527m, a net cash outflow in investing activities of £158.869m and a net cash inflow from financing activities of £58.520m with a further non-cash adjustment of £0.117m in respect of accrued interest made to the closing cash and cash equivalents, giving a closing cash and cash equivalents balance of £75.551m.

### **Long-Term Borrowing**

The Council's annual borrowing strategy is outlined within the Treasury Management Strategy. The strategy considers the affordability of the capital financing requirement per the capital investment plan developed to deliver on The Plan for North Lanarkshire.

The Council's [Treasury Strategy and Treasury and Prudential Indicator](#) limits for 2022/23 were approved by the Finance and Resources Committee on 10 March 2022. These facilitate the decision-making processes in support of the Council's capital investment and borrowing strategies. Significant capital investment was initiated through the arrangements available within the Prudential System for Capital Finance. During 2022/23 the approach to borrowing was in line with the approved strategy, with the Council taking advantage of long-term and temporary (short-term) borrowing available at competitive rates supplemented by internal cash balances to support principal repayments, daily revenue account requirements and the capital financing requirement. The strategy adopted reflected interest rate forecasts, management of carrying costs and the retention of cash balances at appropriate levels, managing the associated investment, interest and liquidity risk.

Further details on the Council's future capital investment plans, treasury management (borrowings and investments), prudential indicators and loans fund liabilities is contained within the [Treasury Management Strategy](#) document.

### **Pension Assets and Liabilities**

The IAS19 calculation (pages 58 to 63) for employers participating in the Strathclyde Pension Fund is based on a snapshot valuation as at 31 March 2023. The value of the pension fund is fully assessed every three years with annual estimates made between assessments. A range of factors are taken into account each time, such as inflation and life expectancy. Therefore, annual estimates of fund values and future pension payments can vary from year to year. The triennial review applied to 2022/23 took place as at 31 March 2020 with no change to the employer's contribution which remains at 19.3%. The latest funding position as at 31 March 2020 is 106% compared to the previous triennial review position at March 2017 of 105%. The improvement is explained as being a result of better than anticipated investment returns on the Fund's assets and changes in future inflation expectations.

The net pension assets or liabilities show the overall surplus in the pension fund after paying retirement benefits, or any underlying commitments that the Council has in the long run to pay retirement benefits. The Council's fund is generally in a net liability position, with the deficit to be made good by contributions over the remaining working life of employees, as assessed by the scheme actuary. However, a significant increase in the net discount rate has led to a large decrease in liabilities, resulting in a net asset position in relation to funded plans. The Accounting Standard imposes a limit on the maximum amount of surplus which can be recognised, and as a result the net pension liability held on the balance sheet has been limited to £53.178m, by way of an asset ceiling adjustment of £721.081m. Further detail on this can be found in note 26 on page 58. In addition the net asset for funded plans, the balance sheet holds unfunded liabilities of £119.504m.

The estimated fair value of the fund's assets has decreased by £38.468m as shown in note 26.3 and the estimated fair value of future liabilities has decreased by £849.379m as shown in Note 26.2, which together with the ceiling adjustment of £721.081m as noted above result in a net increase in assets of £89.830m. This reflects updated assumptions on a number of variables by the pension actuaries.



## Annual Accounts 2022/23 Management Commentary

### Group Accounts

The Council has a controlling interest in a number of companies and a minority interest in joint ventures. The Code of Practice on Local Authority Accounting requires, where significant, the Council to include summary Group Accounts within the Annual Accounts, showing the financial position of the Council and its subsidiaries plus the investments in associates and interests in joint ventures as a single economic entity.

After consolidation the Group balance sheet shows net assets of £2,257.443m as at 31 March 2023, an increase of £175.380m on the single entity position, representing the Council's share of the net assets of these entities. Further detailed information on the Group performance, along with the summarised group financial statements, is available on pages 83 to 95.

A brief summary of in year activity in respect of Council Arm's Length External Organisations (Council companies and joint venture companies) is provided below:

**Routes to Work Ltd** continues to operate under a Service Level Agreement to support key parts of the Council's employability programmes including No One Left Behind, Parental Engagement Support Fund, Young Person Guarantee, Community Renewal Fund, and Tailored Training Solutions. The organisation provides a range of free employability services to North Lanarkshire residents, specialising in supporting unemployed residents and helping residents access vocational training. In addition, during 2022/23 the company has continued to support the delivery of the Education and Families Pathways Programme for school leavers, and piloted a partnership programme with NHS Lanarkshire and North Lanarkshire Council Employability Team to provide long term unemployed residents access to a 6-month paid work placement within various NHS roles.

**Amey Public Services (APS) LLP** continued to successfully deliver its contractual obligations and meeting the Council's service delivery expectations during 2022/23 including the carriageway resurfacing and active travel programmes, the ongoing provision of the winter service delivery, gully cleaning and delivery of the LED replacement programmes. The sale of Amey Group was concluded late in 2022 with the company being acquired by One Equity Partners and Buckthorn Partners. Following a review of risks regarding the sale it was concluded that there were no material risks to the Council or the Council's shareholding in the joint venture.

Following previous restrictions and revised working practices as a result of the COVID pandemic, **MEARS Scotland LLP's** operating model has returned to 'business as usual,' continuing to deliver all services within the contract. To ensure continuity of service and enable anticipated inclusion of housing and corporate property maintenance within the North Lanarkshire Council Enterprise Project, a contract extension to 21 January 2024 has been approved.

**North Lanarkshire Properties (NLP) LLP** continue to operate in a challenging environment as a result of the current economic climate. The company are experiencing supply chain labour shortages and construction inflationary pressures. The current Facilities Agreement with Barclays bank ends in October 2023. A project team has been established to support the company in securing refinancing of the outstanding loan balance from 1 November 2023.

Following an anti-money laundering and financial crime compliance review undertaken by the Royal Bank of Scotland in October 2021, the Board of **North Lanarkshire Municipal Bank Ltd** considered the various issues, challenges and implications in continuing to provide banking services, and agreed to cease services and take the necessary steps close the bank. This decision was ratified by the Council's Policy and Strategy Committee in October 2021. As such the Bank ceased to provide accounts for new customers from October 2021 and closed to existing customers on 30 September 2022. The resolution for dissolution of the company was approved by the NLMB Board on 2 May 2023, and the formal application for striking off the company was submitted to Companies House thereafter.

**Fusion Assets Ltd** has continued with its development plans primarily utilising Vacant & Derelict Land Fund funding, Regeneration Capital Grant funding, private sector funding and internal resources to progress current and future developments. In addition, company activity included the acquisition, remediation, and improvement of Phase 3 and 4 of Gartcosh Business Interchange, the acquisition of Plot 1 of Ravenscraig Industrial Park, and the procurement of a Joint Venture Partnership to take forward the redevelopment of Condor Park, Eurocentral. During 2022/23 the company also carried out a sustainability review of its activities and adopted a new Environmental Social and Governance Policy and Action Plan to reduce its carbon footprint and transition to a net zero operational model which will ensure that Fusion Assets maintains a commitment to the wider sustainability agenda.



## Annual Accounts 2022/23 Management Commentary

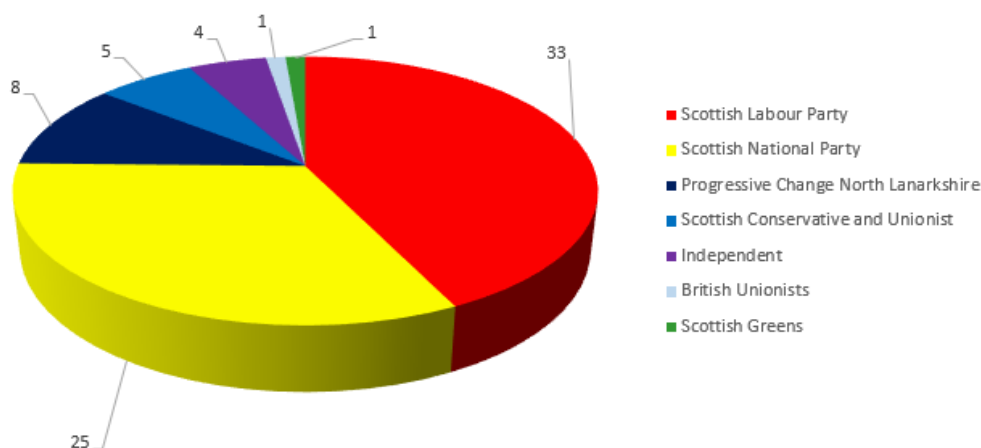
### Equal Pay

The Council has previously recognised the need to provide for on-going commitments arising from equal pay compensation claims. The provision is reviewed annually with consideration given to the scale and scope of any risk and uncertainties.

The 2022/23 opening provision value of £5.048m comprised of £4.929m in relation to General Fund and £0.119m for HRA. Total claims paid out during 2022/23 equated to £0.073m in total. The existing level of provision was assessed and concluded to be reasonable to cover the remaining outstanding claims and the expected pension cost for previously settled claims. Note 22 on page 54 provides the detail of the 2022/23 closing provision for Equal Pay of £4.975m.

### Political Composition and Council Structure

The Council is overseen by 77 elected members. As at the balance sheet date, there were 76 elected members in position, with 1 seat subsequently filled following a by-election on 15 June 2023. The current political composition of the elected members for North Lanarkshire Council is shown below:



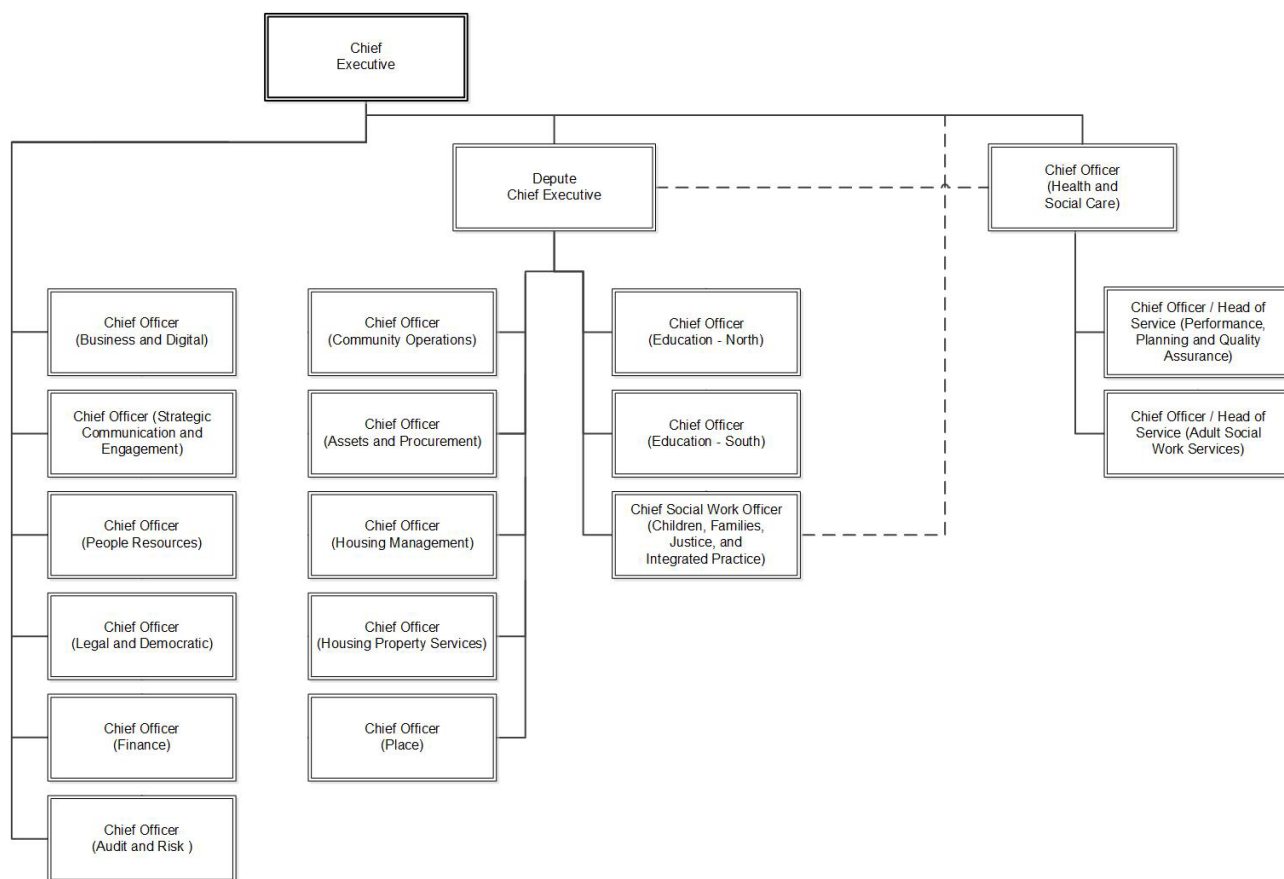
The Local Government elections held in May 2022 and subsequent meeting of the Council led to a change in Council leadership from a minority Labour administration to a minority Scottish National Party (SNP) administration. However, following the leader's resignation in July 2022, a new leadership team was elected, resulting in the return of a Labour administration. At the Council meeting of 11 August 2022 Councillor Logue was appointed as Leader of the Council and Councillor Kelly was appointed Depute Leader of the Council. At a subsequent Council meeting on 15 August 2022, it was agreed that Councillor Duffy be appointed as Provost, and Councillor Burgess as Depute Provost.

Further information on the political composition of the Council, Committee membership and Councillors is available on the [Council's website](#) or [Councillor Information System \(CoInS\)](#).

# Annual Accounts 2022/23

## Management Commentary

The Council's reporting structure as at 31 March 2023 is illustrated in the diagram below and is reflected in the Financial Statements.



The vision for North Lanarkshire to be a place of inclusive growth and prosperity for all was founded on the evidence presented in the report, *A Shared Ambition for North Lanarkshire*, approved at Committee in September 2018. This report also set out the operating framework required for the Council to enhance the alignment of, and synergies between, strategic and operational functions in order to successfully deliver on the vision, which was thereafter formalised through approval of The Plan for North Lanarkshire in February 2019. At that time the Council's operating framework was realigned to group service functions around relationships with communities and the key stages of a person's life.

Since then, structural realignments have continued to enable The Plan for North Lanarkshire's narrative to become embedded consistently throughout all strategic management, service delivery, and corporate governance approaches across the Council. Approved at Committee in December 2020, the Delivering for Communities report further strengthened the focus on local communities and ensured the structure of the Council's senior management team (implemented from 1 April 2022) fully reflected the model established through the nine Community Boards.

The next stage of structural refinements and alignments approved at Committee in December 2022 (with immediate effect) focussed on the reconfiguration of specific functions in order to safeguard the sustainability of the organisation's capacity, ensure already challenged resources were maximised, and strengthen the development and delivery of solutions through an integrated council and community approach. These refinements, which are critical to ensure ongoing alignment of vision, plan, governance, and operations and maintain the focus on ensuring *inclusive growth and prosperity for all*, included the formalisation of Chief Officer titles (from Head of Service) and a realignment of Chief Officer reporting lines (under the Depute Chief Executive) to ensure a more balanced senior management team. This new oversight by the Depute Chief Executive, provides important opportunities to capitalise on existing synergies, the use of resources, and economies of scale.

### The Plan for North Lanarkshire and Programme of Work

The Plan for North Lanarkshire sets the long-term strategic direction for the Council, partners, and other stakeholders and, most importantly, for each unique community and the people who *Live, Learn, Work, Invest, and Visit* within North Lanarkshire. It communicates the vision for inclusive growth and prosperity and a fairer distribution of wealth across all local communities.

## Annual Accounts 2022/23 Management Commentary

The vision in The Plan for North Lanarkshire was shaped by the area's demographic, social, and economic profile which at the time showed a positive picture in terms of economic growth, inward investment, employment, and educational attainment, but still unacceptably high levels of deprivation, child poverty and clear areas of inequity and inequality remaining. This indicated that not all North Lanarkshire's people were sharing equally in the improving picture, and there was an element of social exclusion across some towns and communities.

As the delivery vehicle for The Plan for North Lanarkshire, the Programme of Work enables a recurring, dynamic, and cohesive approach to realising the shared ambition. It enables delivery of the vision to be informed by a strategic planning process that is framed within the context of the local demographic, social, and economic profile that shaped The Plan for North Lanarkshire, as well as the latest national policy changes and developments. This process also ensures a more targeted approach to establishing the programmes, projects, and activities required to achieve the intended outcomes. An annual update of the Strategic Policy Framework (most recently approved in March 2023) ensures that strategy and policy continues to support the Council's strategic planning framework and remain connected to delivery.

Achievements to date (as reported to Committee in March 2023 - [Programme of Work for 2022/23](#)) highlight developments that are key to creating the economic, social, and community conditions that will enable local people and communities (and the place that is North Lanarkshire) to thrive. These focus on the investment made to establish the solid foundations required to support the place based ambition. This includes the provision of high quality housing, hubs at the heart of local communities, transformations to town centres, and enhancements to active green spaces to bring physical and mental health benefits. This is supported by growing transport links, an enhanced digital infrastructure, and a network of active travel routes, all of which is aimed at boosting the local economy, attracting inward investment, securing improved opportunities and outcomes for employment, education, housing, and leisure, and creating places where people want to *Live, Learn, Work, Invest, and Visit*. The Council's commitment made in 2022 - for itself and the area of North Lanarkshire - to achieve net-zero by 2030 through the Action on Climate Together 2030 Plan, aims to further support delivery of the place based ambition.

Fulfilling the commitment made in March 2022, the development process for the fifth iteration of the Programme of Work reflected a significant change in approach compared to previous years. The longer-term approach set out in the [Programme of Work to 2028](#) ( approved in March 2023), reflected the need to reframe the Programme of Work in line with the latest North Lanarkshire context. This evidence base showed positive trends in a number of key economic indicators (such as gross weekly pay, people claiming employment related benefits, and growth in North Lanarkshire's economy), as well as significant improvements in educational attainment for all pupils gaining 5+ awards at level 6 and for pupils living in the 20% most deprived areas, leavers achieving a positive post school destination, and school exclusion rates. However, the trends also showed that challenges remain, reiterating the need for the new approach to the development of the Programme of Work to ensure a heightened and more strategic focus on not only sustaining the economic and community aspects, but also on ensuring a more targeted approach to improving social conditions and outcomes.

### Strategy and Performance

Key to assessing the success of The Plan for North Lanarkshire and monitoring delivery of the Programme of Work are six inter-related strategic frameworks that aim to maintain a corporate one council approach across the organisation (listed below), which are all on a regular review and refresh programme, to ensure these frameworks remain aligned to The Plan for North Lanarkshire and Programme of Work.

- Strategic Policy Framework
- Strategic Governance Framework
- Strategic Performance Framework
- Strategic Self-Evaluation Framework
- Project Management Framework
- Framework for Demonstrating Improved Outcomes for Communities

At a strategic level, The Plan for North Lanarkshire is supported by a suite of health check performance indicators that collectively provide the context for North Lanarkshire as a place. By providing the local demographic, social, and economic profile these indicators were key to shaping the long-term vision set out in The Plan for North Lanarkshire, and they have continued to provide a robust, consistent, and independent way of assessing progress since then. The suite of indicators also play an important role in informing the strategic planning process through the Programme of Work. The most recent data published can be found in the following report to Committee in March 2023: [Strategic Performance Framework – the North Lanarkshire context](#). This highlights both the successes experienced across North Lanarkshire as well as the challenges that remain.

## Annual Accounts 2022/23 Management Commentary

### Successes:

- The gross weekly pay for local residents is now higher than the national average for the first time ever. This is an increase of 10% (£63.90 per week) from the previous year's results, a trend which exceeds the 3% change (an average of £20.40 per week) nationally over the same time.
- The number of people claiming employment related benefits has decreased by almost 48% from 14,195 as at December 2020 to 7,420 as at December 2022, which is now lower than pre-pandemic levels.
- Prior to the pandemic, North Lanarkshire had one of the strongest and fastest growing economies in Scotland, with significant growth over the last 10 years and strong business growth with an increase in the number of businesses per head of population and jobs safeguarded through support to businesses. Recent figures show the local economy continues to grow, and this growth rate reflects a positive position compared to a negative growth position nationally.
- Educational attainment rates for all pupils gaining 5+ awards at level 6, and for pupils living in the 20% most deprived areas, have seen a steady year on year improvement.
- The number of leavers achieving a positive post school destination, is at its highest level ever of 94.5%.
- Overall school exclusion rates, including looked after children, show significant improvement, with overall exclusion rates dropping by 56% and rates for looked after children dropping by almost 70%.
- Net migration has picked up again after a small dip in the trend and projections. Estimates predict that North Lanarkshire's population will grow and remain favourable up to 2028.

### Challenges:

- While improvements are noted in a reduction in the proportion of children in poverty, this remains a concern as almost one in four children in North Lanarkshire are living in poverty. This is higher than the national average of just over one in five children. Of particular concern is the disparity across North Lanarkshire's communities.
- The proportion of the working age population who are economically active had shown signs of improvement in the aftermath of the pandemic, but this has stalled and will continue to be monitored closely for signs of stability. Other factors will require further investigation in terms of employability, as 69,100 people are currently recorded as being economically inactive, with 41% of these recorded as long term-sick and 84% recorded as not wanting a job.
- While there is an ongoing downward trend in the number of the working age population with no qualifications, there still remains 12.8% of North Lanarkshire's working age population (around 27,600 people) in a situation that restricts their ability to access developing employment opportunities.
- While results show ongoing improvement in terms of educational attainment for all pupils gaining 5+ awards at level 6, as well as pupils living in the 20% most deprived areas, the gap in attainment in this respect is not showing any significant signs of narrowing.

## Performance Overview

The Accounts Commission defines requirements for reporting performance information under the Local Government Act 1992 in terms of improving local services and local outcomes and demonstrating Best Value. Developed by the Improvement Service at the request of the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the Local Government Benchmarking Framework (LGBF) provides a suite of high-level performance indicators, comparable across other councils, that are designed to help inform improvements to services and outcomes. In this respect the latest results available for the Council have been incorporated into the Chief Officer's Strategic Performance Framework reports to committee from 2023.

The 2022/23 performance information will not be available publicly until later in 2023, however past performance results can be accessed through the [LGBF website](#) and the online data tool for individual local authorities (<https://scotland.mylocalcouncil.info/>). This online information also includes comparisons of the Council's performance with the national average and with similar councils. In 2021/22, some areas where North Lanarkshire was among the top performing councils in Scotland are noted below.

- 17% of A class roads (i.e. major and strategic roads) require to be considered for maintenance treatment; performance in this area has remained consistently lower than the national average (28%) and that of similar councils (24%).
- The average number of working days taken to complete non-emergency repairs in council housing stock is just over 6 days, compared to a national average of 9 days.
- Over 98% of North Lanarkshire's properties receive superfast broadband, compared to an average of 94% nationally.
- There are 94% of children being looked after by the Council who are cared for in their local community (as opposed to residential care), compared to an average of 90% nationally.

## Annual Accounts 2022/23 Management Commentary

- Less than 7% of looked after children in North Lanarkshire have experienced more than one placement in the last year (compared to 16% on average nationally). This reflects the Council's commitment to maintaining the need to secure and maintain attachments in care planning.
- Over 25% of council spend on social work is for self-directed support (national average 8%), which gives people more choice over how their needs will be met.

During 2022/23 the Council has undertaken a structured programme of self-evaluation to underpin the duty to secure continuous improvement. This programme included a refresh of the corporate project management model to ensure that arrangements remain fit for purpose and able to effectively support delivery of The Plan for North Lanarkshire. This followed recommendations arising from Internal Audit reports on managing strategic change and the governance of capital projects and was also considered necessary in light of the changes in the Council's operating environment since the implementation of the initial model in 2018. These changes had led to a rapid evolution of programmes and projects across the Council, as well as increasing complexities in the delivery of many of these, and a growing need for good governance and good project management to set up and deliver a wider range of projects at pace and scale, and ensure these are well-directed, delivered to time, cost, and quality targets, and provide the expected benefits and improved local outcomes.

With the Council's Carbon Management Plan expiring during 2022, and in response to the Council's ambition to achieve net zero earlier than the national target of 2045, a climate plan was developed North Lanarkshire Climate Plan. The achievement of the current targets contained within the Plan will see successive annual emission reductions, enabling the Council to reduce its footprint by 52.2% from its 2015/16 baseline i.e. a reduction of 61,141 carbon tonnes equivalent (tCO<sub>2</sub>e) by 2025/26. It is hoped that through the development of the route map, action plan and in setting policy the Council will achieve net-zero emissions by 2030. In the most recent reporting, the Council's carbon-equivalent footprint was reported as 62,769.6 tCO<sub>2</sub>e, an increase of 4% from the previous year's, however, an overall reduction of 46.4% from the baseline year. Whilst it is an increase in the organisational footprint, it is not on the scale anticipated for this reporting year associated with the COVID-19 ventilation measures within council buildings. An exercise will be undertaken to take stock of the council's progress of its journey towards net-zero. The review will include the funding of future projects and the deliverability of the council's own ambitious target.

### Risk Management

Risk management forms an important element of the Council's corporate governance arrangements.



The Corporate Management Team receive regular reports on the Corporate Risk Register as well as updates on wider risk management arrangements.

The Corporate Risk Register contains:

- Risks with potential impacts which could significantly impair the organisation's ability to achieve its corporate priorities;
- Those significant risks which are corporate in nature and which typically will require corporate leadership and direction to control and/or manage; and
- Service level risks with potentially significant impacts which have been proposed for escalation to the corporate risk register because they may be either cross-cutting, impacting several areas of the organisation or, because of interdependencies, require more strategic leadership focus.

Within the Risk Register, there are six overarching primary risk categories:

## Annual Accounts 2022/23 Management Commentary



Potential risks highlighted within the Corporate Risk Register currently include:

- Information Security and Information Governance – mismanagement of information potentially leading to breach, fines, legal action and/or adverse media coverage and reputational damage;
- Public Protection – Non-compliance with legal requirement to ensure adequate public protection, any failures could result in death and serious physical or mental harm to children and adults;
- Managing Strategic Change – The Council may be unable to effectively implement the pace and scale of reform or change needed to enable it to deliver its corporate objectives, at a time of significant challenge, long-term reductions in funding and an ageing and growing population;
- Health and Safety – Failure to comply with the Health and Safety at Work Act 1974 and associated legislation protecting the health, safety and welfare of our employees, service users and anyone else who can be affected by the Council's activities;
- Engagement and Consultation with Communities– That the Council may fail to appropriately engage and consult with communities, partners and stakeholders in the shaping and delivery of services.
- Financial Sustainability – In the face of demographic and legislative change, and significant cost pressures due to central government funding not keeping pace with cost pressures, the Council is unable to adequately fund and plan resources to meet service delivery and deliver against its corporate ambitions.

Senior managers consider specific risks within the Corporate Risk Register in detail to assess the adequacy and effectiveness of current controls and to ensure the Council has reduced and/or mitigated the risk to an acceptable level. Reports on the management of individual key corporate risks and on risk management arrangements more generally across the organisation are also submitted regularly to elected members on the Council's Audit and Scrutiny Panel.

The corporate risk register is formally reviewed on an annual basis to ensure completeness and continuing relevance and alignment to the Council's strategic objectives. The register is monitored throughout the year to ensure it reflects any new or emerging risks.

### Financial Strategy

#### Revenue Resources Budget Strategy

In line with the Strategic Policy Framework the Council has an overarching Financial Strategy, which sets out the framework for future decision making on the allocation of all available resources to ensure it is fully integrated with The Plan for North Lanarkshire objectives. The Revenue Resources Budget Strategy is integral to the Financial Strategy developed to ensure robust governance in financial planning, facilitating a more strategic approach to establishing budgets, associated savings options and to ensure the Council remains financially sustainable. The key principles of the strategy are now fully incorporated into the Council's financial planning arrangements.



## **Annual Accounts 2022/23 Management Commentary**

### **Financial Planning**

Taking a strategic and longer term approach to financial planning and budget setting is a sound principle that the Council remains committed to, and is essential to ensuring ongoing financial sustainability. However, applying this principle has been challenging particularly due to the absence of a multi-year funding settlement and the challenging economic environment, which continue to present new and additional challenges and risks, and may impact on the Council's finances over an extended planning period. Therefore, as a result of the level of uncertainty and difficulty forecasting too far into the future, the Council considers that a 5 year plan is considered reasonable and appropriate for financial planning purposes.

An update to the [Medium Term Financial Plan](#) for the planning period 2024/25 to 2028/29, was approved by Committee on 8 June 2023. This plan reflects the 2023/24 approved budget position as the new baseline, and updates financial planning assumptions, mainly in relation to future funding and increased cost pressures arising from pay and non-pay inflation. A range of risk-based outcomes are modelled highlighting optimistic, envisaged and pessimistic scenarios. In previous years, the two main variables with the greatest potential to impact the financial plans and the Council's ability to set a balanced budget were the level of funding provided by the Scottish Government and pay inflation. However, with more recent material adverse impacts of non-pay inflation and rising energy costs, the plan continues to recognise the key risks and volatilities in forecasting the potential financial implications. Therefore, whilst the envisaged scenario remains most appropriate for planning purposes, it is important to recognise the budget gap range, reflecting the other potential scenarios the Council may face.

The changing picture for the economic outlook at both a UK and Scottish level will have implications for national budgets with potential for reprioritisation of resources within both current and future spending plans. This means that there is increased risk of an adverse impact on the Council's Medium Term Financial Plan. The effect on service delivery, financial planning and sustainability remains unclear. The plan recognises these uncertainties and will be subject to ongoing review, with an update reported to the Policy and Strategy Committee in September 2023.

In line with the principles of the Revenue Resources Budget Strategy, Council officers will work with Elected Members to ensure options for potential solutions are presented to enable the Council to address the budget gap in each financial year and to meet its legal obligation to set a balanced budget. The key objective of the newly formed Financial Planning Advisory Group, with cross party membership, is to give full consideration to this position. Members decisions will also be informed by the results of engagement with Community. However, the reality for Local Government is that cost and demand pressures continue to increase. Therefore, it is inevitable that the Council will face increasingly difficult decisions to continue to set balanced budgets in future years, whilst maintaining financial sustainability.

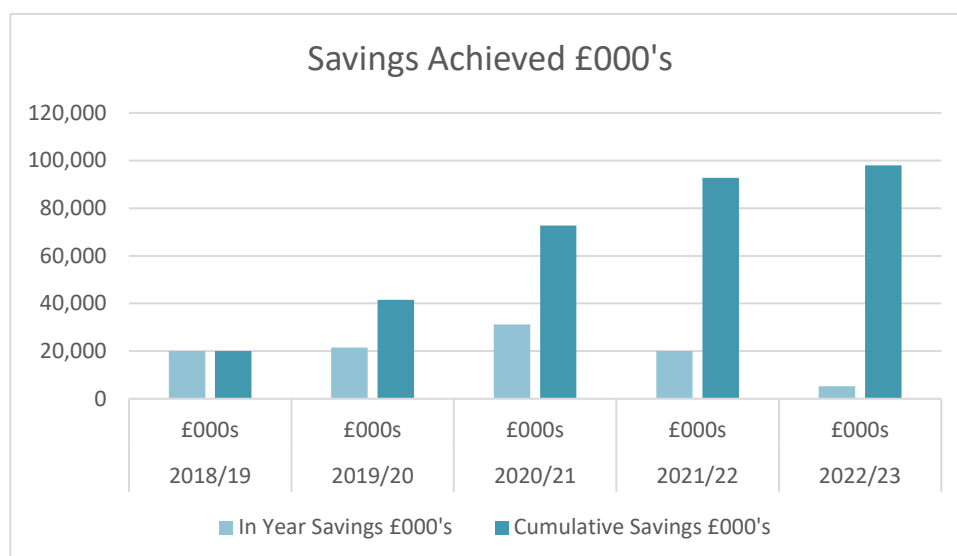
### **Financial Sustainability**

In further recognition of future challenges facing the Council a key principle of the Revenue Resources Budget Strategy is that consideration be given to the planned, sustainable use of available balances. To address this commitment, the Council's Reserves Policy ensures that available balances are managed and utilised in accordance with effective governance principles and continue to support financial plans which are affordable and sustainable. A contingency reserve is held for unforeseen future events as well as to ensure stability of cash flow management. The level of contingency remains at £8m as approved as part of the 2022/23 budget setting, and this level continues to be considered appropriate. A full analysis of general fund reserves is presented at Note 27.2 on page 64. The general fund unallocated reserves will be available to support future budget pressures.

The following chart illustrates the significant value of savings already achieved over the past 5 years. For 2022/23, the budget incorporated £10.484m of net savings with resources of £3.372m set aside to manage the impact of delayed implementation, reducing the target to £7.112m. Services achieved total savings of £5.270m against this target (74%), with the shortfall of £1.842m also achieved through alternative savings. This has been achieved through various means, including revising service operating models, implementing efficiency measures, reducing levels of service provision in some areas, and introducing or increasing fees and charges for others. The scale of savings already delivered by the Council over a number of years make it more challenging to deliver future savings to close the significant budget gaps forecast in the latest Medium Term Financial Plan.



## Annual Accounts 2022/23 Management Commentary



### Treasury Management

The Council's Treasury Management team is responsible for ensuring the Council's Capital Investment plans, not resourced by capital grants and other contributions, is fully funded, whilst also managing the refinancing of historic debt reaching maturity. During the year, a suite of techniques and tools are adopted, sourcing treasury management data, forecasts and market statistics to assist with decision making and developing a borrowing strategy to achieve interest cost efficiencies. The techniques include for example: cash flow management and forecasting; balance sheet analysis; weekly PWLB loan rate trend analysis; debt maturity profiling; and debt rescheduling. These techniques combined with projections have enabled the Council to time its borrowing in order to take advantage of opportunities that may arise to achieve beneficial borrowing rates, minimising interest rate risk. In recent years the strategy adopted has primarily been to use internal cash balances where possible whilst undertaking short-term borrowing where available at competitive rates, and long-term borrowing.

The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 (the 2016 Regulations) as amended by Local Government Finance Circular 5/2022 – Statutory Repayment of Debt, allows Local Authorities to utilise a short term financial flexibility which reduces the statutory repayment of debt during 2022/23 financial year (an extension from the prior flexibility applicable to either 2020/21 or 2021/22). The Council has exercised this flexibility in 2022/23, deferring statutory repayment of loan funds advances payable of £18.520m across General Fund and HRA. This flexibility requires the amount deferred to be repaid within the shorter of either the remaining period of the loans fund advances, or twenty years from the end of the financial year in which the reduction is made. Provision for this repayment will be reflected in modelling future forecast repayments.

### Capital Strategy

Following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2021, there is a requirement for the Council to produce a Capital Strategy to ensure the Council takes capital expenditure and investment decisions in line with the Council's priorities, service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy forms part of the Council's integrated approach to corporate resource planning which is included in the Council's overarching Financial Strategy, aligning with other Corporate Policies and Plans informing the capital investment process. It is a means of developing capital investment proposals based on available resources aligned to The Plan for North Lanarkshire, Best Value and Efficiency, the Financial Regulations, the Corporate Asset Management Plan, and the Medium Term Financial Plan.

The Capital Strategy to 2022/23 represented a refresh of the Capital Investment Strategy; further developing the previous approach in light of the Prudential Code requirements. The strategy is subject to ongoing review and the main principles outlined and adopted remain unchanged. Given the Council's intention to present a revised Strategic Capital Investment Programme to Committee in March 2024 the Policy and Strategy Committee in March 2023 agreed to continue the current Capital Strategy to 2022/23 for one more financial year to 2023/24. The revised Capital Strategy will be presented to Committee in March 2024 and will ensure alignment between the Council's revised capital investment programme and the revised Programme of Work and Corporate Asset Management Plan.

## **Annual Accounts 2022/23 Management Commentary**

The existing Strategic Capital Investment Programme was reviewed and updated at Policy and Strategy Committee in March 2023. This updated plan aims to deliver £708.960m of General Fund capital investment across the current capital planning period from 2021/22 to 2025/26. In addition, £622.758m of investment across the same planning period to support the Housing Revenue Account was also outlined. The total planned capital investment across North Lanarkshire's communities over the five year period totals £1,331.718m.

### **Revenue Expenditure and Income**

Revenue Expenditure is the day to day expenditure incurred by the Council in providing services to the public including employee costs, property repairs and maintenance, office expenses, payments to other agencies, and the cost of financing capital expenditure. This expenditure is partly funded by the Scottish Government Grant which is broken down into three parts namely General Revenue Grant, Non Domestic Rates Pool Income and Specific Grants. Local Government is informed of its annual funding through the Local Government Finance Settlement. In 2022/23, the Council was allocated general funding as follows:

- General Revenue Grant Funding (£615.619m): Government grant, allocated based on Grant Aided Expenditure (GAE) calculations, using a suite of indicators such as population to base it on relative need;
- Non-Domestic Rates Pool Income (NDR) (£111.737m): Collected locally but pooled centrally, the Council's share is determined by a distribution from the National Pool.

The Council also received additional grants through the Local Government Finance Settlement for specific purposes including: Early Years Expansion (£34.842m); Pupil Equity Fund (£9.682m); and Offenders/ Criminal Justice Social Work (£5.345m). In addition, the Council receives grants out-with the settlement and these are disclosed within the accounts (Note 11, page 37). In addition to these sources of income, the Council is able to generate income through direct charges for certain services such as Council House rents.

### **Council Tax**

Council Tax is the system of local taxation which also part funds services provided by local authorities. Introduced in 1993, the rate of tax payable is based on the value of residential property.

In setting the 2022/23 budget, the Council decided that Council Tax would be increased by 3%, resulting in a Band D charge of £1,257.89. The total net Council Tax income accounted for within the Comprehensive Income and Expenditure Statement for 2022/23 is £130.267m.

The Council Tax Income Statement for the year is provided on page 80 and provides the details of the calculation of the Council's Council Tax base and the charge per dwelling for each Council Tax Band.

### **Budget Setting, Monitoring and Reporting**

Councils are required, under Section 93 of the Local Government Finance Act 1992, to set a balanced budget each year. The starting point for determining the revenue budget is the base budget from the previous year, updated to take account of the financial planning implications identified through the Medium Term Financial Plan, including assumptions in relation to: Employee and Other Cost Pressures; Strategic Priorities; and Directed Expenditure. Available resources are estimated based on the Local Government Finance Settlement, Council Tax base and use of reserve balances. When combined, the need for additional savings to balance the budget may be required.

In financial year 2022/23, the Council approved the proposed General Fund Revenue Budget of £887.270m (inc. specific grants of £50.126m), net of savings of £7.112m, on 17 February 2022. The approved budget was further updated throughout 2022/23 to take account of Scottish Government redeterminations/ additional funding made available including additional directed funding for Adult Social Care, Free School Meal Expansion monies, Local Heat and Energy Efficiency Strategy funding and additional DHP funding, offset by a reallocation of Scottish Child Payments Grant to agency managed grants, resulting in a final budget of £891.396m.

The 2022/23 budget has been closely monitored through the management and budgetary processes which are embedded within the Council's existing financial governance arrangements. The Provisional Outturn position reported to Corporate Management Team anticipated a combined surplus of £24.296m on the General Fund and HRA, against the amended budget. The movement to final outturn position reported per the Movement in Reserves Statement is illustrated in the table overleaf;

## Annual Accounts 2022/23 Management Commentary

|  | Budget<br>2022/23 | Provisional<br>Outturn<br>2022/23 | (Under)/<br>Overspend |
|--|-------------------|-----------------------------------|-----------------------|
|  | £m                | £m                                | £m                    |
| Total Expenditure (Provisional Outturn)          | 891.396           | 867.100                           | <b>(24.296)</b>       |
| Sources of Funding                               | 891.396           | 891.396                           | -                     |
| <b>(Surplus)/Deficit (Provisional Outturn)</b>   |                   |                                   | <b>(24.296)</b>       |
| Use of Earmarked Reserves                        |                   |                                   | 53.871                |
| Additions to Earmarked Reserves                  |                   |                                   | (33.519)              |
| Loan Debt Holiday                                |                   |                                   | (18.520)              |
| Other net GF/HRA Movements & Use of Reserves     |                   |                                   | 2.034                 |
| <b>Movement on General Fund and HRA Services</b> |                   |                                   | <b>(20.430)</b>       |

### Financial Controls and Procedures

Reference is made to the Council's Section 95 Officer with regards responsibility for ensuring that proper controls and procedures are in place to safeguard the Council's assets. In this respect, the Section 95 Officer has provided the Chief Executive with a statement of the effectiveness of internal financial controls within the Authority. This assurance is contained within the Annual Governance Statement on pages 108 to 122.

### 2023/24 Budget

The Council approved a composite General Fund Revenue budget of £978.624m for 2023/24 at a Council meeting on the 23 February 2023 which includes savings of £7.310m to be delivered within 2023/24, with a further £6.975m of savings approved for 2024/25 and 2025/26. This includes a non-recurring annual financial saving £4.000m arising from implementing a change in accounting for existing service concession agreements, following the publication of new statutory guidance published in September 2022 (to be adopted by 2023/24); Local government finance circular 10/2022 – accounting for service concession arrangements, leases and similar arrangements. The change results in a reduction in annual accounting charges in the short to medium term, due to spreading them over the remaining useful life of the assets rather than the shorter contract life which is currently applicable.

In setting the 2023/24 budget, the Council also agreed a 5% rise Council Tax rates, raising a Band D to £1,320.78.

In addition, £8.000m continues to be provided as a contingency fund, £28.115m for Change Management and a further £174.730m earmarked to fund specific future commitments, which leaves a general unallocated balance of £39.027m. See details overleaf:

## Annual Accounts 2022/23 Management Commentary

| <b>2023/24 Earmarked Reserves</b>                         | <b>£m</b> | <b>£m</b>      |
|---|-----------|----------------|
| Change Management Fund                                    |           | 28.115         |
| Schools Future Contractual Obligations                    | 56.683    |                |
| 2023/24 Budget One-off Use of Balances                    | 21.075    |                |
| Strategic Workforce Planning                              | 13.000    |                |
| Temporary Teachers  | 10.928    |                |
| Temporary Accommodation                                   | 9.288     |                |
| Early Years & Childcare Expansion                         | 7.312     |                |
| Refugee Resettlement Programmes                           | 5.699     |                |
| Loans Charges – One-off Mitigation                        | 5.000     |                |
| Non-Pay Inflation Mitigation                              | 4.902     |                |
| Unmanaged burdens within Education, Children & Families   | 4.755     |                |
| Other E&C Service Developments                            | 4.185     |                |
| Pupil Equity Fund   | 3.851     |                |
| Balances held by Schools under Devolved School Management | 3.724     |                |
| Economic Recovery   | 3.554     |                |
| Whole Family Wellbeing                                    | 2.584     |                |
| Winter Reserve  | 1.500     |                |
| Business Gateway and Business Recovery                    | 1.379     |                |
| Rapid Rehousing   | 1.081     |                |
| Other Earmarked Funds                                     | 14.230    | 174.730        |
| <b>Contingency Fund</b>                                   |           | <b>8.000</b>   |
| <b>Unallocated Balance</b>                                |           | <b>39.027</b>  |
| <b>General Fund Surplus as at 31 March 2023</b>           |           | <b>249.872</b> |

### Key Challenges and Pressures Facing Local Government

Audit Scotland's Local Government in Scotland Overview report published in May 2023 recognises the significant challenges facing Local Authorities. It acknowledges the increasingly volatile and uncertain environment that Councils are operating in, with funding forecast to reduce in real terms. Some communities are facing crisis, with increasing poverty and financial hardship putting additional pressure on services at a time when councils have less capacity to support them. Budget constraints and increasing cost pressures arising from high inflation, including pay awards, demographic changes and demand for services are putting a severe strain on Council finances. Supporting people, business and organisations in the current economic environment and the cost of living crisis, is set to become even more challenging given the scale of future savings required to manage future budget gaps. In addition, Councils are managing an increasing programme of national reform, including plans for a national care service, which comes with substantial funding implications and increased uncertainty. Increasing workforce challenges such as difficulty in recruiting are also putting Councils under continued pressure.

The Scottish Government has promised a New Deal for local government which will aim to establish a new partnership agreement with councils that supports collaboration, provides a fiscal framework for sustainable funding, with greater financial flexibility and transparency. The Audit Scotland report highlights that to support Councils medium to longer term financial planning and to enable decisions which are sustainable, the Scottish Government needs to provide more detailed funding information at individual council level to give greater certainty over future financial plans.

### Acknowledgements

Thank you to elected members of North Lanarkshire Council and colleagues across the Council, all of whose efforts have contributed to the completion of these accounts.

*Elaine Kemp*

**Elaine Kemp CPFA**  
**Chief Officer (Finance)**  
30 October 2023

*Des Murray*

**Des Murray**  
**Chief Executive**  
30 October 2023

*James Logue*

**Councillor James Logue**  
**Council Leader**  
30 October 2023



## Annual Accounts 2022/23

### Balance Sheet

The Balance Sheet is a snapshot of the value at the reporting date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Reserve may only be used to fund capital expenditure or repay loan charges). The second category of reserves are those that the Council is not able to use to provide services. This category of reserve includes reserves that hold unrealised gains or losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

| Restated 2021/22 |  | Note      | 2022/23   |                  |
|------------------|--|-----------|-----------|------------------|
| £000             |  |           | £000      | £000             |
|                  | Property, Plant and Equipment                | 13,14     |           |                  |
| 1,291,802        | Council Dwellings                            |           | 1,257,571 |                  |
| 1,433,608        | Other Land and Buildings                     |           | 1,341,925 |                  |
| 46,688           | Vehicles, Plant and Equipment                |           | 41,559    |                  |
| 262,561          | Infrastructure Assets                        |           | 265,123   |                  |
| 15,854           | Community Assets                             |           | 15,809    |                  |
| 22,184           | Surplus Assets                               |           | 17,685    |                  |
| 70,780           | Assets Under Construction                    |           | 140,049   | 3,079,721        |
|                  | Intangible Assets                            | 15        |           |                  |
| 99               | Software Licences                            |           | 74        |                  |
| 2,981            | Software/Solution Development                |           | 10,781    |                  |
| 9,038            | Intangibles Under Development                |           | 8,035     | 18,890           |
| 1,519            | Long-Term Debtors                            | 16        |           | 1,328            |
| 1,170            | Long-Term Investments                        | 17        |           | 1,148            |
| -                | Other Long-Term Assets (Pensions)            | 26        |           | 53,178           |
| <b>3,158,284</b> | <b>Long-Term Assets</b>                      |           |           | <b>3,154,265</b> |
| 89               | Short-Term Investments                       | 17        | 92        |                  |
| 2,529            | Inventories                                  | 18        | 1,674     |                  |
| 86,465           | Short-Term Debtors (net of impairment)       | 19        | 117,779   |                  |
| 114,256          | Cash and Cash Equivalents                    | 20        | 75,551    |                  |
| <b>203,339</b>   | <b>Current Assets</b>                        |           |           | <b>195,096</b>   |
| (250,098)        | Short-Term Borrowing                         | 17        | (281,225) |                  |
| (192,500)        | Short-Term Creditors                         | 21        | (211,253) |                  |
| (12,637)         | Short-Term Provisions                        | 22        | (12,277)  |                  |
| (7,013)          | Short-Term Finance Lease Liabilities         | 24.1,25.3 | (7,304)   |                  |
| (1,403)          | Revenue Grant Receipts in Advance            |           | -         |                  |
| <b>(463,651)</b> | <b>Current Liabilities</b>                   |           |           | <b>(512,059)</b> |
| (439,933)        | Long-Term Borrowing                          | 17        | (476,130) |                  |
| (55)             | Long-Term Provisions                         | 22        | -         |                  |
| (166,945)        | Other Long-Term Liabilities (Finance Leases) | 24.1,25.3 | (159,606) |                  |
| (156,156)        | Other Long-Term Liabilities (Pensions)       | 26        | (119,504) |                  |
| <b>(763,089)</b> | <b>Long-Term Liabilities</b>                 |           |           | <b>(755,240)</b> |
| <b>2,134,883</b> | <b>Net Assets</b>                            |           |           | <b>2,082,062</b> |
|                  | Usable Reserves                              |           |           |                  |
| 236,264          | General Fund Reserve                         |           | 249,872   |                  |
| 19,496           | Housing Revenue Account Balance              |           | 26,318    |                  |
| 396              | Capital Fund                                 |           | 2,608     |                  |
| 13,755           | Repairs and Renewals Fund                    |           | 17,109    |                  |
| 13,000           | Insurance Fund                               |           | 13,000    |                  |
| 7,124            | Capital Grants Unapplied Account             |           | 16,466    |                  |
| <b>290,035</b>   | <b>Total Usable Reserves</b>                 | <b>27</b> |           | <b>325,373</b>   |
| <b>1,844,848</b> | <b>Unusable Reserves</b>                     | <b>28</b> |           | <b>1,756,689</b> |
| <b>2,134,883</b> | <b>Total Reserves</b>                        |           |           | <b>2,082,062</b> |

The unaudited accounts were issued on 29 June 2023 and the audited accounts were authorised for issue on the 25 October 2023.

Elaine Kemp, CPFA  
Chief Officer (Finance)  
30 October 2023

*Elaine Kemp*

## Annual Accounts 2022/23

### Movement in Reserves Statement

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

#### Year Ended 31 March 2023

|  | Usable Reserves |                         |              |                         |                |                          |                                  | Unusable Reserves | Total Reserves   |
|--|-----------------|-------------------------|--------------|-------------------------|----------------|--------------------------|----------------------------------|-------------------|------------------|
|  | General Fund    | Housing Revenue Account | Capital Fund | Repairs & Renewals Fund | Insurance Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                   |                  |
|  | £000            | £000                    | £000         | £000                    | £000           | £000                     | £000                             | £000              | £000             |
| <b>Balance at 31 March 2022</b>  | <b>236,264</b>  | <b>19,496</b>           | <b>396</b>   | <b>13,755</b>           | <b>13,000</b>  | <b>-</b>                 | <b>7,124</b>                     | <b>1,844,849</b>  | <b>2,134,884</b> |
| <b>Movement in Reserves during 2022/23</b>   |                 |                         |              |                         |                |                          |                                  |                   |                  |
| Surplus / (Deficit) on Provision of Services                                       | (74,563)        | 37,395                  | -            | -                       | -              | -                        | -                                | -                 | (37,168)         |
| Other Comprehensive Income and Expenditure   | -               | -                       | -            | -                       | -              | -                        | -                                | (15,653)          | (15,653)         |
| <b>Total Comprehensive Income and Expenditure</b>                                  | <b>(74,563)</b> | <b>37,395</b>           | <b>-</b>     | <b>-</b>                | <b>-</b>       | <b>-</b>                 | <b>-</b>                         | <b>(15,653)</b>   | <b>52,822</b>    |
| Adjustment to usable reserves permitted by Accounting Standards (Note 31)          | (36,262)        | 172                     | -            | -                       | -              | -                        | -                                | 36,090            | -                |
| Adjustments between Accounting Basis and Funding Basis under Regulations (Note 32) | 117,538         | (20,496)                | -            | -                       | -              | 2,212                    | 9,342                            | (108,596)         | -                |
| <b>Net Increase / (Decrease) before Transfers to Other Statutory Reserves</b>      | <b>6,713</b>    | <b>17,071</b>           | <b>-</b>     | <b>-</b>                | <b>-</b>       | <b>2,212</b>             | <b>9,342</b>                     | <b>(88,160)</b>   | <b>52,822</b>    |
| Transfers to and from Other Statutory Reserves (Note 33)                           | 6,895           | (10,249)                | 2,212        | 3,354                   | -              | (2,212)                  | -                                | -                 | -                |
| <b>Increase / (Decrease) in the Year</b>   | <b>13,608</b>   | <b>6,822</b>            | <b>2,212</b> | <b>3,354</b>            | <b>-</b>       | <b>-</b>                 | <b>9,342</b>                     | <b>(88,160)</b>   | <b>52,822</b>    |
| <b>Balance at 31 March 2023 Carried Forward</b>                                    | <b>249,872</b>  | <b>26,318</b>           | <b>2,608</b> | <b>17,109</b>           | <b>13,000</b>  | <b>-</b>                 | <b>16,466</b>                    | <b>1,756,689</b>  | <b>2,082,062</b> |



## Annual Accounts 2022/23

### Movement in Reserves Statement

#### Restated Comparative Figures for Year ended 31 March 2022

|   | Usable Reserves |                         |                |                         |                |                          |                                  | Unusable Reserves | Total Reserves   |
|---|-----------------|-------------------------|----------------|-------------------------|----------------|--------------------------|----------------------------------|-------------------|------------------|
|   | General Fund    | Housing Revenue Account | Capital Fund   | Repairs & Renewals Fund | Insurance Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                   |                  |
|   | £000            | £000                    | £000           | £000                    | £000           | £000                     | £000                             | £000              | £000             |
| <b>Restated Balance at 31 March 2021</b>  | <b>162,181</b>  | <b>27,453</b>           | <b>4,470</b>   | <b>11,651</b>           | <b>13,000</b>  | -                        | <b>12,421</b>                    | <b>1,478,823</b>  | <b>1,709,999</b> |
| <b>Transfer in of CLNL balances</b>   | <b>10,741</b>   | -                       | -              | -                       | -              | -                        | -                                | <b>(14,752)</b>   | <b>(4,011)</b>   |
| <b>Revised Restated Balance as at 31 March 2021</b>   | <b>172,922</b>  | <b>27,453</b>           | <b>4,470</b>   | <b>11,651</b>           | <b>13,000</b>  | -                        | <b>12,421</b>                    | <b>1,464,071</b>  | <b>1,705,988</b> |
| <b>Movement in Reserves during 2021/22</b>  |                 |                         |                |                         |                |                          |                                  |                   |                  |
| Surplus / (Deficit) on Provision of Services  | (43,837)        | 14,409                  | -              | -                       | -              | -                        | -                                | -                 | (29,428)         |
| Other Comprehensive Income and Expenditure  | -               | -                       | -              | -                       | -              | -                        | -                                | 459,774           | 459,774          |
| <b>Total Comprehensive Income and Expenditure</b>   | <b>(43,837)</b> | <b>14,409</b>           | -              | -                       | -              | -                        | -                                | <b>459,774</b>    | <b>430,346</b>   |
| Adjustment to usable reserves permitted by Accounting Standards (Note 31)                       | (37)            | (203)                   | -              | -                       | -              | -                        | -                                | 240               | -                |
| Adjustments between Accounting Basis and Funding Basis under Regulations (Note 32) <sup>1</sup> | 104,850         | (22,163)                | -              | -                       | -              | 396                      | (5,297)                          | (79,237)          | (1,451)          |
| <b>Net Increase / (Decrease) before Transfers to Other Statutory Reserves</b>                   | <b>60,976</b>   | <b>(7,957)</b>          | -              | -                       | -              | <b>396</b>               | <b>(5,297)</b>                   | <b>380,777</b>    | <b>428,895</b>   |
| Transfers to and from Other Statutory Reserves (Note 33)  | 2,366           | -                       | (4,074)        | 2,104                   | -              | (396)                    | -                                | -                 | -                |
| <b>Increase / (Decrease) in the Year</b>  | <b>63,342</b>   | <b>(7,957)</b>          | <b>(4,074)</b> | <b>2,104</b>            | -              | -                        | <b>(5,297)</b>                   | <b>380,777</b>    | <b>428,895</b>   |
| <b>Balance at 31 March 2022 Carried Forward</b>   | <b>236,264</b>  | <b>19,496</b>           | <b>396</b>     | <b>13,755</b>           | <b>13,000</b>  | -                        | <b>7,124</b>                     | <b>1,844,848</b>  | <b>2,134,883</b> |

1. A minor presentational change has been made from the 2021/22 audited accounts to combine the Adjustments between Accounting Basis and Funding Basis under Regulations and Depreciation/Amortisation/Impairment lines into one line.

## Annual Accounts 2022/23

### Cash Flow Statement

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

| 2021/22          |  | Note | 2022/23   |                  |
|------------------|--|------|-----------|------------------|
| £000             |  |      | £000      | £000             |
|                  | <b>OPERATING ACTIVITIES</b>                                    |      |           |                  |
|                  | <b>Cash Inflows:</b>   |      |           |                  |
| 84,588           | Rents (after rebates)  |      | 92,212    |                  |
| 127,200          | Council Tax receipts   |      | 134,905   |                  |
| 621,928          | Revenue Support Grant  |      | 615,601   |                  |
| 81,989           | DWP grants for Housing Benefits                                |      | 77,572    |                  |
| 84,339           | Non Domestic Rates Receipts                                    |      | 111,742   |                  |
| 96,522           | Other government grants  |      | 85,907    |                  |
| 32,010           | Cash received for goods and services                           |      | 38,447    |                  |
| 84,620           | Other operating cash receipts                                  |      | 93,674    |                  |
| 203              | Interest received  |      | 1,378     |                  |
| 10,741           | Transfer from CLNL   |      | 633       |                  |
| 1,224,140        |  |      |           | 1,252,071        |
|                  | <b>Cash Outflows:</b>  |      |           |                  |
| (584,488)        | Cash paid to and on behalf of employees                        |      | (624,892) |                  |
| (380,608)        | Other operating cash payments                                  |      | (476,991) |                  |
| (34,078)         | Housing Benefit paid out                                       |      | (32,799)  |                  |
| (14,887)         | Precepts paid  |      | (15,738)  |                  |
| (34,389)         | Interest Paid  |      | (40,124)  |                  |
| (1,048,450)      |  |      |           | (1,190,544)      |
| <b>175,690</b>   | <b>Net Cash Inflow / (Outflow) from Operating Activities</b>   | 34   |           | <b>61,527</b>    |
|                  | <b>INVESTING ACTIVITIES</b>                                    |      |           |                  |
|                  | <b>Cash Inflows:</b>   |      |           |                  |
| 1,410            | Sale of non-current assets                                     |      | 3,223     |                  |
| 50,385           | Capital grants received  |      | 74,324    |                  |
| 5,847            | Other capital cash receipts                                    |      | 8,277     |                  |
| 17               | Proceeds from Investments redeemed                             |      | 18        |                  |
| 57,659           |  |      |           | 85,842           |
|                  | <b>Cash Outflows:</b>  |      |           |                  |
| (174,765)        | Purchase of non-current assets                                 |      | (244,711) |                  |
| -                | Long- term Investments   |      | -         |                  |
| -                | Investment in Subsidiary                                       |      | -         |                  |
| (174,765)        |  |      |           | (244,711)        |
| <b>(117,106)</b> | <b>Net Cash Inflow / (Outflow) from Investing Activities</b>   |      |           | <b>(158,869)</b> |
| <b>58,584</b>    | <b>Net Cash Inflow / (Outflow) before Financing Activities</b> | 35   |           | <b>(97,342)</b>  |
|                  | <b>FINANCING ACTIVITIES</b>                                    |      |           |                  |
|                  | <b>Cash Inflows:</b>   |      |           |                  |
| 176,000          | New Loans Raised   |      | 345,499   |                  |
| 15,423           | Net Agency Grants  |      | -         |                  |
| 191,423          |  |      |           | 345,499          |
|                  | <b>Cash Outflows:</b>  |      |           |                  |
| (239,287)        | Repayments of amounts borrowed                                 |      | (279,930) |                  |
| (7,275)          | Capital payments of finance leases                             |      | (7,049)   |                  |
|                  | Net Agency Grants  |      |           |                  |
| (246,562)        |  |      |           | (286,979)        |
| <b>(55,139)</b>  | <b>Net Cash Inflow / (Outflow) from Financing Activities</b>   | 35   |           | <b>58,520</b>    |
| <b>3,445</b>     | <b>Net Increase / (Decrease) in cash and cash equivalents</b>  | 35   |           | <b>(38,822)</b>  |
| <b>110,781</b>   | <b>Cash and Cash Equivalents at the beginning of the year</b>  | 35   |           | <b>114,256</b>   |
| 30               | Increase / (Decrease) Non-cash in cash equivalents             | 35   |           | 117              |
| <b>114,256</b>   | <b>Cash and Cash Equivalents at the end of the year</b>        | 35   |           | <b>75,551</b>    |

# Annual Accounts 2022/23

## Notes to the Accounts

### 1. Accounting Policies

#### General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014; Section 12 of the Local Government in Scotland Act 2003 requires these to be prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis.

#### Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and 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 measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in the prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### Redemption of Debt

A Loans Fund has been established and all loans raised are paid into this Fund. Advances are made to Services to finance capital expenditure and these are repaid by application of The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016.

The schedule of Premiums and Discounts held at 31 March 2007 was transferred to the Financial Instruments Adjustment Account on 1 April 2007 and have been designated as statutory premiums and discounts under statutory guidance issued by the Scottish Government (Section 12 (2) b of the Local Government in Scotland Act 2003). This schedule is used to determine the annual charge to the General Fund and reflects annual charging schedules held at 31 March 2007. All charges are managed by movements to and from the Financial Instruments Adjustment Account and the Movement in Reserves Statement (MiRS).

## **Annual Accounts 2022/23**

### **Notes to the Accounts**

From 1 April 2007, costs associated with debt restructuring (Premiums and Discounts) are charged directly to the Comprehensive Income and Expenditure Statement in the year of extinguishment in accordance with accounting regulations. In line with the statutory guidance stated above, all premiums and discounts arising from an extinguishment have been deferred and charged to the General Fund over a period greater than one year. Any discount or premium incurred for restructuring exercises deemed a modification has been reflected in the carrying amount of the loan.

#### **External Interest Payable, Interest Receivable and Investment Income**

External interest has been calculated and charged to the Comprehensive Income and Expenditure Statement on an amortised cost basis over the life of the loan with the interest expense being recognised on a level yield / interest rate basis. For the majority of loans, this represents the interest amount payable for the year per the loan agreement. For those loans with a stepped interest rate feature, this results in a difference between the coupon rate and the amount charged to the Comprehensive Income and Expenditure Statement. For interest payable on all loans held at 31 March 2007, the net charge to the General Fund has been adjusted to reverse this differential. This is in line with statutory guidance issued by the Scottish Government (Section 12 (2) b of the Local Government in Scotland Act 2003). The Financial Instruments Adjustment Account (FIAA) has been credited / debited with the difference between the actual amount due in the year and the effective interest rate over the life of the loan.

The Council manages its investments in accordance with the Local Government Investments (Scotland) Regulations 2010, including the preparation of an Annual Investment Strategy. The amount disclosed for interest receivable and investment income is based on the amount receivable per the contractual terms of the financial assets.

#### **Capital Expenditure Charged to Revenue**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement (MiRS). Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## Annual Accounts 2022/23

### Notes to the Accounts

#### Property, Plant and Equipment

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

##### a) Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Council operates a £10,000 de-minimis when recognising expenditure on property, plant and equipment.

##### b) Measurement

Non-current assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst non-current assets are under construction.

The cost of non-current assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is 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 and Expenditure 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.

Non-current assets are then carried in the Balance Sheet using the following measurement bases:

| <b>Property, Plant and Equipment:</b> |   |
|---------------------------------------|---|
| Council Dwellings                     | Existing Use Value for Social Housing using the Beacon approach (adjusted vacant possession in accordance with LASAAC guidance)   |
| Other Land & Buildings                | Depreciated Historical Cost   |
| Vehicles, Plant & Equipment           | Current value, determined as the amount that would be paid for the assets in its existing use   |
| Infrastructure Assets                 | Depreciated Historical cost   |
| Community Assets                      | Current value, determined as the amount that would be paid for the assets in its existing use   |
| Surplus Assets                        | Measure for their economic benefit at fair value. Fair value is the price that would be received to see an asset in an orderly transaction between market participants at the measure date. |
| Assets Under Construction             | Depreciated Historical Cost   |
| Investment Properties                 | Measure for their economic benefit at fair value. Fair value is the price that would be received to see an asset in an orderly transaction between market participants at the measure date. |
| Heritage Assets                       | Historical Cost / Insurance Value   |

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

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Non-current assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise

**Annual Accounts 2022/23**  
**Notes to the Accounts**

unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

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

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

It should be noted that only vehicles purchased by the Council are reported. Vehicles used by the Council through Operational Leases are not included. There were no material Heritage Assets held by the Council as at 31 March 2023.

**c) Depreciation**

The Council employed the following depreciation policy for each class of non-current asset held during the year:

| <b>Property, Plant and Equipment:</b> |  |
|---------------------------------------|--|
| Council Dwellings                     | Depreciated on a straight line basis up to 40 years                                    |
| Other Land & Buildings                | No depreciation on land, buildings depreciated on a straight line basis up to 60 years |
| Vehicles, Plant & Equipment           | Depreciated on a straight line basis up to 30 years                                    |
| Infrastructure Assets                 | Depreciated on a straight line basis up to 40 years                                    |
| Community Assets                      | No depreciation  |
| Surplus Assets (Land)                 | No depreciation  |
| Surplus Assets (Other)                | Depreciated on a straight line basis up to 60 years                                    |
| Assets Under Construction             | No depreciation  |
| Investment Properties                 | No depreciation  |
| Heritage Assets                       | No depreciation  |

The Council does not depreciate its non-current assets in the year of acquisition, charging a full year's depreciation on disposal.

The Council does not provide for depreciation on land or community assets with the exception of landfill sites, which are depreciated over their useful life.

**d) Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

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

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

**e) Disposal and Non-current 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 immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value

## **Annual Accounts 2022/23**

### **Notes to the Accounts**

are recognised only up to the amount of any losses previously 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 to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or 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.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

#### **f) Charges Made to Revenue**

A combination of depreciation and any relevant impairment is charged to Services for the use of assets based upon their fair value rather than the financing costs of the level of debt outstanding on these assets, following the CIPFA guidelines on Capital Accounting. The charge made to the Housing Revenue Account is an amount equivalent to the statutory capital financing charges.

#### **Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

#### **Heritage Assets**

The Council's collections are held within the stores at Summerlee Museum of Scottish Industrial Life and North Lanarkshire Heritage Centre. The most significant of the collections are the Industrial and Social History items, however the Museums Service also has a number of smaller collections including Archaeology, Numismatics, Natural History, Ethnography and Art Collections.

The Council's policy for Heritage Assets follows the recognition and measurement treatment, including the treatment of revaluation gains and losses, set out within the accounting policy for Property, Plant and Equipment. Heritage Assets, where possible, should be measured at valuation. However, in circumstances where this is not practicable the asset will be measured at historical cost less any accumulated depreciation, amortisation and impairment. The Council's museum and gallery collections were managed by the Council subsidiary Culture and Leisure NL Ltd (CLNL) on behalf of the Council prior to insourcing on 1 April 2021. CLNL had their own policy for the Acquisition and Disposal of items to the Museum Service Inventory.

For the current financial year on the grounds of materiality, it has not been considered appropriate to show Heritage Assets separately on the face of the Council's Balance Sheet but to continue to include these within Community Assets under the Property, Plant and Equipment category. Where valuation or cost information is not available and Heritage Assets have not been recognised as a result, further information is provided in the notes to the accounts.

#### **Intangible Assets**

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

Intangible assets are measured initially at cost. Such assets are not revalued as the fair value of the assets held cannot be determined by reference to an active market.

The depreciable amount of an intangible asset is amortised on a straight line basis over its expected useful life and charged to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The useful life of these assets is deemed to be up to 15 years. In line with the Council's accounting policy on Depreciation, no amortisation is charged in the year of purchase with a full years charge in the year of disposal.

#### **Leases**

IAS17 is the standard under which leases are recognised. Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.



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### Notes to the Accounts

#### *Finance Leases*

The asset is accounted for on the Balance Sheet under Property, Plant and Equipment.

- a. a charge for the acquisition of the interest in the property, plant or equipment is applied to write down the lease liability;
- b. a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement) is applied.

Finance leases are accounted for using the policies applied generally to non-current assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

#### *Operating Leases*

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals paid under operating leases are charged to the appropriate Service account in the Comprehensive Income and Expenditure Statement as an expense of the Services benefitting from use of the leased item over the lease term.

#### **Impairment of Financial Assets**

In determining the impairment of its financial assets measured at amortised cost and those measured at fair value through other comprehensive income, the Council adopts the requirements of IFRS9 Financial Instruments in assessing expected credit losses and accounting for impairment. One of the objectives of this standard is the principle of applying impairment to financial assets which are part of a business model that includes contractual cashflows. Impairment losses are calculated to reflect the expectation that the future cashflows might not take place because the borrower could default on the obligations.

The level of credit risk is assessed to identify the credit losses particularly where risk has increased significantly since initial recognition. Credit loss in relation to a financial instrument represents cash shortfalls measured by the difference between the net present value of all contractual cashflows that are due to the Council in accordance with the contract for the instrument and the net present value of all the cashflows the Council expects to receive discounted at the original effective interest rate. Losses are measured in one of three ways:

- Lifetime expected credit losses: the expected credit losses that result from all possible default events over the expected life of a financial instrument;
- 12-month expected credit losses: the portion of lifetime expected credit losses that represent the losses that result from default events that are possible within the next financial year;
- Cumulative changes in lifetime expected credit losses since initial recognition: the change in lifetime credit losses (positive or negative) over those that were included in the estimated cashflows on initial recognition.

The Council also consider impairment allowances for instruments which are not financial assets i.e. loan commitments and financial guarantees.

The Council has adopted the simplified approach for trade receivables and house rent receivables under which impairment losses are automatically based on lifetime expected credit losses, removing the need to consider changes in credit risk since initial recognition and the possibility that the appropriate measure should be 12-month expected credit losses.

The Council carries out an annual assessment of the impact of adopting the full accounting treatment for expected credit losses, and on the grounds of materiality, generally does not recognise expected credit losses on financial assets excluding trade receivables which were subject to a separate assessment in the Comprehensive Income and Expenditure Account and accordingly has not adjusted the carrying amount per the Balance Sheet which represents the gross amortised cost of the financial asset.

For Trade Receivables the Council carries out an assessment of lifetime credit annually and has accounted for impairment losses within the Comprehensive Income and Expenditure Account and accordingly has adjusted the carrying amount for short-term debtors amount in the Balance Sheet.

#### **Legal Charges Over Properties**

As part of its service provision, the Council may decide to provide a rechargeable service to clients, with the recovery of the costs incurred being deferred by virtue of placing a charging order on the recipient's property. Due to the legal nature of such arrangements and on the grounds of materiality, in the past the Council has not accounted for the recovery of such sums due until they were realised, i.e. when the charging order was enforced.

Where the Council considers these sums to be material the income has been accrued to the relevant Service and recognised on the Balance Sheet as a Long-Term Debtor.

## **Annual Accounts 2022/23**

### **Notes to the Accounts**

#### **Soft Loans**

Long-Term Debtors include recorded amounts payable from service users receiving Social Care for which a charging order has been placed on the recipient's property as a method of recovering the debt. For the advances the Council is charging interest at less than the market rate applicable for similar advances and as such these balances are notionally recognised as soft loans. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from recipients, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Subject to the exception below, the Council has assessed the impact of adopting the full accounting treatment for soft loans held on this basis, and on the grounds of materiality, has decided not to recognise notional losses on soft loans in the Comprehensive Income and Expenditure Account and accordingly to adjust the long-term debtor balance stated within the Balance Sheet.

#### **Inventory**

Inventory has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Both average cost and individual cost bases are used for valuing stock at year end.

#### **Cash and Cash Equivalents**

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

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

#### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are generally charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation. These are measured at the best estimate, as at the balance sheet date, of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

#### **Contingent Liabilities**

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **Contingent Asset**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **Annual Accounts 2022/23**

### **Notes to the Accounts**

#### **Financial Instruments**

Financial Liabilities and Financial Assets are carried at amortised cost in the Balance Sheet unless otherwise stated. In the event the Financial Asset does not meet the criteria to be shown at amortised cost, it will be shown as fair value through profit and loss or if a qualifying asset, as fair value through other comprehensive income. Fair Value at amortised cost, ignoring impairment, represents the carrying amount on initial recognition plus the interest taken to the Comprehensive Income and Expenditure Statement less the cash paid or received for both interest and principal.

In accordance with IFRS9 Financial Instruments, in 2022/23, the Council adopted fair value at amortised cost where cashflows were solely payments of principal and interest and the Council's business model was to collect those cashflows.

For qualifying assets borrowing costs directly attributable to the acquisition, construction or production have been capitalised and form part of the cost of the asset.

The Council has accounting reserves to account for the restatement of financial instruments to an amortised cost or fair value basis. The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practice for financial liabilities and financial assets.

#### **Reserves**

Reserves are split between Usable and Unusable Reserves in the Balance Sheet. Usable Reserves include the General Fund and Housing Revenue Account. Unusable Reserves are kept in order to manage accounting processes for non-current assets, financial instruments and retirement benefits.

#### **Insurance Fund**

The Council operates an Insurance Fund to make provision for outstanding claims and events. Note 27 to the Accounts provides further information on movements in the Insurance Fund.

#### **Repairs & Renewals Fund**

The Council operates a Repairs & Renewals Fund which is earmarked for improvements to Council facilities. Note 27 to the Accounts provides further information on movements in the Repairs & Renewals Fund.

#### **Capital Fund**

The Council operates a Capital Fund where receipts from the sale of assets can be directed and utilised for financing capital expenditure and loans fund repayments.

#### **Capital Receipts Reserve**

The regulations covering capital receipts generated from the sale of assets allow the proceeds to be used to fund capital expenditure and are available to support further capital investment.

#### **Capital Receipts in Advance Reserve**

The Capital Receipts in Advance reserve is used to account for Grants received that have not yet met the conditions set by the grant awarding body.

#### **Capital Grants Unapplied Account**

Capital Grants Unapplied Account is used to hold grant received but not yet utilised. This will be shown as part of the Usable Reserves on the Balance Sheet.

#### **Revaluation Reserve**

The Revaluation Reserve records the accumulated gains on non-current assets held by the Council arising from increases in value, as a result of inflation or other factors, since 1 April 2007. Whilst gains arising from revaluations increase the net worth of the Council they would only result in an increase in spending power if the relevant asset is sold and a capital receipt is generated.

#### **Capital Adjustment Account**

The Capital Adjustment Account represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

#### **Pension Reserve**

The Pension Reserve arises from the IAS19 *Employee Benefits* accounting disclosure requirements and represents the difference between accounting for pensions and the funding of pension costs from taxation in line with the

## Annual Accounts 2022/23

### Notes to the Accounts

statutory requirements. It is equal to the reported Pension Liability which recognises the Council's share of the net funding position on the Strathclyde Pension Fund as projected at 31 March 2023.

The Council applies IAS19 and, as a result, quoted securities held as assets by the Strathclyde Pension Fund in the defined benefit scheme are valued at bid price rather than mid-market value.

#### Employee Benefits

##### a) Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (annual leave only) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the current accounting year.

The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Employee Statutory Adjustment Account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

##### b) Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

##### c) Post Employment Benefits

As part of the terms and conditions of employment the Council offers retirement benefits to its employees. The Council participates in two separate pension schemes, one exclusive to teachers and the other open to all other employees.

- The Scottish Teachers' Superannuation Scheme, administered by the Scottish Public Pensions Agency
- The Local Government Pension Scheme, administered by Strathclyde Pension Fund

Both of these schemes provide members with 'defined benefits' i.e. retirement lump sums and pensions earned as employees work for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education and Families expenditure line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to teachers' pensions in the year.

##### d) The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is accounted for as a 'defined benefits' scheme:

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the 'projected credit unit method' i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees;
- Liabilities are discounted to their value at current prices using a discount rate of 2.7%. The discount rate used by the appointed actuaries to place a value on the liability is based on Corporate bond yields

## Annual Accounts 2022/23

### Notes to the Accounts

on high quality bonds and recognises the weighted average duration of the benefit obligation for the Council;

- The assets of the Strathclyde Pension Fund attributable to North Lanarkshire Council are included in the Balance Sheet at their fair value at current bid prices for securities, estimated fair value for unquoted securities and market price for property.

The change in the net pensions liability is analysed into the following cost components, comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments; and
- Remeasurements, comprising the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

In relation to retirement benefits, Scottish Government regulations require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement (MiRS) this means that there are appropriations to and from the Pensions Reserve to remove the notional charges and credits for retirement benefits and replace them with charges for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

#### Private Finance Initiatives (PFI) and Similar Contracts

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

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The accounting treatment of the PFI for the provision of school buildings, maintenance and other facilities is in accordance with recognised accounting standards including IAS17 *Financial Instruments: Recognition and Measurement* and IFRIC 12 *Service Concession Arrangements*;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);

## **Annual Accounts 2022/23**

### **Notes to the Accounts**

- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

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

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

#### **Value Added Tax**

Generally, Value Added Tax is excluded from Income and Expenditure as all VAT collected is payable to HMRC while the majority of VAT paid is recoverable from HMRC. In the circumstance when the Council cannot fully recover VAT paid, this is included within service expenditure to the extent that it is irrecoverable from HMRC.

#### **Re-measurement of the net defined benefit liability**

Re-measurements or actuarial gains and losses arise through experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and the effects of changes in actuarial assumptions. All actuarial gains and losses have been recognised in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement.

#### **Events after the Reporting 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 can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

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**Notes to the Accounts**

**2. Expenditure and Funding Analysis**

2.1. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax and non-domestic rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| Restated 2021/22   |   |  | 2022/23  |   |  |
|--|---|--|--|---|--|
| Net Expenditure Chargeable to the General Fund and HRA Balances £000 | Adjustments from General Fund to CIES (Note 2.2) £000 | Net Expenditure in the Comprehensive Income and Expenditure Statement £000 | Net Expenditure Chargeable to the General Fund and HRA Balances £000 | Adjustments from General Fund to CIES (Note 2.2) £000 | Net Expenditure in the Comprehensive Income and Expenditure Statement £000 |
| 374,300  | 54,125  | 428,425  | 433,256  | 73,922  | 507,178  |
| 153,240  | 67,863  | 221,103  | 133,989  | 30,954  | 164,942  |
| 3  | (3)   | -  | 54   | (54)  | -  |
| 56,798   | 9,197   | 65,995   | 69,994   | 12,202  | 82,196   |
| 164,787  | 2,712   | 167,499  | 185,759  | 2,857   | 188,616  |
| (95)   | 14,504  | 14,409   | (506)  | 13,951  | 13,445   |
| (3,592)  | (5,991)   | (9,583)  | (30,803)   | 565   | (30,238)   |
| (6,926)  | (7,210)   | (14,136)   | 2,888  | (4,080)   | (1,192)  |
| <b>738,515</b>   | <b>135,197</b>  | <b>873,712</b>   | <b>794,630</b>   | <b>130,317</b>  | <b>924,947</b>   |
|  |   |  |  |   |  |
| (791,534)  | (52,750)  | (844,284)  | (818,413)  | (69,366)  | (887,779)  |
| <b>(53,019)</b>  | <b>82,447</b>   | <b>29,428</b>  | <b>(23,783)</b>  | <b>60,951</b>   | <b>37,168</b>  |
|  |   |  |  |   |  |
|  |   |  |  |   |  |
| <b>(189,634)</b>   |   | <b>Opening General Fund and HRA Balance</b>                                | <b>(255,760)</b>   |   |  |
| (10,741)   |   | Transfer in Opening CLNL Balances  | -  |   |  |
| (53,019)   |   | Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year     | (23,783)   |   |  |
| (2,366)  |   | Transfers to/(from) other statutory reserves                               | 3,353  |   |  |
| <b>(255,760)</b>   |   | <b>Closing General Fund and HRA Balance at 31 March*</b>                   | <b>(276,190)</b>   |   |  |

\*The split of this balance between General Fund and the HRA is shown within the Movement in Reserves Statement.

**2.2. Adjustments from General Fund to Comprehensive Income and Expenditure Statement**

| 2022/23                                     | Adjustments for Capital Purposes <sup>1</sup> | Net Change for the Pensions Adjustments <sup>2</sup> | Other Differences <sup>3</sup> | Total Adjustments |
|---|---|--|--------------------------------|-------------------|
| Education & Families                        | 48,775  | 22,518   | 2,628                          | 73,922            |
| Enterprise & Communities                    | 15,657  | 16,070   | (773)                          | 30,954            |
| Trading Accounts                            | -   | -  | (54)                           | (54)              |
| Chief Executives & Other Corporate Services | 4,257   | 7,686  | 259                            | 12,202            |
| Adult Health & Social Care (Non-Integrated) | 2,857   | -  | -                              | 2,857             |
| Adult Health & Social Care (Integrated)     | -   | 13,924   | 27                             | 13,951            |
| Housing Revenue Account                     | (4,053)                                       | 4,621  | (2)                            | 565               |
| Other Segments                              | -   | (4,080)  | -                              | (4,080)           |
| <b>Net Cost of Services</b>                 | <b>67,493</b>                                 | <b>60,738</b>  | <b>2,086</b>                   | <b>130,317</b>    |
| Other Income and Expenditure                | (80,113)                                      | 5,339  | 5,408                          | (69,366)          |
| <b>Surplus or Deficit</b>                   | <b>12,620</b>                                 | <b>66,077</b>  | <b>7,494</b>                   | <b>60,951</b>     |



## Annual Accounts 2022/23

### Notes to the Accounts

| 2021/22                                     | Adjustments for Capital Purposes <sup>1</sup> | Net Change for the Pensions Adjustments <sup>2</sup> | Other Differences <sup>3</sup> | Total Adjustments |
|---|---|--|--------------------------------|-------------------|
| Education & Families                        | 36,395  | 20,148   | (2,418)                        | 54,125            |
| Enterprise & Communities                    | 42,187  | 24,545   | 1,131                          | 67,863            |
| Trading Accounts                            | (8)   | -  | 5                              | (3)               |
| Chief Executives & Other Corporate Services | 1,424   | 7,788  | (15)                           | 9,197             |
| Adult Health & Social Care (Non-Integrated) | 2,712   | -  | -                              | 2,712             |
| Adult Health & Social Care (Integrated)     | (3)   | 14,550   | (43)                           | 14,504            |
| Housing Revenue Account                     | (11,327)                                      | 5,279  | 57                             | (5,991)           |
| Other Segments                              | -   | (7,210)  | -                              | (7,210)           |
| <b>Net Cost of Services</b>                 | <b>71,380</b>                                 | <b>65,100</b>  | <b>(1,283)</b>                 | <b>135,197</b>    |
| Other Income and Expenditure                | (60,749)                                      | 9,690  | (1,691)                        | (52,750)          |
| <b>Surplus or Deficit</b>                   | <b>10,631</b>                                 | <b>74,790</b>  | <b>(2,974)</b>                 | <b>82,447</b>     |

<sup>1</sup> Adjustments for capital purposes – this column adds in depreciation, amortisation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

<sup>2</sup> Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** the net interest on the defined benefit liability is charged to the CIES.

<sup>3</sup> Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

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

### 3. Accounting Standards that have been Issued but not yet Adopted

The Code requires the Council to disclose information about accounting changes that will be required by new accounting standards in the 2022/23 Code due to be adopted in future years and the possible impact.

The following list provides details of standards issued but not yet adopted which have an effective implementation date on or after 1 April 2023. It is not anticipated that these will have a material impact on the Council.

- IFRS 16 Leases – North Lanarkshire Council will implement from 1 April 2024.
- Amendments to IAS 8 (issued in February 2021) – Definition of Accounting Estimates.
- Amendments to IAS 1 and IFRS Practice Statement 2 (issued in February 2021) Disclosure of Accounting Policies
- Amendments to IAS 12 (issued in May 2021) – Deferred Tax relating to Assets and Liabilities arising from a Single Transaction.
- Amendments to IFRS 3 (issued in May 2020) – Updating a Reference to the Conceptual Framework.

**Annual Accounts 2022/23**  
**Notes to the Accounts**

**4. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council holds contracts for the provision of educational establishments and for the Clyde Valley Waste Recycling Plant. The nature of these contracts has been examined and the Council considers that it controls the services provided under the agreements. Therefore the accounting policies for PPP schemes and similar arrangements have been applied with the assets under the contracts included within Property, Plant and Equipment on the Council's Balance Sheet. Further details are shown in Note 25: Public Private Partnerships and Similar Contracts.

**5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains 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 Actual Results Differ from Assumptions  |
|-------------------------------|--|---|
| Property, Plant and Equipment | <p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Consideration has been given as to whether the values of all other land and buildings assets, regardless of whether or not they were subject to valuation during the year, have materially changed, to ensure that the balance sheet shows a fair representation of the position as at 31 March 2023. Valuations include estimations including in relation to market values and rebuild costs. Discussions with the Council's surveyors indicated that valuations may be subject to a margin of error of up to 15%. Following a review, no adjustment has been made as the estimated movement does not exceed this level. This year, both Council Dwellings and Education estates were formally revalued.</p> | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for property, plant and equipment would increase by £17.695m for every year that useful lives had to be reduced.</p> <p>A 15% change in the value of the Council's Property, Plant and Equipment would result in a movement on the Council's balance sheet of £461.958m.</p> |

**Annual Accounts 2022/23**  
**Notes to the Accounts**

| Item                          | Uncertainties   | Effect if Actual Results Differ from Assumptions  |
|-------------------------------|---|---|
| Net Pension Asset/(Liability) | Estimation of the net asset/(liability) to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council is engaged with Hymans Robertson via Strathclyde Pension Fund to provide the Council with expert advice about the assumptions to be applied. | The effects on the net pensions asset/(liability) can have a material effect on the Council's Net Worth. The Council's actuaries have calculated that the surplus in the defined benefit plan is £654.755m consisting of a £774.259m net asset in relation to funded plans, offset by £119.504m of unfunded liabilities, however accounting standards require the net asset to be limited to the present value of any future economic benefits which is valued at £53.178m. As result, an asset ceiling adjustment applied of £721.081 was applied in 2022/23, therefore a decrease of at least 93% on the surplus in the defined benefit plan would be required to reduce the net pension asset held on the balance sheet. |

**6. Events After the Balance Sheet Date**

The Chief Officer (Finance) issued the audited Statement of Accounts on 25 October 2023.

Reinforced autoclaved aerated concrete (RAAC) is a lightweight construction material that was used in the construction of some public buildings like schools and hospitals between the 1950s and 1990s. It was used mostly in flat roofing, but also in some pitched roofs, floors and walls. RAAC can be susceptible to failure when exposed to moisture.

Following an incident in England in 2018 and an initial safety alert in 2019, the Institute of Structural Engineers RAAC Group published guidance in April 2023. Since the publication of the Institute's guidance, the council has engaged the services of an external specialist structural engineer to survey the council's properties. Initial surveys have identified five properties where RAAC has been detected, with an ongoing systematic review of all Council buildings being undertaken. Mitigation measures have been put in place where required and surveys will continue to be progressed across the estate. Due to the continuing nature of investigations, precise quantification of total costs is not yet possible however where the financial impact of remedial works has been identified, the Council has reflected an impairment charge within these accounts.

**7. Restatement**

The figures for 2021/22 have been restated to reflect an adjustment to the core financial statements and notes to the accounts. Further details of this restatement are set out in the table below.

| Restatement                               | Reason   | Amount<br>£000 | Statements Affected  |
|---|--|----------------|--|
| Revaluation of Schools Non-Current Assets | To reflect valuations as at 1 <sup>st</sup> April 2022 | 135,230        | Single Entity CIES, BS, MIRS, Notes 2, 13, 28, 30, 32. Group CIES, BS, MIRS, Note 6. |

**8. Other Operating Expenditure**

|   | 2021/22       | 2022/23       |
|---|---------------|---------------|
| (Gains) or losses on disposal of non-current assets | £000<br>(767) | £000<br>7,672 |
| <b>Total</b>  | <b>(767)</b>  | <b>7,672</b>  |

**Annual Accounts 2022/23**  
**Notes to the Accounts**

**9. Financing and Investment Income and Expenditure**

|   | 2021/22       |                 | 2022/23        |                 |
|---|---------------|-----------------|----------------|-----------------|
|   | Expenditure   | Income          | Expenditure    | Income          |
|   | £000          | £000            | £000           | £000            |
| Interest Payable and similar charges                                  | 34,087        | -               | 46,314         | -               |
| Pensions interest income on plan assets                               | -             | (50,814)        | -              | (73,948)        |
| Pension interest cost on defined benefit obligation                   | 60,132        | -               | 78,982         | -               |
| Interest receivable and similar income                                |               | (231)           |                | (5,879)         |
| Surpluses on Trading Undertaking not included in Net Cost of Services | 376           | 1               | 473            | (121)           |
| Income from dissolution of group entities                             | -             | -               | -              | -               |
| Financial Guarantee   | -             | (101)           | -              | (97)            |
| Gain on De-recognition of Financial Asset                             | -             | -               | -              | -               |
| Impairment of Financial Assets  | 4,123         | -               | 4,234          | -               |
| <b>Total</b>  | <b>98,718</b> | <b>(51,145)</b> | <b>130,003</b> | <b>(80,045)</b> |

Financial Guarantee income relates to a financial guarantee, underwriting the debt service costs of the NLP LLP loan of £45.000m to the lender, with a premium payable to the Council by NLP LLP for providing this guarantee. For further details refer to Provisions: Financial Guarantee section within Note 17.

**10. Taxation and Non-Specific Grant Income**

|   | 2021/22          | 2022/23          |
|---|------------------|------------------|
|   | £000             | £000             |
| Income from Council Tax                     | (125,200)        | (130,267)        |
| Distribution from Non-Domestic Rates pool   | (84,429)         | (111,737)        |
| General Revenue Grant                       | (621,480)        | (615,619)        |
| Recognised capital grants and contributions | (58,530)         | (87,785)         |
| <b>Total</b>                                | <b>(889,639)</b> | <b>(945,408)</b> |

It should be noted that the General Revenue Grant recognised in the CIES has been adjusted from that shown in Local Government Finance Circular 3/2023 to reflect proper accounting practice. In accordance with LASAAC guidance, income included within the circular totalling £5.434m has been treated as relating to an agency arrangement and therefore not reflected within the Council's CIES. Income not included in the circular has been accrued in relation to the final Discretionary Housing Payment claim of £1.205m and also £0.481m additional Scottish Welfare Fund was received.

**Annual Accounts 2022/23**  
**Notes to the Accounts**

**11. Grant Income**

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement

|   | 2021/22        | 2022/23        |
|---|----------------|----------------|
|   | £000           | £000           |
| <b>Credited to Comprehensive Income and Expenditure Statement</b> |                |                |
| General Revenue Grant   | 621,480        | 615,619        |
| Distribution from Non-Domestic Rates pool                         | 84,429         | 111,737        |
| Capital - Scottish Government General Grant                       | 21,908         | 25,180         |
| Capital - Scottish Government Other Grants                        | 34,223         | 58,400         |
| Capital – Other Grants  | 1,470          | 4,205          |
| Donated Assets  | 929            | -              |
| <b>Total</b>  | <b>764,439</b> | <b>815,141</b> |
| <b>Credited to Services</b>                                       |                |                |
| Housing Benefit   | 81,925         | 78,158         |
| 1140 Hours Early Years  | 36,507         | 34,842         |
| Pupil Equity Fund   | 10,926         | 9,682          |
| Scottish Attainment Challenge                                     | 7,799          | 7,482          |
| Offenders / Criminal Justice Grant                                | 6,544          | 6,704          |
| Scotland's Schools for the Future                                 | 4,772          | 4,773          |
| Education Maintenance Allowance                                   | 1,066          | 795            |
| Vacant and Derelict Land Fund                                     | 720            | 1,389          |
| Fleet   | 144            | 144            |
| Home Energy Efficiency Programme                                  | 173            | 209            |
| Physical Education, Physical Activity & Sport                     | 865            | 857            |
| Young Person's Guarantee  | 1,346          | 1,046          |
| COVID 19 - Vaccination Centre                                     | 2,385          | 661            |
| City Deal 3 <sup>rd</sup> Party                                   | 486            | 8,740          |
| No One Left Behind  | 883            | 1,059          |
| Children & Young People's Mental Health                           | 696            | 1,177          |
| European Structural Fund  | -              | 1,224          |
| Resettlement Programmes   | 237            | 7,339          |
| UK Renewal Fund   | 422            | 1,415          |
| Scottish Milk and Healthy Snack Scheme                            | 377            | 910            |
| SG Main Capital Grant - 3rd Party Write Off's                     | 1,474          | 1,722          |
| Other Miscellaneous Grants and Contributions                      | 6,395          | 5,813          |
| <b>Total</b>  | <b>166,162</b> | <b>176,141</b> |

Balances included within the Other Miscellaneous Grants and Contributions line is reviewed annually on the basis of value therefore the prior year disclosures may differ from the audited 2021/22 annual accounts.

**Annual Accounts 2022/23**  
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**12. Agency Services**

The Council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2022/23 the Council collected and paid over £55.737m (2021/22 £52.800m) and received £1.137m (2021/22 £1.137m) for providing this service.

In addition, the Council has been asked by Scottish Government to administer a number of grant schemes on their behalf to a wide range of recipients; most notably the Costs of Living and Child Bridging Payment. The Council made payments of £25.576m (£17.186m in 2021/22), with a net creditor of £0.004m shown on the Council's balance sheet in relation to reimbursement outstanding as at 31<sup>st</sup> March 2023 (£0.222m net debtor in 2021/22). Further detail is shown in the table below.

|  | Net Debtor/<br>(Creditor)<br>at<br>31 March 2021 | Payments<br>Made in<br>2021/22 | Funding<br>Received in<br>2021/22 | Net Debtor/<br>(Creditor)<br>at<br>31 March 2022 | Payments<br>Made in<br>2022/23 | Funding<br>Received in<br>2022/23 | Net Debtor/<br>(Creditor)<br>at<br>31 March 2023 |
|--|--|--------------------------------|-----------------------------------|--|--------------------------------|-----------------------------------|--|
|  | £000   | £000                           | £000                              | £000   | £000                           | £000                              | £000   |
| Cost of Living                               |  |                                |                                   |  | 18,635                         | (18,635)                          | -  |
| Business Grant Scheme                        | 35   | 37                             | -                                 | 72   | -                              | (72)                              | -  |
| Strategic Framework                          | 11,703   | 1,010                          | (12,713)                          | -  | -                              | -                                 | -  |
| Retail, Hospitality Top Up Support           | (206)  | 2,807                          | (3,729)                           | (1,128)  | 43                             | 1,085                             | -  |
| Child Bridging Payment                       | -  | 4,821                          | (4,856)                           | (35)   | 5,455                          | (5,433)                           | (13)   |
| Taxi and Private Hire Vehicle Driver Support | 2,313  | 3,715                          | (4,623)                           | 1,405  | 275                            | (1,680)                           | -  |
| £100 Hardship Payments                       | (89)   | 1,134                          | (1,045)                           | -  | -                              | -                                 | -  |
| Self Isolation                               | 310  | 2,170                          | (1,697)                           | 783  | 1,063                          | (1,846)                           | -  |
| Other  | 1,196  | 1,492                          | (3,563)                           | (875)  | 105                            | 779                               | 9  |
| <b>Total Provisions</b>                      | <b>15,262</b>                                    | <b>17,186</b>                  | <b>(32,226)</b>                   | <b>222</b>                                       | <b>25,576</b>                  | <b>(25,802)</b>                   | <b>(4)</b>                                       |

**Annual Accounts 2022/23**  
**Notes to the Accounts**

**13. Property, Plant and Equipment**

**13.1. Movement on Balances in 2022/23**

|  | Council Dwellings | Other Land and Buildings | Vehicles Plant and Equipment | Community Assets | Surplus Assets | AUC            | TOTAL            | Infrastructure | TOTAL ASSETS     |
|--|-------------------|--------------------------|------------------------------|------------------|----------------|----------------|------------------|----------------|------------------|
|  | £000              | £000                     | £000                         | £000             | £000           | £000           | £000             | £000           | £000             |
| <b>Cost or Valuation</b>   |                   |                          |                              |                  |                |                |                  |                |                  |
| <b>At 1 April 2022</b>   | <b>1,300,167</b>  | <b>1,480,320</b>         | <b>97,592</b>                | <b>15,854</b>    | <b>22,322</b>  | <b>70,780</b>  | <b>2,987,035</b> |                |                  |
| Additions  | 72,734            | 24,011                   | 5,670                        | 225              | -              | 107,495        | 210,135          | 17,333         | 227,468          |
| Revaluation increases/(decreases) recognised in the revaluation reserve                          | (129,297)         | (74,003)                 | (18)                         | (270)            | (3,542)        | -              | (207,130)        | -              | (207,130)        |
| Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services | 11,673            | (14,057)                 | -                            | -                | (941)          | (556)          | (3,881)          | -              | (3,881)          |
| Derecognition - disposals  | (10,743)          | (1,303)                  | (1,272)                      | -                | -              | -              | (13,318)         | -              | (13,318)         |
| Assets reclassified (to)/from assets under construction (AUC)                                    | 13,037            | 22,420                   | 1,324                        | -                | -              | (37,373)       | (592)            | 592            | -                |
| Assets reclassified (to)/from Intangible Assets [see Note 15]                                    | -                 | -                        | -                            | -                | -              | (297)          | (297)            | -              | (297)            |
| <b>At 31 March 2023</b>  | <b>1,257,571</b>  | <b>1,437,388</b>         | <b>103,296</b>               | <b>15,809</b>    | <b>17,839</b>  | <b>140,049</b> | <b>2,971,952</b> |                |                  |
| <b>Accumulated Depreciation and Impairment</b>   |                   |                          |                              |                  |                |                |                  |                |                  |
| <b>At 1 April 2022</b>   | <b>8,365</b>      | <b>46,712</b>            | <b>50,904</b>                | <b>-</b>         | <b>138</b>     | <b>-</b>       | <b>106,119</b>   |                |                  |
| Depreciation charge  | 31,791            | 51,112                   | 12,080                       | -                | 16             | -              | 94,999           | 15,362         | 110,361          |
| Depreciation written out to the revaluation reserve  | (40,156)          | 2,344                    | 25                           | -                | -              | -              | (37,787)         | -              | (37,787)         |
| Depreciation written out to the surplus/deficit on the provision of services                     | -                 | (13,791)                 | -                            | -                | -              | -              | (13,791)         | -              | (13,791)         |
| Impairment losses/(reversals) recognised in the revaluation reserve                              | -                 | 2,374                    | -                            | -                | -              | -              | 2,374            | -              | 2,374            |
| Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services     | -                 | 8,016                    | -                            | -                | -              | -              | 8,016            | -              | 8,016            |
| Derecognition - disposals  | -                 | (1,303)                  | (1,272)                      | -                | -              | -              | (2,575)          | -              | (2,575)          |
| <b>At 31 March 2023</b>  | <b>-</b>          | <b>95,463</b>            | <b>61,737</b>                | <b>-</b>         | <b>154</b>     | <b>-</b>       | <b>157,354</b>   |                |                  |
| <b>Net Book Value</b>  |                   |                          |                              |                  |                |                |                  |                |                  |
| <b>At 31 March 2023</b>  | <b>1,257,571</b>  | <b>1,341,925</b>         | <b>41,559</b>                | <b>15,809</b>    | <b>17,685</b>  | <b>140,049</b> | <b>2,814,598</b> | <b>265,123</b> | <b>3,079,721</b> |
| <b>At 31 March 2022</b>  | <b>1,291,802</b>  | <b>1,433,608</b>         | <b>46,688</b>                | <b>15,854</b>    | <b>22,184</b>  | <b>70,780</b>  | <b>2,880,916</b> | <b>262,561</b> | <b>3,143,477</b> |
| <b>Nature of Asset Holding as at 31st March 2023</b>   |                   |                          |                              |                  |                |                |                  |                |                  |
| Owned  | 1,257,571         | 1,065,497                | 41,559                       | 15,809           | 17,685         | 140,049        | 2,538,170        | 265,123        | 2,803,293        |
| Finance Lease  | -                 | -                        | -                            | -                | -              | -              | -                | -              | -                |
| PPP  | -                 | 276,428                  | -                            | -                | -              | -              | 276,428          | -              | 276,428          |

The Scottish Government issued Finance Circular 9/2022 in relation to Infrastructure Assets which sets out two statutory overrides in relation to these assets. The Council are invoking both of the statutory overrides permitted by this guidance and as a result have excluded the reporting of gross book value or accumulated depreciation amounts for infrastructure assets for accounting periods commencing 1 April 2021 until 31 March 2024, and to account for the derecognition of any replaced part of an infrastructure asset at nil value.

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**Notes to the Accounts**

**13.2. Movement on Balances in 2021/22**

|  | Council Dwellings | Other Land and Buildings | Vehicles Plant and Equipment | Community Assets | Surplus Assets | AUC           | TOTAL            | Infrastructure | TOTAL ASSETS     |
|--|-------------------|--------------------------|------------------------------|------------------|----------------|---------------|------------------|----------------|------------------|
|  | £000              | £000                     | £000                         | £000             | £000           | £000          | £000             | £000           | £000             |
| <b>Cost or Valuation</b>   |                   |                          |                              |                  |                |               |                  |                |                  |
| <b>At 1 April 2021</b>   | <b>1,184,528</b>  | <b>1,636,384</b>         | <b>89,851</b>                | <b>12,360</b>    | <b>22,374</b>  | <b>46,669</b> | <b>2,992,166</b> |                |                  |
| Transfer in of CLNL Balances   | -                 | 4,146                    | 2,622                        | -                | -              | -             | 6,768            |                |                  |
| <b>Revised at 1 April 2021</b>   | <b>1,184,528</b>  | <b>1,640,530</b>         | <b>92,473</b>                | <b>12,360</b>    | <b>22,374</b>  | <b>46,669</b> | <b>2,998,934</b> |                |                  |
| Additions  | 62,799            | 12,102                   | 8,336                        | 3,538            | -              | 63,789        | 150,564          | 15,433         | 165,997          |
| Donations  | -                 | -                        | 929                          | -                | -              | -             | 929              | -              | 929              |
| Revaluation increases/(decreases) recognised in the revaluation reserve                          | 24,646            | (13,530)                 | (1,386)                      | -                | 33             | -             | 9,763            | -              | 9,763            |
| Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services | -                 | (167,565)                | (381)                        | (44)             | (85)           | (1,201)       | (169,276)        | (305)          | (169,581)        |
| Derecognition - disposals  | -                 | -                        | (2,606)                      | -                | -              | -             | (2,606)          | -              | (2,606)          |
| Assets reclassified (to)/from assets under construction (AUC)                                    | 28,194            | 8,783                    | 227                          | -                | -              | (38,477)      | (1,273)          | 1,273          | -                |
| <b>At 31 March 2022</b>  | <b>1,300,167</b>  | <b>1,480,320</b>         | <b>97,592</b>                | <b>15,854</b>    | <b>22,322</b>  | <b>70,780</b> | <b>2,987,035</b> |                |                  |
| <b>Accumulated Depreciation and Impairment</b>   |                   |                          |                              |                  |                |               |                  |                |                  |
| <b>At 1 April 2021</b>   | <b>82,387</b>     | <b>131,673</b>           | <b>41,967</b>                | <b>-</b>         | <b>122</b>     | <b>-</b>      | <b>256,149</b>   |                |                  |
| Transfer in of CLNL Balances   | -                 | 3,427                    | 1,889                        | -                | -              | -             | 5,316            |                |                  |
| <b>Revised at 1 April 2021</b>   | <b>82,387</b>     | <b>135,100</b>           | <b>43,856</b>                | <b>-</b>         | <b>122</b>     | <b>-</b>      | <b>261,465</b>   |                |                  |
| Depreciation charge  | 29,336            | 47,085                   | 11,226                       | -                | 16             | -             | 87,663           | 14,844         | 102,507          |
| Depreciation written out to the revaluation reserve  | (103,358)         | 1,551                    | (11)                         | -                | -              | -             | (101,818)        | -              | (101,818)        |
| Depreciation written out to the surplus/deficit on the provision of services                     | -                 | (137,025)                | (1,561)                      | -                | -              | -             | (138,586)        | -              | (138,586)        |
| Derecognition - disposals  | -                 | -                        | (2,606)                      | -                | -              | -             | (2,606)          | -              | (2,606)          |
| <b>At 31 March 2022</b>  | <b>8,365</b>      | <b>46,712</b>            | <b>50,904</b>                | <b>-</b>         | <b>138</b>     | <b>-</b>      | <b>106,119</b>   |                |                  |
| <b>Net Book Value</b>  |                   |                          |                              |                  |                |               |                  |                |                  |
| <b>At 31 March 2022</b>  | <b>1,291,802</b>  | <b>1,433,608</b>         | <b>46,688</b>                | <b>15,854</b>    | <b>22,184</b>  | <b>70,780</b> | <b>2,880,916</b> | <b>262,561</b> | <b>3,143,477</b> |
| <b>At 31 March 2021</b>  | <b>1,102,141</b>  | <b>1,504,711</b>         | <b>47,884</b>                | <b>12,360</b>    | <b>22,252</b>  | <b>46,669</b> | <b>2,736,017</b> | <b>261,004</b> | <b>2,997,021</b> |
| <b>Nature of Asset Holding as at 31st March 2022</b>   |                   |                          |                              |                  |                |               |                  |                |                  |
| Owned  | 1,291,802         | 1,151,508                | 46,652                       | 15,854           | 22,184         | 70,780        | 2,598,780        | 262,561        | 2,861,341        |
| Finance Lease  | -                 | -                        | 36                           | -                | -              | -             | 36               | -              | 36               |
| PPP  | -                 | 282,100                  | -                            | -                | -              | -             | 282,100          | -              | 282,100          |



## Annual Accounts 2022/23

### Notes to the Accounts

#### 13.3. Valuation of Non-Current Assets

The following statement shows the progress of the Council's five-year rolling programme for the revaluation of non-current assets. The properties were valued by the Council's registered valuers within external advisors BNP Paribas in conjunction with the Council's Asset and Procurement Solutions, in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors.

|   | Council Dwellings | Other Land & Buildings | Vehicles, Plant & Equipment | Community Assets | Surplus Assets | Assets Under Construction | Total            |
|---|-------------------|------------------------|-----------------------------|------------------|----------------|---------------------------|------------------|
|   | £000              | £000                   | £000                        | £000             | £000           | £000                      | £000             |
| Value at historical cost  | -                 | 43,637                 | 40,285                      | 13,434           | 15             | 140,049                   | <b>237,420</b>   |
| Valued at current value plus additions less depreciation as at: |                   |                        |                             |                  |                |                           |                  |
| 31 March 2023   | 1,257,571         | 977,377                | 66                          | -                | 3,411          | -                         | <b>2,238,426</b> |
| 31 March 2022   | -                 | 71,279                 | 914                         | -                | 1,344          | -                         | <b>73,537</b>    |
| 31 March 2021   | -                 | 180,498                | 252                         | 112              | 11,909         | -                         | <b>192,771</b>   |
| 31 March 2020   | -                 | 32,171                 | -                           | -                | -              | -                         | <b>32,171</b>    |
| 31 March 2019   | -                 | 36,962                 | 42                          | 2,263            | 1,006          | -                         | <b>40,273</b>    |
| <b>Total Value as at 31 March 2023</b>                          | <b>1,257,571</b>  | <b>1,341,925</b>       | <b>41,559</b>               | <b>15,809</b>    | <b>17,685</b>  | <b>140,049</b>            | <b>2,814,598</b> |

The five-year rolling valuation programme, as determined by Asset and Procurement Solutions, is structured on the following outline:

|               |                |  |
|---------------|----------------|--|
| Year 1        | 2018/19        | Education Properties   |
| Year 2        | 2019/20        | Social Work, Office Buildings, Depots and Industrial Properties                            |
| Year 3        | 2020/21        | Leisure Properties   |
| Year 4        | 2021/22        | Leisure Properties and Open Spaces   |
| <b>Year 5</b> | <b>2022/23</b> | <b>Council Dwellings, Planning and Development Properties, Car Parks and Miscellaneous</b> |

2022/23 was the fifth year of the Council's rolling five-year revaluation programme with Council Dwellings, Planning and Development Properties, Car Parks and Miscellaneous, revalued in line with the five-year valuation programme outlined above. In addition, Education properties were also formally revalued, a year early, due to risk of material change since last formal valuation. All formal valuations were undertaken based on 1 April 2022 valuation date, with exception of Council Dwellings which was based on 31 March 2023 valuation date.

At 31 March 2023, a review was undertaken to assess whether the value of all other land and buildings assets, regardless of whether or not they were subject to valuation during the year, had materially changed, to ensure that the balance sheet shows a fair representation of the position as at 31 March 2023. Following this review the estimated movement was deemed immaterial.

Technical Bulletin (2023/1) issued by Audit Scotland outlines some actions from a round table discussion in respect of non-current asset valuations. Discussions are ongoing in this respect. Therefore, the Council will need to give consideration to latest developments in respect of valuations and agree a new asset valuation programme from 2023/24 onwards.

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### Notes to the Accounts

#### 14. Heritage Assets

The Council recognises that there are a number of assets that could be categorised as a Heritage Asset, however due to materiality these have remained within the Community Assets and Infrastructure Assets classification within Property, Plant and Equipment on the Balance Sheet. A summary of the collections are shown in the table below:

| Collection      | No. In Collection | Value      |
|-----------------|-------------------|------------|
|                 |                   | £000       |
| Civic Regalia   | 1                 | 25         |
| Museum Exhibits | 1                 | 9          |
| Paintings       | 12                | 109        |
| Sculptures      | 1                 | 39         |
| <b>Total</b>    | <b>15</b>         | <b>182</b> |

The insurance value of Civic Regalia was updated during the year at £0.025m (£0.296m 2021/22), this downward revaluation has been reflected within the financial statements and subsequent notes.

The Museum Exhibits, Paintings and Civic Regalia are included within Community Assets on the Balance Sheet, whilst the sculpture is included within Infrastructure Assets.

As well as the recognised Heritage Assets, the Museum Service and Archive collections also hold items that are of significant interest to the local area however are not significant in terms of value. A summary of these items include:

#### Industrial History Collection

Includes industrial objects ranging from large individual plant to small hand tools and ephemera with an emphasis on local iron, steel, coal and engineering industries.

#### Social History

Comprises of a comprehensive range of artefacts, textiles and ephemera which relate to the domestic, community, personal and working lives of North Lanarkshire during the 19<sup>th</sup> and 20<sup>th</sup> centuries.

#### North Lanarkshire Archive

Documents the transformation of North Lanarkshire from an agriculture and manufacturing area to a heavy industry area.

#### Other Collections

Other smaller collections include:

|                 |  |
|-----------------|--|
| Archaeology     | Focuses predominantly on local prehistoric, Roman and medieval finds, including burial urns and pottery shards.                            |
| Natural History | Represented by a small number of rocks, fossils and local materials and specimens  |
| Numismatics     | Comprises of a range of medals; Roman, medieval and contemporary coinage; Scottish trade tokens and miners' tallies.                       |
| Ethnographic    | Victorian artefacts from Africa, Polynesia and East Asia.  |
| Art             | Ranges from portraits of civic dignitaries and local figures to landscapes, historical views and works illustrating aspects of daily life. |

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### Notes to the Accounts

#### 15. Intangible Assets

The Council accounts for software licences and software development costs as intangible assets. There are no internally generated intangible assets.

|   | 2021/22           |                            |                               |               | 2022/23           |                            |                               |                |
|---|-------------------|----------------------------|-------------------------------|---------------|-------------------|----------------------------|-------------------------------|----------------|
|   | Software Licences | Software Development Costs | Intangibles Under Development | Total         | Software Licences | Software Development Costs | Intangibles Under Development | Total          |
|   | £000              | £000                       | £000                          | £000          | £000              | £000                       | £000                          | £000           |
| <b>Balance at 1<sup>st</sup> April</b>  | <b>123</b>        | <b>1,544</b>               | <b>6,501</b>                  | <b>8,168</b>  | <b>99</b>         | <b>2,981</b>               | <b>9,038</b>                  | <b>12,118</b>  |
| Additions in year                       | -                 | 294                        | 3,975                         | <b>4,269</b>  | -                 | -                          | 7,142                         | <b>7,142</b>   |
| Transfers                               |                   | 1,438                      | (1,438)                       | -             |                   | 8,442                      | (8,145)                       | <b>297</b>     |
| Amortisation                            | (24)              | (295)                      | -                             | <b>(319)</b>  | (25)              | (642)                      | -                             | <b>(667)</b>   |
| <b>Balance at 31<sup>st</sup> March</b> | <b>99</b>         | <b>2,981</b>               | <b>9,038</b>                  | <b>12,118</b> | <b>74</b>         | <b>10,781</b>              | <b>8,035</b>                  | <b>18,890</b>  |
| <b>Represented by:</b>                  |                   |                            |                               |               |                   |                            |                               |                |
| Gross Carrying Amount                   | 123               | 3,293                      | 9,038                         | <b>12,454</b> | 123               | 11,735                     | 8,035                         | <b>19,893</b>  |
| Accumulated amortisation                | (24)              | (312)                      | -                             | <b>(336)</b>  | (49)              | (954)                      | -                             | <b>(1,003)</b> |
| <b>Balance at 31<sup>st</sup> March</b> | <b>99</b>         | <b>2,981</b>               | <b>9,038</b>                  | <b>12,118</b> | <b>74</b>         | <b>10,781</b>              | <b>8,035</b>                  | <b>18,890</b>  |

At 31 March 2023, the Council had contractual capital commitments of £3.434m in respect of the acquisition of intangible assets.

#### 16. Long-Term Debtors

|   | 2021/22      | 2022/23      |
|---|--------------|--------------|
|   | £000         | £000         |
| <b>Balance at the start of the year</b> | <b>1,535</b> | <b>1,519</b> |
| Recorded debt                           | (61)         | 74           |
| Bad debt provision                      | 45           | (265)        |
| <b>Balance at the end of the year</b>   | <b>1,519</b> | <b>1,328</b> |

For further details refer to Soft Loans and Provisions: Financial Guarantee section within Note 17.

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## Notes to the Accounts

### 17. Financial Instruments

#### 17.1. Types of Financial Instrument

The total investments, borrowing and long-term liabilities disclosed in the balance sheet are made up of the following categories of financial instruments:

|   | Long-Term           |                     | Current             |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | At 31 March<br>2022 | At 31 March<br>2023 | At 31 March<br>2022 | At 31 March<br>2023 |
| <b>Financial Liabilities</b>                            | £000                | £000                | £000                | £000                |
| Borrowings at amortised cost:                           |                     |                     |                     |                     |
| - Principal Sum Borrowed                                | 439,933             | 476,130             | 243,715             | 273,087             |
| - Accrued Interest                                      | -                   | -                   | 3,865               | 6,157               |
| - EIR Adjustments                                       | -                   | -                   | 2,518               | 1,981               |
| <b>Total Borrowings</b>                                 | <b>439,933</b>      | <b>476,130</b>      | <b>250,098</b>      | <b>281,225</b>      |
| - Provisions: Financial Guarantees                      | 55                  | -                   | 97                  | 55                  |
| Other Long-term Liabilities at amortised cost:          |                     |                     |                     |                     |
| - Finance Leases  | 1,543               | 1,289               | 221                 | 218                 |
| - PPP and similar arrangements                          | 165,402             | 158,317             | 6,792               | 7,086               |
| <b>Total Other Long-term Liabilities</b>                | <b>166,945</b>      | <b>159,606</b>      | <b>7,013</b>        | <b>7,304</b>        |
| *Creditors  | -                   | -                   | 156,287             | 177,658             |
| <b>Total Financial Liabilities</b>                      | <b>606,933</b>      | <b>635,736</b>      | <b>413,495</b>      | <b>466,242</b>      |
| <b>Financial Assets:</b>                                |                     |                     |                     |                     |
| At amortised cost :                                     |                     |                     |                     |                     |
| - Principal Sum Invested                                | 1,170               | 1,148               | 73,823              | 57,062              |
| - Accrued Interest                                      | -                   | -                   | 22                  | 61                  |
| At fair value through profit & loss :                   |                     |                     |                     |                     |
| - Principal Sum Invested                                | -                   | -                   | 39,990              | 18,060              |
| - Accrued Interest                                      | -                   | -                   | 11                  | 90                  |
| **Debtors   | -                   | -                   | 49,861              | 67,887              |
| Interest in Subsidiaries Associates and Joint Ventures. | -                   | -                   | -                   | -                   |
| <b>Total Financial Assets</b>                           | <b>1,170</b>        | <b>1,148</b>        | <b>163,707</b>      | <b>143,160</b>      |

\* The creditors amount quoted within the table above represents trade creditors, other entities and individuals included within Note 21.

\*\*The debtors amount quoted within the table includes trade debtors, other entities and individuals included within Note 19 and is shown net.

For the year ended 31 March 2023 the element of long-term liabilities/assets that fall due for payment or receipt on or within 12 months has been treated as current within the above table. The amounts which relate to long-term liabilities, shown within the current category, comprise Public Work Loans Board debt of £30.833m of principal, and accrued PWLB interest of £3.047m. This category also includes market loan debt accrued interest of £0.644m and a cumulative effective interest rate adjustment of £1.981m plus £0.248m in respect of Salix interest free loan debt. The amount which relates to the long-term financial assets, shown within current category is £0.092m in relation to subordinated debt investments under 'hubco' arrangements as described later in the section below.

The Financial Assets current category, shown at amortised cost, held for a period of less than one year, include the bank current accounts / call accounts with no adjustment having been made to the amortised cost to reflect expected credit losses. This is based on an analysis of the type of assets held which are considered to have a low risk of default with reference to historic default data published by credit rating agencies. The financial assets are held on a short-term basis, primarily overnight, thus reducing the impact of any longer-term potential adverse changes in economic and business conditions that may reduce the ability of the borrower to fulfil the obligations. At the balance sheet date, based on the credit ratings of the financial institutions in which the funds are held, it is

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recognised that the borrower has a strong capacity to meet the contractual cashflow obligations in the near future. As there has been no significant increase in credit risk since initial recognition, an assessment of potential 12-month credit loss was carried out and based on the aforementioned assumptions and materiality no adjustment for credit losses has been made.

For Financial Assets held at fair value through profit & loss, a calculation of expected credit loss is not required as the value stated, by its very nature, will include an adjustment for credit loss allowances. Financial Assets classified as fair value through profit and loss represent funds held in Money Market Funds, with the fair value deemed to be a close approximation to the principal sum invested, due to the margins in which these funds operate and therefore the amount shown has not been adjusted for a gain or loss on the principal sum invested.

Those Financial Assets measured at amortised cost or fair value through profit and loss shown within current, where appropriate, are included within the Cash and Cash Equivalents (Note 20).

The Financial Assets held at amortised cost also include the Council's investment in subordinated debt for two of its school projects delivered via the South West Hubco model, with the overall balance invested of £1.240m outstanding, shown as £1.148m long-term and £0.092m short-term. This 'hubco' is a special purpose vehicle set up for the purposes of ring-fencing individual Design, Build, Finance and Maintain (DBFM) projects under Scotland's Schools for the Future national investment programme. The balance shown has not been adjusted to reflect a 12-month credit loss allowance, as due to the nature of the investment and the Council's interest in the underlying asset, there is a low risk of default with any adjustment, after assessment, having been deemed to be immaterial. This assessment takes into account the level of income for the 'hubco' being relatively stable, with the revenue to meet the commitments, primarily due under a long-term contract with the Council. The assessment considered the probability of no default, probability of default up to 6 months and probability of default up to one year with an estimation of a loss given default and the probability of each combination of events occurring for the cashflows due.

The Council adopts the simplified approach for trade/rents receivables under which impairment losses are automatically based on lifetime expected credit losses, removing the need to consider changes in credit risk since initial recognition and the possibility that appropriate measure should be 12-month expected credit losses. To arrive at the expected credit loss for trade receivables an analysis was carried out by examining previous repayment patterns considering the different time horizons over which the debt remained unpaid but did not default, adopting this approach to measure the probability of default. Despite changing the measurement basis there was no material difference between the previous bad debt provisions and the amount arrived at using the expected credit loss approach.

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**Income, Expense, Gains and Losses on Financial Instruments**

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement in relation to financial instruments are made up as follows:

|                                       | 31 March 2022  |   |   |                 | 31 March 2023  |   |   |                 |
|---------------------------------------|--|---|---|-----------------|--|---|---|-----------------|
|                                       | <b>Financial Liabilities</b><br>Measured at amortised cost | <b>Financial Assets</b><br>Measured at amortised cost | <b>Financial Assets</b><br>Measured at FV through Profit and Loss | <b>Total</b>    | <b>Financial Liabilities</b><br>Measured at amortised cost | <b>Financial Assets</b><br>Measured at amortised cost | <b>Financial Assets</b><br>Measured at FV through Profit and Loss | <b>Total</b>    |
|                                       | £000   | £000  | £000  | £000            | £000   | £000  | £000  | £000            |
| Interest Expenses                     | (20,355)   | -   | -   | (20,355)        | (25,850)   | -   | -   | (25,850)        |
| PPP Unitary Charge Interest           | (13,598)   | -   | -   | (13,598)        | (13,566)   | -   | -   | (13,566)        |
| Finance Lease Interest                | (135)  | -   | -   | (135)           | (124)  | -   | -   | (124)           |
| Loss on Derecognition                 | -  | -   | -   | -               | (6,774)  | -   | -   | (6,774)         |
| Impairment of Financial Assets        | -  | (4,123)   | -   | (4,123)         | -  | (4,234)   | -   | (4,234)         |
| <b>Total Expense</b>                  | <b>(34,088)</b>  | <b>(4,123)</b>  | <b>-</b>  | <b>(38,211)</b> | <b>(46,314)</b>  | <b>(4,234)</b>  | <b>-</b>  | <b>(50,548)</b> |
| Interest Income                       | -  | 216   | 14  | 230             | -  | 5,675   | 207   | 5,882           |
| Gain on De-recognition                | -  | -   | -   | -               | -  | -   | -   | -               |
| Financial Guarantee Premium           | -  | 101   | -   | 101             | -  | 97  | -   | 97              |
| <b>Total Income</b>                   | <b>-</b>   | <b>317</b>  | <b>14</b>   | <b>331</b>      | <b>-</b>   | <b>5,772</b>  | <b>207</b>  | <b>5,979</b>    |
| <b>Net (Loss) / Gain for the year</b> | <b>(34,088)</b>  | <b>(3,806)</b>  | <b>14</b>   | <b>(37,880)</b> | <b>(46,314)</b>  | <b>1,538</b>  | <b>207</b>  | <b>(44,569)</b> |

Notional gains and losses on 'Soft Loans' are not considered material and accordingly are not recognised in the Comprehensive Income and Expenditure Statement.

The impairment of financial assets relates to the loss on trade receivables/rents receivables written off in the year whilst as stated above, the Council has made no adjustments to reflect expected credit losses based on materiality and an assessment of likelihood of default for its other financial assets measured at amortised cost. Therefore, the table above includes the loss recognised in the Comprehensive Income and Expenditure Statement in respect of lifetime credit losses.

**17.2. Fair Value of Assets and Liabilities Carried at Amortised Cost**

Where the fair value is deemed to be different from the amortised cost as presented within balance sheet for both Financial Liabilities and Financial Assets the fair value amount is shown in the following table.

The principal amount shown in the table represents the actual value of the monies receivable or debt payable not arising from any adjustments whilst the carrying amount reflects the amortised cost including accrued interest up to and including the valuation date.

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|                                       | Fair        | 31 March 2022    |                  |                   | 31 March 2023    |                  |                   |
|---------------------------------------|-------------|------------------|------------------|-------------------|------------------|------------------|-------------------|
|                                       | Value Level | Principal Amount | Carrying Amount  | Fair Value Amount | Principal Amount | Carrying Amount  | Fair Value Amount |
| <b>Financial Liabilities</b>          |             | £000             | £000             | £000              | £000             | £000             | £000              |
| PWLB Debt                             | 2           | 407,349          | 410,385          | 469,557           | 449,233          | 452,280          | 411,657           |
| Non PWLB Debt                         | 2           | 276,299          | 279,646          | 313,577           | 299,984          | 305,075          | 303,183           |
| Financial Guarantee                   | -           | 152              | 152              | 152               | 55               | 55               | 55                |
| Finance Leases                        | 2           | 1,764            | 1,764            | 2,077             | 1,507            | 1,507            | 1,608             |
| PPP & similar arrangements            | 2           | 172,194          | 172,194          | 200,905           | 165,402          | 165,402          | 162,101           |
| Creditors <sup>1</sup>                | -           | 156,287          | 156,287          | 156,287           | 177,658          | 177,658          | 177,658           |
| <b>Total Financial Liabilities</b>    |             | <b>1,014,045</b> | <b>1,020,428</b> | <b>1,142,555</b>  | <b>1,093,839</b> | <b>1,101,977</b> | <b>1,056,262</b>  |
| <b>Financial Assets</b>               |             |                  |                  |                   |                  |                  |                   |
| At Amortised Cost                     | 2           | 74,993           | 75,015           | 75,015            | 58,210           | 58,271           | 58,271            |
| At Fair Value through Profit and Loss | 1           | 39,990           | 40,001           | 40,001            | 18,060           | 18,150           | 18,150            |
| Debtors <sup>2</sup>                  | -           | 49,861           | 49,861           | 49,861            | 67,887           | 67,887           | 67,887            |
| <b>Total Financial Assets</b>         |             | <b>164,844</b>   | <b>164,877</b>   | <b>164,877</b>    | <b>144,157</b>   | <b>144,308</b>   | <b>144,308</b>    |

<sup>1</sup> The creditors amount quoted within the table above represents trade creditors, other entities and individuals included within Note 21.

<sup>2</sup> The debtors amount quoted within the table includes trade debtors, other entities and individuals included within Note 19.

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value which is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2023, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2023.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low interest rate environment.
- For financial assets classified as fair value through profit and loss, these represent funds held in Money Market Funds which are carried in the balance sheet at fair value. These funds being invested in low volatility NAV funds.
- The financial assets shown at amortised cost as current, are due to mature in less than one year and for these balances it has been assumed that the carrying amount will represent a reasonable approximation to fair value. This approach has also been applied to the financial assets shown at amortised cost and original cost and

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categorised as long-term, given the size and nature of the investment under consideration with any differential likely to be immaterial.

The interest rate swap used to calculate the local authority margin is determined from two sources:

- Up to 5 years: the rates available to borrowers in the local authority loan market on 31 March 2023 sourced from brokers active in this market.
- Over 5 years: the yields on actively traded local authority bonds, of which the majority are issued by Transport for London as quoted by Bloomberg on 31 March 2023.

Where applicable fair values are shown in the table above split by their level in the fair value hierarchy:

- Level 1: fair value is only derived from quoted prices in active markets for identical assets or liabilities e.g. bond prices
- Level 2: fair value is calculated from inputs other than quoted prices in active markets that are observable for the asset or liability e.g. interest rates or yields for similar instruments
- Level 3: fair value is determined using unobservable inputs e.g. non market data such as cash flow forecasts or estimated credit worthiness.

#### 17.3. Nature and Extent of Risks arising from Financial Instruments

Treasury Management activity by its very nature exposes the Council to a variety of financial risks with the Council's overall risk management procedures focusing on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government in Scotland Act 2003 and the associated regulations. In accordance with the Council's financial regulations, the Council has adopted the CIPFA's Code of Practice (the Code) on Treasury Management in the Public Services and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021 including the key principles within Section 4, formally adopting the clauses within Section 5 and the suggested treasury management policy statement within Section 6.

The Council regards the successful identification, monitoring and management of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities focuses on their risk implications for the organisation. It acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

The Council has in place suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, prescribing how it will manage and control those activities. These TMPs are a requirement of the Code of Practice within Section 7 and are implemented by the Council's Treasury Management team and are reviewed regularly.

The Council manages its risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years, limiting:
  - The Council's overall borrowing (Authorised Limit & Operational Boundary);
  - Its maximum and minimum exposures with regard to the Maturity Structure of its Debt.

These items are reported within the Council's Annual Treasury Management Strategy which is approved by the Council prior to the commencement of each financial year. This report outlines the approach to managing risk in relation to the Council's financial instrument exposure for the year ahead. The Council will monitor its interest rate exposure by monitoring the proportion of fixed interest rate costs to variable interest costs to identify if there are any potential risks if interest rates were to move significantly upwards. The Council will also monitor debt maturity profile, the spend profile of the capital programme and also continue to adopt a prudent approach to use of internal balances in lieu of future long-term borrowing i.e. monitor under borrowing position. The economic outlook and interest rate forecast will supplement this on-going review of interest rate exposure.

Actual performance is monitored on a quarterly basis with any significant variation from the strategy reported to Members. In line with the recommendations of the Code of Practice, a mid-year review is carried out and an Annual Treasury Report on the year's activity is submitted to members once the final accounts are complete and the outturn prudential indicators for 2022/23 have been calculated.



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#### Credit Risk

Credit risk arises from the short-term depositing of surplus funds to banks, building societies and other local authorities, as well as credit exposures to the Council's customers including house rents and external debtors. The credit risk relates to the possibility that these other parties might fail to pay the amounts due to the Council. The Council manages its investments in accordance with the Local Government Investments (Scotland) Regulations 2010, including the preparation of an Annual Investment Strategy.

The Council's principal investment criteria, stipulated within the 2022/23 Treasury Management Strategy, prescribed that short-term deposits could be made with banks, building societies and local authorities based on a Lowest Common Denominator (LCD) approach. This allows the selection of counterparties that must meet a pre-determined credit-rating level to which monetary and time limits can then be applied. Therefore, the counterparty is assessed by its weakest set of ratings, rather than its strongest. The Council utilises the research of the world's foremost providers of independent credit ratings (Fitch, Moody's and Standard & Poor's). These ratings are monitored by the Council's Treasury Management team and procedures are in place with the Council's Treasury advisers to ensure that the Council is notified immediately of any negative/positive movements which will affect the Council's counterparty list.

The Council also has a HM Treasury backed Debt Management Account Deposit facility. During 2022/23 the Council's Investment Strategy was robust, with sufficient options available to spread deposits over a wide range and category of financial institutions with due consideration given to country, group and sector exposure of the Council's investments.

Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties the Council supplemented this by accessing other market information. This additional market information is applied to compare the relative security of differing investment counterparties and included credit default swap prices, quality financial press commentary, share prices, annual reports, and statements to the financial market including the stock market.

The Council does not generally allow credit for its external debtors or house rents receivable. The past due amount can be analysed by age as follows:

|  | 31 March 2022              |                           |                              | 31 March 2023              |                           |                              |
|--|----------------------------|---------------------------|------------------------------|----------------------------|---------------------------|------------------------------|
|  | House Rents etc Receivable | Central Government Grants | External Debtor Accounts Due | House Rents etc Receivable | Central Government Grants | External Debtor Accounts Due |
|  | £000                       | £000                      | £000                         | £000                       | £000                      | £000                         |
| Less than three months                         | 5,705                      | 14,548                    | 5,708                        | 7,103                      | 15,462                    | 5,942                        |
| Three to six months                            | 1,767                      |                           | 415                          | 1,619                      |                           | 888                          |
| Six to twelve months                           | 1,960                      |                           | 774                          | 2,121                      |                           | 621                          |
| More than one year                             | 2,467                      |                           | 5,176                        | 2,479                      |                           | 5,175                        |
| <b>Debt Outstanding</b>                        | <b>11,899</b>              | <b>14,548</b>             | <b>12,073</b>                | <b>13,322</b>              | <b>15,462</b>             | <b>12,626</b>                |
| Expected Credit Losses                         | (8,900)                    | -                         | (3,068)                      | (9,896)                    | -                         | (2,726)                      |
| Average allowance for Expected Credit Loss (%) | 74.8%                      | 0%                        | 25.4%                        | 74.3%                      | 0%                        | 21.6%                        |
| <b>Total Debtors</b>                           | <b>2,999</b>               | <b>14,548</b>             | <b>9,005</b>                 | <b>3,426</b>               | <b>15,462</b>             | <b>9,900</b>                 |

The table above excludes prepayments and VAT recoverable whilst also excluding amounts relating to Council Tax, Non Domestic Rates and Community Charge as these are deemed to be statutory debts not arising from contracts. Central Government Grants and External Debtors Accounts due are included within Note 19 Short-Term Debtors as part of the total debtors due.

Loss allowances on trade receivables have been calculated with reference to the Council's historic experience of default, adjusted to reflect current and forecast economic conditions. The average percentage allowance for expected credit losses are shown in the table above.

#### Provisions: Financial Guarantee

In 2013/14 the Council agreed to provide North Lanarkshire Properties LLP (NLP LLP) with a financial guarantee, underwriting the debt service costs of the NLP LLP loan of £45.000m to the lender, up to a limit of 80% of the total debt service costs. The Council considers the likelihood of the guarantee being called as minimal. In recognition of this financial guarantee the Council made an initial provision of £1.114m which has now been revised to £0.055m.

The financial guarantee was assessed under IFRS9 Financial Instruments and has been valued at the amount initially recognised (i.e. fair value) less any cumulative amount of income /amortisation recognised. An alternative measurement basis is available based on the IFRS9 Expected Credit Loss Allowance, with the value recognised

## Annual Accounts 2022/23

### Notes to the Accounts

within the accounts reflecting the higher of these two valuation bases. The Council has agreed with the NLP LLP that the premium payable to the Council for providing this guarantee will be paid in annual instalments on a fair value basis over the term of the loan. The Council has therefore included a short-term debtor of £0.055m within the Balance Sheet to reflect this arrangement.

#### Soft Loans

The Council has recognised an amount receivable of £1.328m within Long-Term Debtors (2021/22 – £1.464m), representing the amounts due from service users receiving social care for which a charging order has been placed on the recipient's property as a method of recovering the debt, with a total of £2.494m of amounts recoverable (2021/22 - £2.365m) adjusted to reflect an expected credit loss allowance of £1.166m (2021/22 - £0.901m). The expected credit loss calculation is based on an assessment of likelihood of default and no default based on past historical default levels and other information available including the property subject to the charging order being on the market for sale at the balance sheet date or alternatively where the balance outstanding exceeds the value of the property subject to the charging order.

The Council offer a small number of properties at below market rents to assist in the economic regeneration and development of the area and to support key Council objectives, however these are not considered to be of sufficient size to meet the Council's materiality reporting level.

#### Liquidity Risk

- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.

The Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to Councils (although it will not provide funding to a Council whose action is unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above. This includes the setting and approval of the Council's Annual Treasury Management Strategy incorporating Prudential Indicators limiting the Council's maximum and minimum exposures with regard to the maturity structure of its debt. The Council also has in place robust cash flow procedures as required by the Code of Practice, maintaining liquid short-term deposits of at least £3.000m if required at short notice.

#### Re-financing and Maturity Risk

- Re-financing risk – the possibility that the Council might require to renew a financial instrument on maturity at disadvantageous interest rates or terms.

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates primarily to managing the exposure to replacing financial instruments as they mature.

The approved prudential indicator limit for the maturity structure of debt is the key parameter used to address this risk. The Council approved Treasury Management Strategy, including the setting and approval of prudential indicators, addresses the main risks and the Treasury Management Team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the re-scheduling of the existing debt; and
- monitoring the maturity profile of short-term investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs.

## Annual Accounts 2022/23

### Notes to the Accounts

The maturity analysis of financial liabilities incorporating PWLB and Non PWLB Debt based on principal outstanding is as follows:

|                                 | At 31 March 2022 | At 31 March 2023 |
|---------------------------------|------------------|------------------|
|                                 | £000             | £000             |
| Less than one year              | 243,716          | 273,087          |
| Between one and two years       | 26,586           | 21,004           |
| Between two and seven years     | 83,007           | 99,636           |
| Between seven and fifteen years | 100,392          | 136,176          |
| More than fifteen years         | 229,947          | 219,314          |
| <b>Total</b>                    | <b>683,648</b>   | <b>749,217</b>   |

It should be noted that the debt maturity profile above includes principal outstanding for LOBO (Lender's Option Borrower's Option) loans based on their maturity date as opposed to the potential maturity date in the year where options or calls exist. A LOBO is called when the lender exercises its right to amend the interest rate on the loan at which point the Council can accept the revised terms or reject them and repay the loan.

The Council currently has a £3.0m exposure to LOBO loans, all of which have a call date falling within less than one year. The interest rates on the LOBO loans held range from 10.625% to 10.937% and based on the current and the forecast interest rates the likelihood of these loans being called has been assessed as minimal. In the event that the call option were to be exercised, the default position will be the repayment of the LOBO without penalty with the associated treasury risks (refinancing/interest rate/liquidity) managed in line with the borrowing strategy for other maturing debt. The £3.0m is a vanilla type LOBOs where the lender has the option to impose a higher interest rate on certain dates with the Council having the option to repay.

The maturity analysis for financial liabilities in relation to Finance Lease and PPP arrangements are shown within Notes 24.1 and 25.3 respectively.

All trade and other payables are due to be paid in less than one year and external debtors (net of expected credit losses) are not shown in the table above.

At the 31 March 2023, the Council as permitted by its investment strategy, as outlined within section 17.1, has a total investment of £1.259m in subordinated debt in relation to two school projects. The first investment taken out in 2015/16 in relation to Greenfaulds High School as a Design, Build, Finance and Maintain (DBFM) project in partnership with hub South West Scotland Ltd. The new school partially opened in 2016/17 with the addition of a Multi-Use Games Area with completion of the final phase in July 2017 with a balance due of £0.889m at 31 March 2023 which includes accrued interest due of £0.044m with the balance of £0.845m repayable on an annuity basis over 25 years from the initial recognition date.

In June 2017, the Council entered into a second subordinated debt agreement in relation to Cumbernauld Academy, as a Design, Build, Finance and Maintain (DBFM) project, in partnership with Hub SW Cumbernauld DBFM Co Ltd. The new school opened in 2019/20 with the final phase completed in August 2020 with the outstanding balance due of £0.351m at 31 March 2023 which includes accrued interest due of £0.017m with the balance of £0.334m repayable on an annuity basis over 25 years from the initial recognition date.

Due to the size and nature of the investment and the investor relationship between the Council and the 'hubco', both these investments are considered to have a minimum impact upon the credit risk profile for the Council.

#### Market Risk

- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates, prices and foreign exchange rates.

#### Market Risk – Interest Rates

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

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

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### Notes to the Accounts

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement or Movement in Reserves Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance, subject to influences from Government grants.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. The Council will monitor its interest rate exposure by the local indicator shown in the tables below. To monitor its interest rate exposure, the proportion of fixed interest rate costs to variable interest costs is monitored on a quarterly basis to identify if there are any potential risks if interest rates were to move significantly upwards.

The risk of interest rate loss is partially mitigated by the government grant payable on financing costs. However, the correlation between a 1% movement and the potential change in grant levels is not readily identifiable due to the complexity of the grant allocation methodology adopted within the Local Government Settlement. Therefore, the impact on government grants receivable has been excluded from the table below.

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

|   |              |
|---|--------------|
|   | £000         |
| Increase in interest payable on variable rate borrowings                | 33           |
| Increase in interest receivable on variable short-term investments      | (851)        |
| <b>Overall Impact on Comprehensive Income and Expenditure Statement</b> | <b>(818)</b> |
| <b>Share of Overall impact debited to the HRA</b>                       | <b>(333)</b> |

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

|   |            |
|---|------------|
|   | £000       |
| Decrease in interest payable on variable rate borrowings                | (33)       |
| Decrease in interest receivable on variable short-term investments      | 557        |
| <b>Overall Impact on Comprehensive Income and Expenditure Statement</b> | <b>524</b> |
| <b>Share of Overall impact debited to the HRA</b>                       | <b>213</b> |

In terms of the impact on the fair value of fixed rate borrowings/liabilities this would have no impact upon the Comprehensive Income and Expenditure Statement or Movement in Reserves Statement. Per the assumptions and adopting the same methodology as used in 17.2 Fair Value of Assets and Liabilities carried at Amortised Cost, a 1% increase and decrease in the prevailing swap rates and inter authority margins would have the following implications in terms of the fair value. Where a reduction of 1% would result in a rate less than zero being applied, the fair value has been calculated using a negligible redemption rate of 0.001%.

|  |            |            |
|--|------------|------------|
|  | <b>+1%</b> | <b>-1%</b> |
|  | £000       | £000       |
| Total Movements in Fair Value of Fixed Rate Borrowings | (42,412)   | 51,345     |

For Financial assets shown at amortised cost it has been assumed that the carrying amount will represent a reasonable approximation to fair value thus the impact on the fair value of investments and subsequent impact on the Movement in Reserves Statement as a result of an increase in the interest rate of 1% has not been included within the table above.

#### Market Risk – Prices

The Council has an interest in a number of Subsidiary and Associate Companies along with Joint Ventures. Information as to the role of the Council in respect of these interests is provided within Note 2 to the Group Accounts. For each of these interests the Council will account for its share of assets, liabilities, and trading surplus or deficit within the Group Accounts dependant on the specific nature of the relationship in line with proper accounting practice.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it may only acquire shareholdings in return for "open book" arrangements with the company concerned. The Council manages the risk in this area by exerting influence within the limits of its holdings and monitoring factors that might cause a fall in the value of specific shareholdings.

## Annual Accounts 2022/23

### Notes to the Accounts

#### 18. Inventories

The Council holds stocks of consumable materials such as fuel and catering supplies. The movements in the year can be summarised as follows:

|                                      | 2021/22      | 2022/23      |
|--------------------------------------|--------------|--------------|
|                                      | £000         | £000         |
| <b>Opening Balance at 1 April</b>    | <b>1,891</b> | <b>2,529</b> |
| Purchases                            | 9,378        | 14,377       |
| Donations                            | -            | -            |
| Recognised as an expense in the year | (8,641)      | (15,211)     |
| Write Off Balances                   | (99)         | (20)         |
| <b>Closing Balance at 31 March</b>   | <b>2,529</b> | <b>1,675</b> |

#### 19. Short-Term Debtors

The Short-Term Debtors balance consists primarily of debts in respect of Council Tax, External Debtors Accounts and other Sundry Debtors. This can be summarised as follows:

|   | 2021/22   |               | 2022/23   |                |
|---|-----------|---------------|-----------|----------------|
|   | £000      | £000          | £000      | £000           |
| Central Government Bodies                     |           | 19,614        |           | 33,798         |
| Other Local Authorities                       |           | 1,001         |           | 2,126          |
| NHS Bodies                                    |           | 1,879         |           | 3,050          |
| Public Corporations and Trading Funds         |           | 2             |           | 6              |
| Trade Debtors, Other Entities and Individuals |           | 49,861        |           | 68,542         |
| Provision for Expected Credit Losses          |           | (4,288)       |           | (4,402)        |
| House Rents Receivable:                       |           |               |           |                |
| Rents Receivable                              | 11,899    |               | 13,321    |                |
| Less Expected Credit Losses                   | (8,900)   | 2,999         | (9,896)   | 3,425          |
| Arrears in Local Taxation:                    |           |               |           |                |
| Council Tax                                   | 118,506   |               | 118,885   |                |
| Less Provision                                | (103,469) | 15,037        | (107,920) | 10,965         |
| NNDR Statutory Addition                       | 5,550     |               | 5,500     |                |
| Less Provision                                | (5,190)   | 360           | (5,231)   | 269            |
| <b>Total Debtors</b>                          |           | <b>86,465</b> |           | <b>117,779</b> |

#### 20. Cash and Cash Equivalents

|                                       | 2021/22        | 2022/23       |
|---------------------------------------|----------------|---------------|
|                                       | £000           | £000          |
| Cash held by the Council              | 499            | 370           |
| Bank current accounts / call accounts | 73,756         | 57,031        |
| Money Market Funds                    | 40,001         | 18,150        |
| <b>Net Cash and Cash Equivalents</b>  | <b>114,256</b> | <b>75,551</b> |

# Annual Accounts 2022/23

## Notes to the Accounts

### 21. Short-Term Creditors

The Short-Term Creditors balance consists primarily of amounts due in respect of payroll costs, payovers to HMRC and other sundry creditors. This can be summarised as follows:

|   | 2021/22<br>£000  | 2022/23<br>£000  |
|---|------------------|------------------|
| Central Government                              | (6,201)          | (4,985)          |
| Other local authorities                         | (2,706)          | (2,206)          |
| NHS Bodies                                      | (4,895)          | (2,010)          |
| Public Corporations and Trading Companies       | (694)            | (1,349)          |
| Trade Creditors, Other Entities and Individuals | (156,287)        | (176,901)        |
| Short-term compensated absences (1)             | (21,717)         | (23,803)         |
| <b>Total Creditors</b>                          | <b>(192,500)</b> | <b>(211,254)</b> |

- (1) For the notional accrued cost of benefits employees receive as part of their contract of employment, entitlement to which is built up as they work for the Council. The balance relates to holiday entitlement.

### 22. Provisions

|                         | Balance at<br>31 March<br>2021<br>£000 | Additional<br>Provisions<br>Made in<br>2021/22<br>£000 | Amounts<br>Used in<br>2021/22<br>£000 | Balance at<br>31 March<br>2022<br>£000 | Additional<br>Provisions<br>Made in<br>2022/23<br>£000 | Amounts<br>Used in<br>2022/23<br>£000 | Balance at<br>31 March<br>2023<br>£000 |
|-------------------------|--|--|---------------------------------------|--|--|---------------------------------------|--|
| Equal Pay (1)           | 5,606                                  | -  | (558)                                 | 5,048                                  | -  | (73)                                  | 4,975                                  |
| Landfill (2)            | 7,664                                  | -  | (171)                                 | 7,493                                  | -  | (246)                                 | 7,247                                  |
| Financial Guarantee (3) | 253                                    | -  | (101)                                 | 152                                    | -  | (97)                                  | 55                                     |
| <b>Total Provisions</b> | <b>13,523</b>                          | <b>-</b>   | <b>(830)</b>                          | <b>12,693</b>                          | <b>-</b>   | <b>(416)</b>                          | <b>12,277</b>                          |

- (1) The Council has previously recognised the need to provide for on-going commitments arising from equal pay compensation claims. The provision is reviewed annually with consideration given to the scale and scope of any risk and uncertainties.
- (2) In 2012/13, a provision was recognised for the future costs associated with the restoration of Auchinlea landfill site. Additional provisions were made in 2020/21. During 2022/23 £0.246m of the provision was utilised.
- (3) Refer to Provisions: Financial Guarantee note within Note 17 Financial Instruments

### 23. Contingent Assets and Liabilities

Contingent assets represent items that at 31 March 2023 are not recognised in the Council's Annual Accounts because there is significant uncertainty at that date as to the likelihood that the Council will receive payments in respect of them. Contingent liabilities represent items that at 31 March 2023 are not recognised in the Council's Annual Accounts because there is significant uncertainty at that date as to the necessity of the Council to make payments in respect of them.

A number of legal actions have been brought against the Council in respect of Equal Pay. Notification has also been received of a number of other cases that are not yet subject to Court action but which may result in subsequent litigation. Due to the wide variety and nature of the claims and the uncertainty of any potential liability, no value has been attributed to these claims in the financial statements.

The Council has received notification of a number of legal claims in respect of contract disputes. Due to the wide variety and nature of the claims and the uncertainty of any potential liability, no value has been attributed to these claims in the financial statements.

On 20 July 2020, a Written Ministerial Statement (WMS) was issued in relation to survivor benefits for Public Service Pensions. The 2017 Supreme Court ruling in Walker vs Innospec, along with subsequent amendments entitled same-sex survivors pension benefits to take account of the member's service from 6 April 1987. On 30<sup>th</sup> June 2020, the Goodwin Tribunal ruled that this should also apply to male survivors of opposite-sex marriages. The Goodwin Tribunal was in relation to the Teachers' Pension Scheme, however the WMS confirmed that this difference in

## Annual Accounts 2022/23

### Notes to the Accounts

treatment would also need to be remedied in other public sector pension schemes. Whilst there is still uncertainty surrounding the potential remedy, the Council's actuaries carried out some approximate analysis and concluded that the impact of the judgement is likely to be very small and therefore have not accounted for this within their calculations. This could have a financial impact on future years' costs, however given the uncertainty no provision has been made in the Accounts.

The Limitation (Childhood Abuse) (Scotland) Act 2017 which came into force in October 2017 removed the time bar for survivors of historical child abuse to make a claim for compensation in the civil courts. On 23 April 2021 the Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021 received Royal Assent. The Act introduces a scheme to make financial payments to survivors of historical child abuse in care in Scotland and sets out that Scottish Ministers must establish a list of organisations who have agreed to make a fair and meaningful contribution towards the funding of the redress payments. In return, survivors who accept a redress payment agree not to take legal action against these organisations or the Scottish Government. The Council makes a contribution to this scheme through a deduction from the General Revenue Grant, however despite the existence of the scheme, there is still potential for redress to be sought via legal action against the Council. Potential claim volume and values cannot be quantified at this time therefore no financial provision has been made.

A Fatal Accident Inquiry into the death of a child is underway with the Council being named as an interested party. A number of preliminary hearings have been held, with a further continued preliminary hearing set for 22nd November 2023. The purpose of the Inquiry is not to determine liability, however the likelihood or value of any potential legal action against the Council cannot be determined at this time, therefore no provision has been made in the Accounts.

The Council is unaware of any other material contingent asset or liability as at 31 March 2023.

## 24. Leases

### 24.1. Council as a Lessee – Finance Leases

The balance held on Property, Plant and Equipment for the remaining overcladding programme is included within the HRA Council Dwellings valuation, and computer equipment was transferred as part of the CLNL Insourcing is included within Vehicles, Plant & Equipment valuation however this was settled early during 2022/23.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

|                                       | 2021/22      | 2022/23      |
|---------------------------------------|--------------|--------------|
|                                       | £000         | £000         |
| Finance lease liabilities             |              |              |
| ▪ Current                             | 221          | 218          |
| ▪ Non-current                         | 1,543        | 1,289        |
| Finance costs payable in future years | 510          | 387          |
| <b>Minimum lease payments</b>         | <b>2,274</b> | <b>1,894</b> |

The minimum lease payments will be payable over the following periods:

|   | Minimum Lease Payments |              | Finance Lease Liabilities |              |
|---|------------------------|--------------|---------------------------|--------------|
|   | 2021/22                | 2022/23      | 2021/22                   | 2022/23      |
|   | £000                   | £000         | £000                      | £000         |
| Not later than one year                           | 344                    | 325          | 221                       | 218          |
| Later than one year and not later than five years | 1,336                  | 1,299        | 1,005                     | 1,038        |
| Later than five years                             | 594                    | 270          | 538                       | 252          |
| <b>Total</b>                                      | <b>2,274</b>           | <b>1,894</b> | <b>1,764</b>              | <b>1,508</b> |

### 24.2. Council as a Lessee – Operating Leases

The Council leases various properties as a tenant on a variety of lease terms that are accounted for as operating leases. The rentals payable in 2022/23 were £3.286m (2021/2022 £3.508m). The Council also leases various vehicles, plant and equipment on lease terms that are typically between one and five years. The rentals payable in 2022/23 were £0.580m (2021/22 £0.927m). Rental charges for operating leases have been included in the

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### Notes to the Accounts

Comprehensive Income and Expenditure Statement. The future minimum lease payments under non-cancellable leases in future years are as follows:

|   | Operational Buildings |              | Vehicles, Plant & Equipment |            |
|---|-----------------------|--------------|-----------------------------|------------|
|   | 2021/22               | 2022/23      | 2021/22                     | 2022/23    |
|   | £000                  | £000         | £000                        | £000       |
| Not later than one year                           | 854                   | 660          | 483                         | 161        |
| Later than one year and not later than five years | 2,294                 | 2,008        | 231                         | 53         |
| Later than five years                             | 579                   | 386          | -                           | -          |
| <b>Total</b>                                      | <b>3,727</b>          | <b>3,054</b> | <b>714</b>                  | <b>214</b> |

The Council had sub-let a number of these buildings and the minimum lease payments expected to be received from these sub leasing agreements is £0.017m (2021/22 £0.046m).

#### 24.3. Council as a Lessor – Operating Leases

The Council leases out property under operating leases for the purposes of economic development to provide suitable affordable accommodation for local businesses. These arrangements are accounted for as operating leases. The rental income receivable in 2022/23 was £1.166m (2021/22 £1.304m) and is included in the Comprehensive Income and Expenditure Statement. The rents receivable under non-cancellable leases in future years are shown in the table below.

|   | Future Rental Income Receivable |               |
|---|---------------------------------|---------------|
|   | 2021/22                         | 2022/23       |
|   | £000                            | £000          |
| Within one year                                     | 930                             | 885           |
| Later than one year and not later than five years   | 1,508                           | 1,459         |
| Later than five years and not later than ten years  | 1,783                           | 1,743         |
| Later than ten years and not later than fifty years | 12,472                          | 12,096        |
| Later than 50 years                                 | 8,077                           | 7,783         |
| <b>Total</b>  | <b>24,770</b>                   | <b>23,966</b> |

#### 25. Public Private Partnerships and Similar Contracts

In June 2005, the Council entered into a Public Private Partnership for the provision and maintenance of school and community buildings. The agreement has provided 17 purpose-built facilities consisting of 3 secondary schools, 7 stand-alone primary schools, and 7 primary school joint campus facilities. When the agreement ends on 31 March 2037 responsibility for maintenance and operation transfers back to the Council. However, the Council will only have to budget for routine maintenance for the first five years following expiry of the agreement because the contract contains provisions that require the contractor to ensure that the buildings are in a condition to require no replacement of any significant building element over these five years.

In 2016/17, a further addition to the Council's school portfolio was the replacement Greenfaulds High School as a Design, Build, Finance and Maintain (DBFM) project in partnership with Hub South West Scotland Ltd. The school was fully functional by the end of 2017/18 with the current outstanding DBFM liability incorporated within the following table.

In 2019/20, a further addition to the Council's school portfolio was the Cumbernauld Academy Design, Build, Finance and Maintain (DBFM) project in partnership with Hub SW Cumbernauld DBFM Co Ltd. Phase 1 and Phase 2a were completed in July 2019 and February 2020 with capital values of £34.188m and £1.545m respectively, with Phase 2b with a capital value of £1.176m being completed in August 2020.

The Council has a 40% share in the contract for waste recycling which utilises the waste materials recovery facility at Bargeddie with residual waste then processed at a thermal treatment in Dunbar. North Lanarkshire is lead authority and contracted with Viridor, with four other councils tied into the contract through an Inter Authority Agreement. As a result, in 2019/20 there was an addition of £9.342m which represents its share of use of the asset under a service concession arrangement with an addition of £1.416m in 2020/21 representing the Council's share of capitalised interest recognised in 2020/21 excluded from the capitalised value in 2019/20.



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### Notes to the Accounts

#### 25.1. Property, Plant and Equipment

The assets used to provide services at the schools, along with the Council's share of the Clyde Valley Waste Plant, are recognised on the Council's Balance Sheet. Movements in value over the year are as follows:

|  | Restated<br>2021/22 | 2022/23        |
|--|---------------------|----------------|
|  | £000                | £000           |
| <b>Opening Net Book Value (Restated)</b> | <b>284,582</b>      | <b>282,100</b> |
| Additions                                | -                   | -              |
| Disposals                                | -                   | -              |
| Depreciation charge for the year         | (5,920)             | (5,672)        |
| Revaluations in year                     | 3,438               | -              |
| <b>Closing Net Book Value</b>            | <b>282,100</b>      | <b>276,428</b> |

#### 25.2. Remaining Payments Under The Agreements

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the provider fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the contracts at 31 March 2023 including an adjustment for inflation and excluding any estimation of availability and performance deductions are as follows:

|  | Future payments for services (including lifecycle maintenance) | Repayment of liability | Finance interest | Total          |
|--|--|------------------------|------------------|----------------|
|  | £000   | £000                   | £000             | £000           |
| Payable within one year                        | 21,551   | 7,086                  | 15,350           | 43,987         |
| Payable within two to five years               | 86,401   | 34,025                 | 62,553           | 182,979        |
| Payable within six to ten years                | 128,325  | 48,166                 | 75,897           | 252,388        |
| Payable within eleven to fifteen years         | 130,337  | 50,349                 | 62,015           | 242,701        |
| Payable within sixteen to twenty years         | 70,841   | 21,241                 | 5,714            | 97,796         |
| Payable within twenty one to twenty five years | 24,092   | 4,534                  | 1,077            | 29,703         |
| <b>Total</b>                                   | <b>461,547</b>   | <b>165,401</b>         | <b>222,606</b>   | <b>849,554</b> |

#### 25.3. Liabilities from PPP Arrangements and Similar Contracts

Although the payments to the providers are described as unitary payments, they have been calculated to compensate the provider for the fair value of the services they provide, and the capital expenditure incurred, plus the interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay to the providers for the capital expenditure (the outstanding finance lease obligation) is as follows:

|  | 2021/22          | 2022/23          |
|--|------------------|------------------|
|  | £000             | £000             |
| Balance outstanding at the start of the year | <b>(179,262)</b> | <b>(172,194)</b> |
| Additions during the year                    | -                | -                |
| Payments during the year                     | 7,068            | 6,792            |
| <b>Balance outstanding at year-end</b>       | <b>(172,194)</b> | <b>(165,402)</b> |
| Included in Balance Sheet                    |                  |                  |
| Current                                      | (6,792)          | (7,086)          |
| Non-current                                  | (165,402)        | (158,316)        |

## **26. Pension Costs**

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until an employee retires, the Council has to disclose a commitment to make the payments at the time that employees earn their future entitlement. The Council participates in two pension schemes:

- The Strathclyde Pension Fund Local Government Pension Scheme is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) (Administration) Regulations 1998. This is a defined benefit scheme, meaning that the Council and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.
- The Teachers' Pension Scheme is currently administered by the Scottish Public Pensions Agency, an Executive Agency of the Scottish Government. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. However, as the Scheme is not able to identify each 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.

The principal risks to the authority of the scheme are the longevity assumptions, statutory 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 Scottish Government requirements to charge to the General Fund the amounts due by statute as described in the accounting policies note. Property and Private equity comprise £886m of total NLC assets in the pension fund of £2.7bn (33%). These assets are valued at Level 3 of the Fair Value hierarchy, meaning they are valued using unobservable inputs and are therefore more volatile in nature.

High UK corporate bonds yields, has resulted in high accounting discount rates which place a significantly lower value on the pension obligations compared to last year's accounts, with the fund assets being in excess of the obligations resulting in a net asset in relation to funded plans. IAS 19 – Employee Benefits requires that where there is a surplus position, this should be measured at the lower of the surplus in the defined benefit plan and the asset ceiling, where the asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions to future contributions. The Council's actuaries have calculated that the surplus in relation to funded plans of £774.259m and the asset ceiling, based on the remaining future working lifetime of staff and the present value of accruing service cost less value of cash contributions is £53.178m, therefore an asset ceiling adjustment of £721.081m has been applied. As a result, the net pension asset held on the Council's balance sheet is £53.178m. In addition to this, a net pension liability of £119.504m is held on the Council's balance sheet in relation to unfunded liabilities.

In 2022/23, the Council paid £40.300m (£37.896m in 2021/22) to the Scottish Public Pensions Agency in respect of teachers' retirement benefits, representing an employer contribution of 23.0%. In addition, the Council is responsible for all pension payments relating to previously awarded added years. In 2022/23, these amounted to £5.127m (£5.064m for 2021/22).

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**26.1. Transactions relating to retirement benefits**

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year. Consequently, the real cost of retirement benefits is reversed out of the General Fund in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance / Housing Revenue Account via the Movement in Reserves Statement:

|   | 2021/22          | 2022/23         |
|---|------------------|-----------------|
|   | £000             | £000            |
| <b>Comprehensive Income and Expenditure Statement (CIES)</b>                                    |                  |                 |
| Included within Net Cost of Service within CIES:  |                  |                 |
| • Current service cost  | 119,672          | 117,143         |
| • Past service cost/(gain) including curtailments   | 1,125            | 3,494           |
| • Effect of Settlements   | -                | -               |
|   | <b>120,797</b>   | <b>120,637</b>  |
| Included within Financing and Investment Income & Expenditure in CIES:                          |                  |                 |
| • Net interest expense  | 9,318            | 5,034           |
|   | <b>9,318</b>     | <b>5,034</b>    |
| <b>Total Post-employment Benefit charged to Surplus or Deficit on the Provision of Services</b> | <b>130,115</b>   | <b>125,671</b>  |
| Other Post-employment Benefits charged to the CIES:   |                  |                 |
| Re-measurement of the net defined benefit liability   | (352,023)        | (155,907)       |
| <b>Total Post-employment Benefits charged to the CIES</b>                                       | <b>(221,908)</b> | <b>(30,236)</b> |
| <b>Less Employer's contributions payable to pension scheme</b>                                  | <b>(55,329)</b>  | <b>(59,594)</b> |
| Impact of Business Combination and Disposals  | 16,203           | -               |
| <b>Movement in Pension Reserve</b>  | <b>(261,034)</b> | <b>(89,830)</b> |

**26.2. Assets and Liabilities in Relation to Post Employment Benefits**

A reconciliation of the Council's share of the present value of Strathclyde Pension Fund's liabilities are as follows:

|  | 2021/22            | 2022/23            |
|--|--------------------|--------------------|
|  | £000               | £000               |
| <b>Opening balance at 1 April</b>                                      | <b>(2,820,623)</b> | <b>(2,892,704)</b> |
| Current service cost   | (119,672)          | (117,143)          |
| Interest cost  | (60,132)           | (78,982)           |
| Contributions from scheme participants                                 | (14,384)           | (15,585)           |
| <b>Remeasurement (gains) and losses:</b>                               |                    |                    |
| Actuarial gains/losses arising from changes in demographic assumptions | 19,023             | 22,673             |
| Actuarial gains/losses arising from changes in financial assumptions   | 201,456            | 1,107,351          |
| Actuarial gains/losses arising from changes in other experience        | (12,993)           | (136,089)          |
| Past service cost including gains/losses on curtailment                | (1,125)            | (3,494)            |
| Benefits paid  | 69,665             | 70,648             |
| Effect of settlements  | (153,919)          | -                  |
| <b>Closing Balance at 31 March</b>                                     | <b>(2,892,704)</b> | <b>(2,043,325)</b> |

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

|   | 2021/22          | 2022/23          |
|---|------------------|------------------|
|   | £000             | £000             |
| <b>Opening balance at 1 April</b>                               | <b>2,403,433</b> | <b>2,736,548</b> |
| Interest income   | 50,814           | 73,948           |
| Return on assets  | 144,537          | (116,947)        |
| Contributions from employer                                     | 46,991           | 52,020           |
| Contributions from scheme participants                          | 14,384           | 15,585           |
| Contributions in respect of Unfunded Benefits                   | 8,338            | 7,574            |
| Benefits paid   | (69,665)         | (70,648)         |
| Effect of settlements   | 137,716          | -                |
| Actuarial gains/losses arising from changes in other experience | -                | -                |
| <b>Closing Balance at 31 March</b>                              | <b>2,736,548</b> | <b>2,698,080</b> |

The net value of the scheme assets and liabilities is a net asset of £654.755m, however following the application of the asset ceiling of £721.081m as noted above, the net pension liability shown on the Council's balance sheet is £66.326m consisting of a net pension asset of £53.178m in relation to funded plans, together with a pension liability of £119.504m in relation to unfunded liabilities. The net asset restriction is calculated based on the remaining future working lifetime of active staff and the present value of accruing service cost less value of cash contributions.

### 26.3. Local Government Pension Scheme assets

The Council's share of the Pension Fund's assets at 31 March is as follows:

|                                       | 2021/22          | 2022/23          |
|---------------------------------------|------------------|------------------|
|                                       | £000             | £000             |
| Cash and cash equivalents             | <b>69,631</b>    | <b>51,114</b>    |
| Equity instruments (by industry type) |                  |                  |
| • Consumer                            | 128,199          | 121,040          |
| • Manufacturing                       | 120,585          | 150,447          |
| • Energy utilities                    | 28,478           | 13,505           |
| • Financial institutions              | 75,364           | 57,439           |
| • Health and care                     | 91,446           | 95,974           |
| • Information technology              | 158,905          | 93,302           |
| Sub-total equity                      | <b>602,977</b>   | <b>531,707</b>   |
| Bonds (by sector)                     |                  |                  |
| • Corporate                           | 1                | 1                |
| Sub-total bonds                       | <b>1</b>         | <b>1</b>         |
| Property                              | <b>230,783</b>   | <b>222,455</b>   |
| Private equity                        | <b>535,716</b>   | <b>663,156</b>   |
| Other investment funds                |                  |                  |
| • Equities                            | 1,013,302        | 894,121          |
| • Bonds                               | 276,388          | 311,160          |
| • Commodities                         | 940              | 1,053            |
| • Infrastructure                      | 2,402            | 17,326           |
| • Other                               | 4,408            | 5,989            |
| Sub-total other investment funds      | <b>1,297,440</b> | <b>1,229,649</b> |
| Derivatives                           | -                | (2)              |
| <b>Total assets</b>                   | <b>2,736,548</b> | <b>2,698,080</b> |

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#### 26.4. Reconciliation of Present Value of the Defined Benefit obligation and the Fair Value of Planned Assets to the Balance Sheet

The present value of unfunded liabilities comprises approximately £35.391m, £71.749m and £12.364m in respect of LGPS, Teachers' and Pre-LGR unfunded pensions. For unfunded liabilities as at 31 March 2023, it is assumed that all unfunded pensions are payable for the remainder of the member's life.

|  | 2021/22          | 2022/23         |
|--|------------------|-----------------|
|  | £000             | £000            |
| Fair Value of Employer Assets                  | 2,736,548        | 2,698,080       |
| Present Value of Funded Liabilities            | (2,743,988)      | (1,923,821)     |
| <b>Net (under)/Overfunding in Funded Plans</b> | <b>(7,440)</b>   | <b>774,259</b>  |
| Present Value of Unfunded Liabilities          | (148,716)        | (119,504)       |
| <b>Net Asset/(Liability)</b>                   | <b>(156,156)</b> | <b>654,755</b>  |
| Amount in Balance Sheet:                       |                  |                 |
| Liabilities                                    | (2,892,704)      | (2,043,325)     |
| Assets   | 2,736,548        | 2,698,080       |
| Asset Ceiling Adjustment                       | -                | (721,081)       |
| <b>Net Asset/(Liability)</b>                   | <b>(156,156)</b> | <b>(66,326)</b> |
| Balance Sheet presentation:                    |                  |                 |
| Other Long-Term Assets (Pensions)              | -                | 53,178          |
| Other Long-Term Liabilities (Pensions)         | (156,156)        | (119,504)       |
| <b>Net Asset/(Liability)</b>                   | <b>(156,156)</b> | <b>(66,326)</b> |

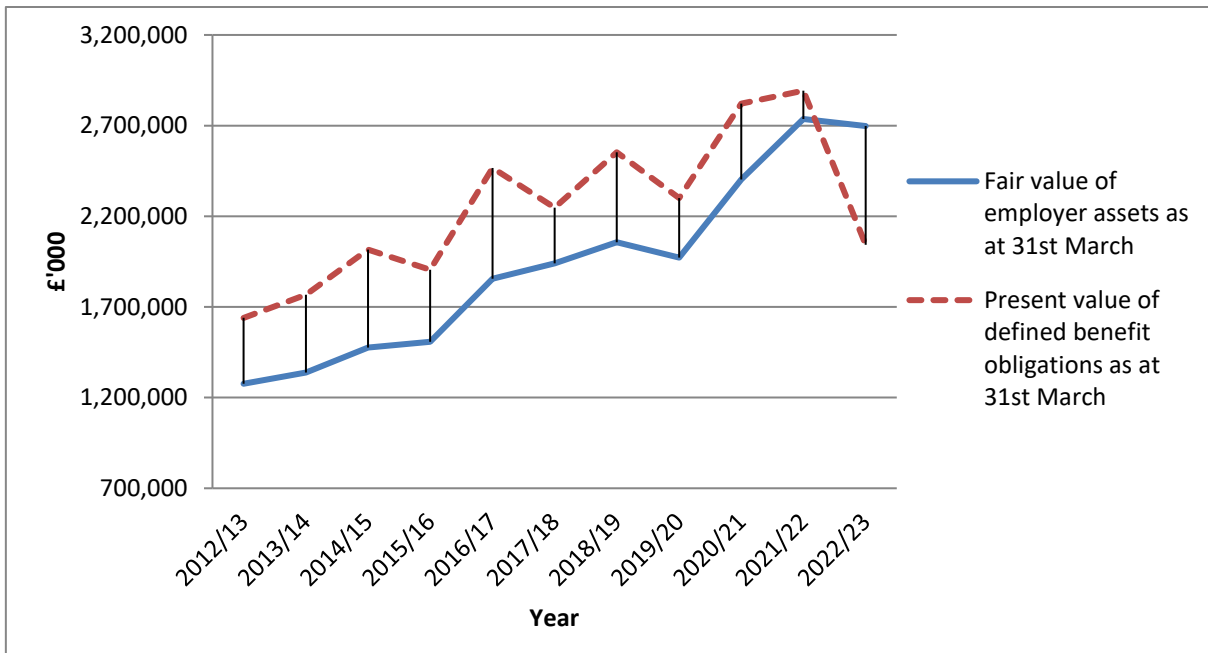
#### 26.5. Fund History

Triennial valuations provide one basis for assessing the overall position of funds (funding basis). Actuaries also prepare a valuation at 31st March each year on an accounting basis (IAS19 basis). This approach uses a lower discount rate for long-term liabilities and this tends to produce a more cautious result. The graph below shows the underlying commitments that the Council has to pay in retirement benefits on an accounting basis. The net liability after the applied asset ceiling, has a substantial impact on the net worth of the Council as recorded in the balance sheet, however the most recent triennial valuation as at March 2020 shows a funding position of 106% therefore it is expected that future contributions will be sufficient to meet the liabilities.

#### 26.6. Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Strathclyde Pension Fund assets and liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. Estimates for the fund are based on the latest valuation of the scheme as at 31 March 2023.

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|   | 2021/22 | 2022/23 |
|---|---------|---------|
| Mortality Assumptions:                  |         |         |
| Longevity at 65 for current pensioners: |         |         |
| • Men                                   | 19.6    | 19.3    |
| • Women                                 | 22.4    | 22.2    |
| Longevity at 65 for future pensioners:  |         |         |
| • Men                                   | 21.0    | 20.5    |
| • Women                                 | 24.5    | 24.2    |
| Rate of increase in salaries            | 3.90%   | 3.65%   |
| Rate of increase in pensions            | 3.20%   | 2.95%   |
| Discount Rate                           | 2.70%   | 4.75%   |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and that the assumption analysed changes while all the other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

|  | Approximate Monetary Amount £000 | Approximate % Increase to Employer Liability |
|--|----------------------------------|--|
| Rate of increase in salaries (increase by 0.1%)            | 4,702                            | 0%   |
| Rate of increase in pensions (increase by 0.1%)            | 32,476                           | 2%   |
| Rate for discounting scheme liabilities (decrease by 0.1%) | 36,665                           | 2%   |
| 1 Year increase in the member life expectancy              | 81,733                           | 4%   |

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 4%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

**Asset and Liability Matching Strategy**

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching strategy as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the

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liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (78%) and bonds (12%). The comparative year's figures are 79% and 10%. The scheme also invests in properties (8%) and cash (2%), with comparative year's figures of 8% and 3%.

#### **Impact on Council's Cash Flow**

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the long-term. The total contributions expected to be made by the Council to Strathclyde Pension Fund in the year to March 2024 is £50.466m. The weighted average duration, i.e. the time until payment of all expected future discounted cashflows, of the defined benefit obligation for Fund members is 19 years.

The contributions paid by the employer are set by the fund actuary at each triennial valuation (the most recent being as at 31 March 2020), or at any other time as instructed to do so by the administering authority. The contributions payable over the period to 31 March 2024 are set out in the Rates and Adjustments certificate.

The most recent triennial valuation was completed as at March 2020. This shows a funding position of 106% (March 2017; 105%). Employer contributions remain at 19.3% for 2021/22 to 2023/24, the following three years will be set following completion of the next triennial valuation in 2023/24. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities.

## **27. Usable Reserves**

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement with further explanatory information about the movements included in Notes 31 and 32.

### **27.1. Insourcing of Culture Leisure North Lanarkshire (CLNL)**

Following insourcing of CLNL, North Lanarkshire Council inherited assets £14.112m and liabilities £10.741m on 1 April 2021 which were recognised in the opening balance of Usable Reserves in the 2021/22 Annual Accounts. There is no equivalent transaction this year.

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**27.2. General Fund Balance**

|   | Balance at<br>31 March<br>2022 | Transfers<br>Out | Transfers<br>in | Balance at<br>31 March<br>2023 |
|---|--------------------------------|------------------|-----------------|--------------------------------|
|   | £000                           | £000             | £000            | £000                           |
| <b>Earmarked General Fund Reserves</b>                    |                                |                  |                 |                                |
| COVID-19 Directed Funding                                 | 6,896                          | (6,895)          | -               | -                              |
| COVID-19 General Funding                                  | 20,655                         | (20,662)         | 7               | -                              |
| COVID-19 Recovery General Fund Contribution               | 3,000                          | (3,000)          | -               | -                              |
| Change Management Fund                                    | 29,424                         | (1,309)          | -               | 28,115                         |
| Schools Future Contractual Obligations                    | 54,175                         | (48)             | 2,556           | 56,683                         |
| 2023/24 – 2024/25 Budget One-off Investment               | -                              | -                | 21,075          | 21,075                         |
| Strategic Workforce Planning                              | 13,000                         | -                | -               | 13,000                         |
| Temporary Teachers  | -                              | -                | 10,928          | 10,928                         |
| Temporary Accommodation                                   | 9,288                          | -                | -               | 9,288                          |
| Contingency Fund  | 8,000                          | -                | -               | 8,000                          |
| Early Years & Childcare Expansion                         | 14,249                         | (6,937)          | -               | 7,312                          |
| Energy costs & Other Non-Pay Inflation                    | 7,220                          | (7,220)          | -               | -                              |
| 2022/23 Budget One-off Investment                         | 6,000                          | (6,000)          | -               | -                              |
| Refugee Resettlement Programmes                           | -                              | -                | 5,699           | 5,699                          |
| Loans Charges   | -                              | -                | 5,000           | 5,000                          |
| Non-Pay Inflation Mitigation                              | -                              | -                | 4,902           | 4,902                          |
| Unmanaged burdens within Education, Children & Families   | -                              | -                | 4,755           | 4,755                          |
| Pupil Equity Fund   | 5,122                          | (5,122)          | 3,851           | 3,851                          |
| Balances held by Schools under Devolved School Management | 3,652                          | (3,652)          | 3,724           | 3,724                          |
| Economic Recovery   | -                              | -                | 3,554           | 3,554                          |
| Whole Family Wellbeing                                    | 233                            | -                | 2,351           | 2,584                          |
| Youth Guarantee Funding                                   | 2,367                          | (2,367)          | -               | -                              |
| Active & Creative Communities                             | 2,000                          | (2,000)          | -               | -                              |
| Digital NL  | -                              | -                | 1,960           | 1,960                          |
| Winter Reserve  | 1,500                          | -                | -               | 1,500                          |
| Business Gateway and Business Recovery                    | 1,700                          | (321)            | -               | 1,379                          |
| Enterprise Contract                                       | 1,687                          | (462)            | -               | 1,225                          |
| Rapid Rehousing   | 1,159                          | (562)            | 484             | 1,081                          |
| Ash Dieback   | -                              | -                | 1,000           | 1,000                          |
| Other Earmarked Funds                                     | 15,185                         | (12,727)         | 11,773          | 14,230                         |
| <b>Total Earmarked</b>                                    | <b>206,511</b>                 | <b>(79,284)</b>  | <b>83,618</b>   | <b>210,845</b>                 |
| Unallocated Balance                                       | <b>29,753</b>                  | -                | 9,274           | <b>39,027</b>                  |
| <b>Total General Fund Balance</b>                         | <b>236,264</b>                 | <b>(79,284)</b>  | <b>92,892</b>   | <b>249,872</b>                 |

Balances included within the Other Earmarked Funds line is reviewed annually on the basis of value therefore the prior year disclosures may differ from the audited 2021/22 annual accounts.

**27.3. HRA Balance**

|   | Balance at<br>31 March<br>2022 | Transfers<br>Out | Transfers<br>in | Balance at<br>31 March<br>2023 |
|---|--------------------------------|------------------|-----------------|--------------------------------|
|   | £000                           | £000             | £000            | £000                           |
| <b>Earmarked HRA Balance</b>                        |                                |                  |                 |                                |
| Welfare Changes and Financial Insecurity            | 1,580                          | (1,137)          | 167             | 610                            |
| Ambition  | 5,054                          | (669)            | -               | 4,385                          |
| Housing Repairs (Potential Demand Increase)         | 2,500                          | (2,500)          | -               | -                              |
| HRA Capital Programme (Energy Efficiency)           | 2,500                          | -                | -               | 2,500                          |
| Contingency Fund                                    | 1,470                          | -                | -               | 1,470                          |
| Other   | 1,237                          | (1,396)          | 2,498           | 2,339                          |
| <b>Total Earmarked</b>                              | <b>14,341</b>                  | <b>(5,702)</b>   | <b>2,665</b>    | <b>11,304</b>                  |
| <b>Unallocated/Held for Risks and Uncertainties</b> | <b>5,155</b>                   | -                | 9,860           | <b>15,014</b>                  |
| <b>Total HRA Balance</b>                            | <b>19,496</b>                  |                  |                 | <b>26,318</b>                  |



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#### 27.4. Capital Grants Unapplied Account

The Capital Grants Unapplied Account is used to hold grant received but not yet utilised.

|   | 2021/22       | 2022/23       |
|---|---------------|---------------|
|   | £000          | £000          |
| <b>Opening Balance at 1 April</b>                     | <b>12,421</b> | <b>7,124</b>  |
| Capital grants received in the year but unapplied     | 5,283         | 15,014        |
| Capital grants received in previous years now applied | (10,580)      | (5,672)       |
| <b>Closing Balance at 31 March</b>                    | <b>7,124</b>  | <b>16,466</b> |

#### 27.5. Repairs and Renewals Fund

The Repairs and Renewals Fund represents a resource to fund crematorium equipment replacement and recognises the prepayments for lifecycle replacement costs for PPP schools.

|                                    | 2021/22       | 2022/23       |
|------------------------------------|---------------|---------------|
|                                    | £000          | £000          |
| <b>Opening Balance at 1 April</b>  | <b>11,651</b> | <b>13,755</b> |
| Transfers in year (see Note 33)    | 2,104         | 3,354         |
| <b>Closing Balance at 31 March</b> | <b>13,755</b> | <b>17,109</b> |

#### 27.6. Capital Fund

The Council operates a Capital Fund where receipts from the sale of assets can be directed and utilised for financing capital expenditure and loans fund repayments.

|  | 2021/22      | 2022/23      |
|--|--------------|--------------|
|  | £000         | £000         |
| <b>Opening Balance at 1 April</b>        | <b>4,470</b> | <b>396</b>   |
| Amounts expended on principal repayments | (4,470)      | -            |
| Transfer from Capital Receipts Reserve   | 396          | 2,212        |
| <b>Closing Balance at 31 March</b>       | <b>396</b>   | <b>2,608</b> |

#### 27.7. Insurance Fund

The Insurance Fund represents a resource to make provision for outstanding claims and events.

|   | 2021/22       | 2022/23       |
|---|---------------|---------------|
|   | £000          | £000          |
| <b>Opening Balance at 1 April</b>                   | <b>13,000</b> | <b>13,000</b> |
| Amounts expended on premiums and claims settlements | (3,677)       | (3,714)       |
| Contributions to / from Insurance Fund              | 3,677         | 3,714         |
| <b>Closing Balance at 31 March</b>                  | <b>13,000</b> | <b>13,000</b> |

#### 27.8. Capital Receipts Reserve

The Capital Receipts Reserve represents the value of receipts arising from the disposal of non-current assets that can be used to finance capital investment.

|  | 2021/22  | 2022/23  |
|--|----------|----------|
|  | £000     | £000     |
| <b>Opening Balance at 1 April</b>                | <b>-</b> | <b>-</b> |
| Capital receipts received in the year            | 1,410    | 3,224    |
| Amount applied to finance new capital investment | (1,014)  | (1,012)  |
| Amount transferred to Capital Fund               | (396)    | (2,212)  |
| <b>Closing Balance at 31 March</b>               | <b>-</b> | <b>-</b> |

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#### 28. Unusable Reserves

The total for Unusable Reserves in the Balance Sheet is made up of the following reserves:

|  | Restated<br>2021/22 | 2022/23          |
|--|---------------------|------------------|
|  | £000                | £000             |
| Revaluation Reserve                      | 741,113             | 603,687          |
| Capital Adjustment Account               | 1,308,411           | 1,275,342        |
| Financial Instruments Adjustment Account | (26,802)            | (32,210)         |
| Pensions Reserve                         | (156,156)           | (66,326)         |
| Employee Statutory Adjustment Account    | (21,717)            | (23,804)         |
| <b>Total Unusable Reserves</b>           | <b>1,844,848</b>    | <b>1,756,689</b> |

##### 28.1. Insourcing of Council Leisure North Lanarkshire

Following insourcing of CLNL, North Lanarkshire Council inherited assets £1.451m and liabilities £16.201m on 01 April 2021 which were recognised in the opening balance of Unusable Reserves in the 2021/22 Annual Accounts. There is no equivalent transaction this year.

##### 28.2. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

|  | 2021/22        | 2022/23          |
|--|----------------|------------------|
|  | £000           | £000             |
| <b>Opening Balance at 1 April</b>  | <b>646,564</b> | <b>741,113</b>   |
| Upward revaluation of assets   | 187,837        | 57,412           |
| Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on Provision of Services         | (80,085)       | (228,972)        |
| <b>Surplus / Deficit on revaluation of non-current assets not posted to the Surplus / Deficit on Provision of Services</b> | <b>107,751</b> | <b>(171,560)</b> |
| Difference between fair value depreciation and historical cost depreciation  | (10,858)       | 36,090           |
| Accumulated gains on assets sold   | (2,345)        | (1,957)          |
| <b>Closing Balance at 31 March</b>   | <b>741,113</b> | <b>603,687</b>   |

##### 28.3. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 32 provides details of the source of all the transactions posted to the Account, with the exception of the adjusting amounts written out of the Revaluation Reserve which are detailed in note 28.2 above.

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|   | 2021/22                             | 2022/23                            |
|---|-------------------------------------|------------------------------------|
|   | £000                                | £000                               |
| <b>Opening Balance at 1 April</b>   | <b>1,300,938</b>                    | <b>1,308,411</b>                   |
| Transfers in of CLNL balances   | 1,451                               | -                                  |
| <b>Revised Opening Balance at 1 April</b>   | <b>1,302,389</b>                    | <b>1,308,411</b>                   |
| Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:  |                                     |                                    |
| <ul style="list-style-type: none"> <li>• Charges for depreciation and impairment of non-current assets</li> <li>• Net book value of non-current assets written off on disposal or sale</li> </ul>   | (118,492)<br>(644)                  | (145,228)<br>(10,896)              |
| Donated assets  | 929                                 | -                                  |
| Adjusting amounts written out of the Revaluation Reserve  | 2,345                               | 1,957                              |
| Net transfer to Capital Grants Unapplied Account  | 5,226                               | (9,343)                            |
| Capital financing applied in the year:  |                                     |                                    |
| <ul style="list-style-type: none"> <li>• Use of Capital Receipts Reserve to finance new capital expenditure</li> <li>• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing</li> <li>• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances (Loans Fund repayments)</li> <li>• Capital expenditure charged against the General Fund and HRA balances</li> </ul> | 1,014<br>57,601<br>23,780<br>34,262 | 1,012<br>87,786<br>6,995<br>34,648 |
| <b>Closing Balance at 31 March</b>  | <b>1,308,411</b>                    | <b>1,275,342</b>                   |

**28.4. Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

|   | 2021/22         | 2022/23         |
|---|-----------------|-----------------|
|   | £000            | £000            |
| <b>Balance at 1 April</b>                 | <b>(28,494)</b> | <b>(26,803)</b> |
| Premium for Early Settlement of Borrowing | -               | (7,292)         |
| Premiums / Discounts Annual Write-Off     | 1,675           | 1,867           |
| Re-measurement of LOBO loans              | 16              | 18              |
| <b>Balance at 31 March</b>                | <b>(26,803)</b> | <b>(32,210)</b> |

**28.5. Pensions Reserve**

The Pensions 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 Council accounts for post employment benefits in relation to the Local Government Pension Scheme in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

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|   | 2021/22          | 2022/23          |
|---|------------------|------------------|
|   | £000             | £000             |
| <b>Balance at 1 April</b>   | <b>(417,190)</b> | <b>(156,156)</b> |
| Re-measurement of net defined pension liability   | 352,023          | 155,907          |
| Reversal of items relating to retirement benefits debited or credited to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (130,115)        | (125,671)        |
| Employers' pensions contributions paid to Strathclyde Pension Fund  | 55,329           | 59,594           |
| Effect of Business Combinations and Disposals   | (16,203)         | -                |
| <b>Balance at 31 March</b>  | <b>(156,156)</b> | <b>(66,326)</b>  |

**28.6. Employee Statutory Adjustment Account**

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

|   | 2021/22         | 2022/23         |
|---|-----------------|-----------------|
|   | £000            | £000            |
| <b>Balance at 1 April</b>   | <b>(22,995)</b> | <b>(21,717)</b> |
| Settlement or cancellation of accrual made at the end of the preceding year | 22,995          | 21,717          |
| Amounts accrued at the end of the current year                              | (21,717)        | (23,804)        |
| <b>Balance at 31 March</b>  | <b>(21,717)</b> | <b>(23,804)</b> |

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**29. Capital Commitments**

At 31 March 2023, the Council was contractually committed to the following significant capital works.

|                                   | £000   |
|-----------------------------------|--------|
| HRA – New Build Programme         | 48,705 |
| HRA – Heating                     | 15,868 |
| HRA – Roofing & Render            | 11,309 |
| HRA – Bathrooms                   | 2,261  |
| HRA – Kitchens                    | 1,231  |
| HRA – Windows and Doors           | 5,596  |
| HRA – Tower Strategy              | 10,484 |
| HRA – Lead Pipe                   | 727    |
| HRA – Community Care              | 1,103  |
| HRA – Security & DE Systems       | 1,319  |
| HRA – Estate Regeneration         | 50     |
| HRA – Fire Safety                 | 672    |
| HRA – Major Repairs               | 3,181  |
| HRA - Rewiring                    | 1,231  |
| HRA – Overcladding                | 25     |
| HRA – Homelessness                | 75     |
| HRA – General                     | 200    |
| School Alterations and Upgrades   | 6,974  |
| Leisure Alterations and Upgrades  | 1,149  |
| Redevelopment and Office Upgrades | 68     |
| Other Projects                    | 155    |
| Schools Modernisation             | 12,720 |
| Early Years Expansion             | 451    |
| City Deal                         | 2,621  |
| Regeneration Capital Grant Fund   | -      |
| Place Based Improvement Programme | 1,904  |
| Other Regeneration Projects       | 2,740  |
| Digital NL                        | 3,434  |
| Road Operations-Lighting          | 424    |
| Road Operations-Roads/Bridges     | 3,709  |
| Park Path Widening                | 295    |
| Flood Alleviation                 | 296    |
| Country Parks Upgrades            | 554    |
| Biodiversity/Nature Trails        | 447    |
| Bothwellhaugh                     | 79     |
| Cemeteries                        | 213    |
| Wardpark Welfare Unit             | 3,473  |

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**30. Capital Expenditure and Capital Financing**

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

|   | <b>2021/22</b>   | <b>2022/23</b>   |
|---|------------------|------------------|
|   | <b>£000</b>      | <b>£000</b>      |
| Net Book Value of Property, Plant & Equipment           | 2,998,472        | 3,278,708        |
| Intangible Assets                                       | 8,169            | 12,118           |
| Transfer of Property Plant & Equipment to Held for Sale | -                | -                |
| Capital Adjustment Account                              | (1,302,389)      | (1,319,029)      |
| Revaluation Reserve                                     | (646,564)        | (865,726)        |
| <b>Opening capital financing requirement</b>            | <b>1,057,688</b> | <b>1,106,071</b> |
| <b>Capital investment</b>                               |                  |                  |
| Property, plant and equipment                           | 165,997          | 227,468          |
| Donated Assets  | 929              | -                |
| Intangible assets                                       | 4,269            | 7,141            |
| <b>Sources of Finance</b>                               |                  |                  |
| Capital Receipts  | (1,014)          | (1,012)          |
| Government Grants and Other Contributions               | (62,827)         | (78,443)         |
| Donated Assets  | (929)            | -                |
| Sums set aside from revenue                             | -                | -                |
| Direct revenue contributions                            | (34,262)         | (34,648)         |
| Repayment of loans fund advances                        | (23,780)         | (6,995)          |
| <b>Closing capital financing requirement</b>            | <b>1,106,071</b> | <b>1,219,582</b> |
| <b>Explanations of movements in year</b>                |                  |                  |
| Increase in underlying need to borrow                   | 48,382           | 113,511          |
| Assets acquired under finance leases                    | -                | -                |
| Assets acquired under PPP contracts                     | -                | -                |
| Increase / (decrease) in capital financing requirement  | 48,382           | 113,511          |

The Council has exercised the flexibility to defer statutory repayment of loans fund advances payable within 2022/23 available through Financial Circular 5/2022 (Statutory Repayment of Debt – Short Term Financial Flexibility). The value of this deferral is £18.520m across General Fund and HRA and will be repaid depending on the specific loan advances by the shorter of either the remaining period of the loans fund advance, or a maximum of twenty years from the end of 2022/23.

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**31. Adjustment to Usable Reserves Permitted by Accounting Standards**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are available to the Authority to meet future capital and revenue expenditure as permitted by accounting standards.

| 2022/23   | Usable Reserves |                         |              |                          |                                  | Movement in Unusable Reserves |
|---|-----------------|-------------------------|--------------|--------------------------|----------------------------------|-------------------------------|
|   | General Fund    | Housing Revenue Account | Capital Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                               |
|   | £000            | £000                    | £000         | £000                     | £000                             | £000                          |
| <b>Adjustments primarily involving the Revaluation Reserve:</b>         |                 |                         |              |                          |                                  |                               |
| <i>Reversal of items debited or credited to the CI&amp;E Statement:</i> |                 |                         |              |                          |                                  |                               |
| Charges for depreciation and impairment of non-current assets           | (36,262)        | 172                     | -            | -                        | -                                | 36,090                        |
| <b>Total Adjustments</b>  | <b>(36,262)</b> | <b>172</b>              | <b>-</b>     | <b>-</b>                 | <b>-</b>                         | <b>36,090</b>                 |

| Restated 2021/22  | Usable Reserves |                         |              |                          |                                  | Movement in Unusable Reserves |
|---|-----------------|-------------------------|--------------|--------------------------|----------------------------------|-------------------------------|
|   | General Fund    | Housing Revenue Account | Capital Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                               |
|   | £000            | £000                    | £000         | £000                     | £000                             | £000                          |
| <b>Adjustments primarily involving the Revaluation Reserve:</b>         |                 |                         |              |                          |                                  |                               |
| <i>Reversal of items debited or credited to the CI&amp;E Statement:</i> |                 |                         |              |                          |                                  |                               |
| Charges for depreciation and impairment of non-current assets           | (37)            | (203)                   | -            | -                        | -                                | 240                           |
| <b>Total Adjustments</b>  | <b>(37)</b>     | <b>(203)</b>            | <b>-</b>     | <b>-</b>                 | <b>-</b>                         | <b>240</b>                    |

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**32. Adjustments between Accounting Basis and Funding Basis under Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

| 2022/23   | Usable Reserves |                         |              |                          |                                  | Movement in Unusable Reserves |
|---|-----------------|-------------------------|--------------|--------------------------|----------------------------------|-------------------------------|
|   | General Fund    | Housing Revenue Account | Capital Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                               |
|   | £000            | £000                    | £000         | £000                     | £000                             | £000                          |
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>  |                 |                         |              |                          |                                  |                               |
| <i>Reversal of items debited or credited to the CI&amp;E Statement:</i>   |                 |                         |              |                          |                                  |                               |
| Charges for depreciation and impairment of non-current assets   | 125,170         | 20,058                  | -            | -                        | -                                | (145,228)                     |
| Capital grants and contributions applied  | (54,144)        | (33,642)                | -            | -                        | 9,342                            | 78,444                        |
| Amounts written off as part of gain/loss on disposal  | 423             | 10,459                  |              | 14                       |                                  | (10,896)                      |
| Movements in the fair value of Investment properties  | -               | -                       | -            | -                        | -                                | -                             |
| Statutory provision for the financing of capital investment   | (6,792)         | (203)                   | -            | -                        | -                                | 6,995                         |
| Capital expenditure funded from current revenue   | (10,594)        | (24,054)                | -            | -                        | -                                | 34,648                        |
| <b>Adjustments primarily involving the capital receipts reserve or capital fund:</b>  |                 |                         |              |                          |                                  |                               |
| Transfer of capital receipts credited to CIES as part of gain or loss on disposal   | (3,210)         | -                       |              | 3,210                    |                                  | -                             |
| Use of capital receipts to finance new capital expenditure  |                 |                         |              | (1,012)                  |                                  | 1,012                         |
| <b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>   |                 |                         |              |                          |                                  |                               |
| Movements recognised under statutory provisions relating to Financial Instruments   | 3,208           | 2,200                   | -            | -                        | -                                | (5,408)                       |
| <b>Adjustments primarily relating to the Pensions Reserve:</b>  |                 |                         |              |                          |                                  |                               |
| Reversal of items relating to retirement benefits charged to the CI&E Statement   | 116,754         | 8,917                   | -            | -                        | -                                | (125,671)                     |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | (55,365)        | (4,229)                 | -            | -                        | -                                | 59,594                        |
| <b>Adjustment primarily involving the Employee Statutory Adjustment Account:</b>  |                 |                         |              |                          |                                  |                               |
| Amount by which remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in accordance with statutory requirements | 2,088           | (2)                     | -            | -                        | -                                | (2,086)                       |
| <b>Total Adjustments</b>  | <b>117,538</b>  | <b>(20,496)</b>         | <b>-</b>     | <b>2,212</b>             | <b>9,342</b>                     | <b>(108,596)</b>              |



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| Restated<br>2021/22   | Usable Reserves |                               |                 |                                |   | Movement<br>in<br>Unusable<br>Reserves |
|---|-----------------|-------------------------------|-----------------|--------------------------------|---|--|
|   | General<br>Fund | Housing<br>Revenue<br>Account | Capital<br>Fund | Capital<br>Receipts<br>Reserve | Capital<br>Grants<br>Unapplied<br>Account |  |
|   | £000            | £000                          | £000            | £000                           | £000                                      | £000                                   |
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>  |                 |                               |                 |                                |   |  |
| <i>Reversal of items debited or credited to the CI&amp;E Statement:</i>   |                 |                               |                 |                                |   |  |
| Charges for depreciation and impairment of non-current assets   | 99,036          | 30,550                        | -               | -                              | -   | (129,589)                              |
| Capital grants and contributions applied  | (44,088)        | (15,824)                      | -               | -                              | (5,297)                                   | 63,758                                 |
| Amounts written off as part of gain/loss on disposal  | 644             |                               |                 |                                |   | (644)                                  |
| Movements in the fair value of Investment properties  | -               | -                             | -               | -                              | -   | -                                      |
| Statutory provision for the financing of capital investment   | (14,916)        | (8,864)                       | -               | -                              | -   | 23,780                                 |
| Capital expenditure funded from current revenue   | (1,448)         | (32,813)                      | -               | -                              | -   | 34,261                                 |
| <b>Adjustments primarily involving the capital receipts reserve or capital fund:</b>  |                 |                               |                 |                                |   |  |
| Transfer of capital receipts credited to CIES as part of gain or loss on disposal   | (1,396)         | (14)                          |                 | 1,410                          |   | -                                      |
| Use of capital receipts/capital fund to finance new capital expenditure   |                 |                               |                 | (1,014)                        |   | 1,014                                  |
| <b>Adjustment primary involving the Financial Instruments Adjustment Account:</b>   |                 |                               |                 |                                |   |  |
| Movements recognised under statutory provisions relating to Financial Instruments   | (1,001)         | (690)                         | -               | -                              | -   | 1,691                                  |
| <b>Adjustments primarily relating to the Pensions Reserve:</b>  |                 |                               |                 |                                |   |  |
| Reversal of items relating to retirement benefits charged to the CI&E Statement   | 120,664         | 9,451                         | -               | -                              | -   | (130,115)                              |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | (51,310)        | (4,019)                       | -               | -                              | -   | 55,329                                 |
| <b>Adjustment primarily involving the Employee Statutory Adjustment Account:</b>  |                 |                               |                 |                                |   |  |
| Amount by which remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in accordance with statutory requirements | (1,335)         | 57                            | -               | -                              | -   | 1,278                                  |
| <b>Total Adjustments</b>  | <b>104,850</b>  | <b>(22,163)</b>               | <b>-</b>        | <b>396</b>                     | <b>(5,297)</b>                            | <b>(79,237)</b>                        |

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**33. Transfers to/from Statutory Reserves**

This note sets out the amounts set aside from the General Fund statutory reserves to provide financing for future expenditure plans and the amounts transferred back to meet General Fund expenditure in 2022/23. Figures for 2021/22 are provided in an additional table for comparison purposes:

| 2022/23  | Transfers to /<br>(from) General<br>Fund | Transfers (from) / to Other Statutory Reserves |                 |                               |                   |                                |
|--|--|--|-----------------|-------------------------------|-------------------|--------------------------------|
|  |  | HRA  | Capital<br>Fund | Repairs &<br>Renewals<br>Fund | Insurance<br>Fund | Capital<br>Receipts<br>Reserve |
|  | £000                                     | £000   | £000            | £000                          | £000              | £000                           |
| Amounts expended on repairs and renewals on Council facilities | -  | -  | -               | -                             | -                 | -                              |
| Contributions to Repairs & Renewals Fund from General Fund     | (3,354)                                  | -  | -               | 3,354                         | -                 | -                              |
| Contributions to Insurance Fund                                | (1,898)                                  | (1,816)  |                 |                               | 3,714             |                                |
| Amounts expended on premiums and claims settlements            | 1,898                                    | 1,816  |                 |                               | (3,714)           |                                |
| HRA Contribution to General Fund                               | 10,249                                   | (10,249)                                       |                 |                               |                   |                                |
| Amounts expended on principal repayments                       |  |  |                 |                               |                   |                                |
| Contribution to Capital Fund                                   |  |  | 2,212           |                               |                   | (2,212)                        |
| <b>Total Adjustments</b>                                       | <b>6,895</b>                             | <b>(10,249)</b>                                | <b>2,212</b>    | <b>3,354</b>                  | <b>-</b>          | <b>(2,212)</b>                 |

| 2021/22  | Transfers to /<br>(from) General<br>Fund | Transfers (from) / to Other Statutory Reserves |                 |                               |                   |                                |
|--|--|--|-----------------|-------------------------------|-------------------|--------------------------------|
|  |  | HRA  | Capital<br>Fund | Repairs &<br>Renewals<br>Fund | Insurance<br>Fund | Capital<br>Receipts<br>Reserve |
|  | £000                                     | £000   | £000            | £000                          | £000              | £000                           |
| Amounts expended on repairs and renewals on Council facilities | -  | -  | -               | -                             | -                 | -                              |
| Contributions to Repairs & Renewals Fund from General Fund     | (2,104)                                  | -  | -               | 2,104                         | -                 | -                              |
| Contributions to Insurance Fund                                | (1,816)                                  | (1,860)  |                 |                               | 3,677             |                                |
| Amounts expended on premiums and claims settlements            | 1,816                                    | 1,860  |                 |                               | (3,677)           |                                |
| HRA Contribution to General Fund                               | -  | -  |                 |                               |                   |                                |
| Amounts expended on principal repayments                       | 4,470                                    |  | (4,470)         |                               |                   |                                |
| Contribution to Capital Fund                                   |  |  | 396             |                               |                   | (396)                          |
| <b>Total Adjustments</b>                                       | <b>2,366</b>                             | <b>-</b>                                       | <b>(4,074)</b>  | <b>2,104</b>                  | <b>-</b>          | <b>(396)</b>                   |

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**34. Reconciliation of 2022/23 Comprehensive Income and Expenditure Statement to Cash Flow Operating Activities**

|   | £000     | £000            |
|---|----------|-----------------|
| <b>Surplus / (Deficit) on the Provision of Services</b> |          | <b>(37,168)</b> |
| <b>Non-Cash Transactions</b>                            |          |                 |
| Items Relating to Loans Fund                            | 1,639    |                 |
| Adjustment relating to Provisions                       | (1,818)  |                 |
| Adjustment relating to Non Domestic Rates               | 5        |                 |
| Adjustment relating to Capital Items                    | 36,384   |                 |
| Adjustment relating to Pensions Reserve                 | 66,077   | 102,287         |
| <b>Items on an Accruals Basis</b>                       |          |                 |
| Decrease in Inventories                                 | 855      |                 |
| Increase in Debtors                                     | (25,496) |                 |
| Increase in Creditors                                   | 21,049   | (3,592)         |
| CLNL Transfer   |          | -               |
| <b>Net Cash Inflow from Operating Activities</b>        |          | <b>61,527</b>   |

**35. Reconciliation of Financing Activities to Balance Sheet**

|  | Balance at<br>31 March<br>2022 | Cash Flow       | Non-Cash     | Balance at<br>31 March<br>2023 |
|--|--------------------------------|-----------------|--------------|--------------------------------|
| Cash and Cash Equivalents                            | 114,256                        | (38,822)        | 117          | 75,551                         |
|  | <b>114,256</b>                 | <b>(38,822)</b> | <b>117</b>   | <b>75,551</b>                  |
| Financing Activities:                                |                                |                 |              |                                |
| Borrowing short-term                                 | 250,098                        | 48,933          | (17,806)     | 281,225                        |
| Borrowing long-term                                  | 439,933                        | 16,636          | 19,561       | 476,130                        |
| Finance leases short-term                            | 7,013                          | (7,049)         | 7,339        | 7,303                          |
| Finance leases long-term                             | 166,945                        | -               | (7,339)      | 159,606                        |
|  | <b>863,989</b>                 | <b>58,520</b>   | <b>1,755</b> | <b>924,264</b>                 |
| <b>Total cash outflow from financing activities</b>  |                                | <b>58,520</b>   |              |                                |
| <b>Total cash inflow before financing activities</b> |                                | <b>(97,342)</b> |              |                                |

Non-Cash includes the movement in accrued interest due and receivable and the reclassification of borrowing and leasing liabilities from long-term to short-term (due to be paid in less than 12 months).

**36. External Audit Costs**

North Lanarkshire Council incurred the following fees relating to external audit inspection:

|                         | 2021/22    | 2022/23    |
|-------------------------|------------|------------|
|                         | £000       | £000       |
| Agreed fee for the year | 541        | 608        |
| <b>Total</b>            | <b>541</b> | <b>608</b> |

The external audit costs include a fee of £4,186 (£4,186 2021/22) in relation to the audit of the Council's Charitable Trusts.

## Annual Accounts 2022/23

### Notes to the Accounts

#### 37. Statutory Trading Operations

Trading Operations were established following the introduction of the Local Government in Scotland Act 2003 which requires each significant trading operation to break even on a three year rolling programme. The Council's Trading Operation is required to operate in a commercial environment and balance their budget by generating income from fees and charges to other organisations.

The net deficit arising from the ordinary operation of the Trading Operation in 2022/23 is £0.151m. The financial results for the last three years of the Trading Operation can be summarised as follows:

|   |         | Turnover       | Expenditure  | (Surplus)/<br>Deficit |
|---|---------|----------------|--------------|-----------------------|
|   |         | £000           | £000         | £000                  |
| Trading Operation                       | 2020/21 | (3,572)        | 3,447        | (125)                 |
|   | 2021/22 | (2,938)        | 3,014        | 76                    |
|   | 2022/23 | (3,014)        | 3,165        | 151                   |
| <b>(Surplus) / Deficit over 3 years</b> |         | <b>(9,524)</b> | <b>9,626</b> | <b>102</b>            |

Over the three year period the overall deficit totals £0.102m. However, this incorporates IAS19 Employee Benefit adjustments totalling £0.910m which cannot be incorporated into prices charged to customers. Excluding the IAS19 adjustments the Trading Operation would have generated a three year surplus of £0.808m.

The creation of a single combined Trading Account was approved in January 2014 to monitor and report the commercial trading activity of the Council (Building Cleaning, Waste Management & Town Centre Activities).

The Building Cleaning Trading operation provides a comprehensive cleaning service to external businesses and service partners across approximately 43 building locations, with an overall staffing complement of 230 staff (77.99 FTE). Some of these locations also receive a janitor/cleaning service. The operation delivers cleaning services on behalf of Equans to schools in the Education 2010 project.

The Waste Solutions Trading Operation provides refuse collection and disposal services for approximately 1,200 traders. The service is provided by 13 staff (13 FTE).

Each trader is offered a multiple of collection frequencies and types. We are working towards the full implementation of the requirements of the Waste (Scotland) Regulations, 2012, and multiple services are now being offered to commercial organisations to ensure they operate within the terms of the legislation.

A full seven day suite of services is also possible, and the service provides advice on waste reduction and reuse as a first response rather than recycling.

The TCA Trading operation provides CCTV and Alarm monitoring to 6 external clients covering the geographical areas of North Lanarkshire and beyond. The services are provided to Retail Parks, Shopping Centres, Town Centres, Business Centres, Industrial Units and Yards. The function is carried out within the Community Safety Team with a management fee levied to the Trading Activity for the cost incurred.

Each of the Trading Operations are also fully accredited from Investors in People, and have successfully retained the relevant accreditations.

#### 38. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. Related party transactions have been undertaken at arm's length.

##### Central and Scottish Government

Central government has effective control over the general operations of the Council providing the statutory framework within which the Council operates as well as providing the majority of funding in the form of grants. Details of government grants received can be found in Note 11.

##### Joint Boards

The Council is represented on a number of joint boards which are 'Section 106' independent public bodies formed by Act of Parliament. These bodies are Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme and Lanarkshire Valuation Joint Board. All local government functions that relate to these bodies have been delegated from the constituent Councils that comprise the area of each Board. The members of each Board are elected Councillors and appointed by the Councils in proportions specified in the legislation.

## Annual Accounts 2022/23

### Notes to the Accounts

The Council has no shares, nor ownership of any of these Boards. Nevertheless, these Boards are included within the Council's Group Accounts under the wider definition of an "associate" as the Council is represented on the Board and participate in policy-making processes.

The Council's share of each Board's net assets is calculated on its respective percentage share of the aggregate contributions made by the constituent Councils.

Local government legislation provides that local authorities have an obligation to meet the expenditure of the Joint Boards of which they are a constituent member. As a consequence, the added liabilities from the pension deficits are fully incorporated within the Group Accounts.

Funding provided is as follows:

|   | 2021/22 | 2022/23 |
|---|---------|---------|
|   | £000    | £000    |
| Strathclyde Partnership for Transport   | 5,453   | 5,425   |
| Strathclyde Concessionary Travel Scheme | 572     | 572     |
| Lanarkshire Valuation Joint Board       | 2,106   | 2,103   |

In addition Strathclyde Pension Fund is considered a related party of the Council as they represent a post-employment defined benefit plan for the benefit of employees. The following transactions are included within the Council's Financial Statements:

|                          | 2021/22        |                     | 2022/23        |                     |
|--------------------------|----------------|---------------------|----------------|---------------------|
|                          | Income<br>£000 | Expenditure<br>£000 | Income<br>£000 | Expenditure<br>£000 |
| Strathclyde Pension Fund | -              | 70,606              | -              | 76,012              |

|                          | 2021/22        |                  | 2022/23        |                  |
|--------------------------|----------------|------------------|----------------|------------------|
|                          | Debtor<br>£000 | Creditor<br>£000 | Debtor<br>£000 | Creditor<br>£000 |
| Strathclyde Pension Fund | -              | 5,186            | -              | 9,049            |

### Companies Controlled or Significantly Influenced by the Council

The Council has entered into a number of transactions under joint venture, subsidiary, associate and other external trading arrangements.

|   | 2021/22        |                     | 2022/23        |                     |
|---|----------------|---------------------|----------------|---------------------|
|   | Income<br>£000 | Expenditure<br>£000 | Income<br>£000 | Expenditure<br>£000 |
| Amey Public Services LLP                  | 641            | 18,141              | 37             | 18,807              |
| Fusion Assets Ltd                         | 172            | 821                 | 251            | 1,310               |
| Mears Scotland LLP                        | 1,971          | 52,898              | 3,588          | 65,839              |
| North Lanarkshire Integration Joint Board | 149,586        | 164,787             | 181,912        | 185,759             |
| North Lanarkshire Municipal Bank Ltd      | 144            | 181                 | 72             | 100                 |
| NL Properties                             | 1,015          | 533                 | 1,863          | 525                 |
| Routes to Work                            | 13             | 3,605               | 46             | 3,569               |

Outstanding balances for each of these entities are as follows:

|   | 2021/22        |                  | 2022/23        |                  |
|---|----------------|------------------|----------------|------------------|
|   | Debtor<br>£000 | Creditor<br>£000 | Debtor<br>£000 | Creditor<br>£000 |
| Amey Public Services LLP                  | 410            | 1,965            | 59             | 1,212            |
| Fusion Assets                             | 47             | 740              | 48             | -                |
| Mears Scotland LLP                        | 1,424          | 177              | 843            | 470              |
| North Lanarkshire Integration Joint Board | -              | 31,919           | -              | 35,767           |
| North Lanarkshire Municipal Bank Ltd      | -              | -                | -              | -                |
| NL Properties                             | 2,228          | 267              | 1,294          | 15               |
| Routes to Work                            | 8              | 3                | 11             | -                |

## Annual Accounts 2022/23

### Notes to the Accounts

The Council's financial statements show no debtor or creditor balances for North Lanarkshire Municipal Bank Ltd, however in prior years, the short term borrowing balance included Municipal Bank deposits which were invested in the Council (£19.067m in 2021/22). Due to the closure of the Bank in September 2022 the balance in respect of this as at 31 March 2023 is nil. Following closure of the Bank, customer balances that had not been withdrawn were transferred to an account held by North Lanarkshire Council. These balances do not represent assets available to the Council and as such have been excluded from the balance sheet presented within these accounts. The amount held in respect of this as at 31 March 2023 was £0.457m (nil in 2021/22).

The Council is also represented on the Boards of various companies detailed below that have no share capital.

| Company Name  | Status   | Function   |
|---|--|--|
| Environmental Key Fund  | Limited by guarantee<br>(financial risk not material to Council) | Provide grants to community organisations undertaking environmental projects.  |
| Scotland Excel  | Joint committee formed under Local Govt Act 1973                 | Not-for-profit procurement organisation serving Local Authorities and related organisations across Scotland.   |
| Glasgow and the Clyde Valley Strategic Development Planning Authority | Joint committee formed under Local Govt Act 1973                 | Partnership of 8 local authorities working together on strategic development planning matters.   |
| Glasgow and the Clyde Valley City Deal Cabinet                        | Joint committee formed under Local Govt Act 1973                 | Partnership of 8 local authorities oversee the delivery of the City Deal programme.  |
| Clyde Valley Learning and Development Project Joint Committee         | Joint committee formed under Local Govt Act 1973                 | Partnership of 8 local authorities to establish and deliver a number of shared approaches to training, learning and development.                               |
| Dunbartonshire Educational Trust Scheme 1962                          | Registered charity   | Charitable trust providing grants for further/higher education for those who live in the old county area of Dumbarton.   |
| SEEMIS Group Plc  | Limited liability partnership                                    | Provides education management information software to local authorities across Scotland.   |
| Stirlingshire Educational Trust                                       | Registered charity   | Charitable trust providing grants for education for those who live in the old county area of Stirling.   |
| Business Loans Scotland   | Limited by guarantee<br>(financial risk not material to Council) | Provides pan-Scotland loan funding to businesses.  |
| Continuing Education Gateway/ Gateway Shared Services                 | Consortium of local authorities                                  | Gateway Shared Services is a consortium of 10 Local Authorities in the West of Scotland to further the provision of careers and educational guidance services. |
| West of Scotland European Forum                                       | Joint committee formed under Local Govt Act 1973                 | Develops positive links between the communities of the region and the institutions of the European Union.  |

## Annual Accounts 2022/23

### Housing Revenue Account

The HRA reflects the statutory requirement to account separately for local authority housing provision, as defined in the Housing (Scotland) Act 1987. The Income and Expenditure Statement reports the net cost for the year and shows how these costs were funded from rents and other income.

#### Income and Expenditure Statement

| Restated<br>2021/22 |   | 2022/23  | 2022/23         |
|---------------------|---|----------|-----------------|
| £000                |   | £000     | £000            |
| 136,319             | Dwelling Rent Income  | 140,499  |                 |
| 1,101               | Non-Dwelling Rent Income  | 1,081    |                 |
| 3,328               | Departmental Recharges  | -        |                 |
| 1,031               | Other Income  | 1,059    |                 |
| <b>141,779</b>      | <b>Total Income</b>   |          | <b>142,639</b>  |
| 53,697              | Repairs and Maintenance   | 55,046   |                 |
| 38,013              | Supervision and Management  | 36,594   |                 |
| 29,427              | Depreciation  | 31,905   |                 |
| 922                 | Revaluations  | (11,673) |                 |
| 8,348               | Other Expenditure   | 529      |                 |
| <b>130,407</b>      | <b>Total Expenditure</b>  |          | <b>112,401</b>  |
| <b>(9,583)</b>      | <b>Net (Surplus)/Deficit of HRA Services per Income and Expenditure Account</b>   |          | <b>(30,238)</b> |
| 404                 | HRA Service Share of Corporate and Democratic Core  | 408      |                 |
| 677                 | HRA Share of other amounts included in the whole authority Net Cost of Services but not specifically allocated to specific services | (289)    |                 |
| <b>(8,502)</b>      | <b>Net (Surplus)/Deficit of HRA Services</b>  |          | <b>(30,119)</b> |
| (14)                | Gains or Losses on disposal of non-current asset  | 10,459   |                 |
| 8,194               | Interest Payable (Including Amortisation of Premiums)   | 13,387   |                 |
| (14)                | Interest and Investment Income  | (207)    |                 |
| 2,275               | Impairment of Financial Assets  | 2,370    |                 |
| (524)               | Net Interest on the Net Defined Benefit Liability/Asset   | 357      |                 |
| (15,824)            | Recognition of Capital Grant  | (33,642) |                 |
| <b>(14,409)</b>     | <b>(Surplus)/Deficit for the year on HRA Services</b>   |          | <b>(37,395)</b> |

#### 1.1. Statement of Movement on the Housing Revenue Account Balance

| 2021/22         |  | 2022/23  | 2022/23         |
|-----------------|--|----------|-----------------|
| £000            |  | £000     | £000            |
| <b>(27,453)</b> | <b>Balance on the HRA at the end of the previous year</b>                              |          | <b>(19,496)</b> |
| (14,409)        | (Surplus) / Deficit for the year on the HRA Income and Expenditure Statement           | (37,395) |                 |
| 203             | Adjustment to usable reserves permitted by Accounting Standards (see Note 31)          | (173)    |                 |
| 22,163          | Adjustments between accounting basis and funding basis under regulations (see Note 32) | 20,497   |                 |
| -               | Transfer (to) and from other statutory reserves (see Note 33)                          | 10,249   | (6,822)         |
| <b>(19,496)</b> | <b>Balance on the HRA at the end of the current year</b>                               |          | <b>(26,318)</b> |

#### 1.2. Housing Stock

The Council's housing stock at 31 March 2023 was 36,593 (36,961 at 31 March 2022) in the following categories:

| House Numbers<br>2021/22 | Property Types | House Numbers<br>2022/23 |
|--------------------------|----------------|--------------------------|
| 305                      | 1 Apartment    | 302                      |
| 6,697                    | 2 Apartment    | 6,585                    |
| 19,030                   | 3 Apartment    | 18,883                   |
| 9,865                    | 4 Apartment    | 9,751                    |
| 1,031                    | 5 Apartment    | 1,039                    |
| 33                       | Other          | 33                       |
| <b>36,961</b>            | <b>Total</b>   | <b>36,593</b>            |

#### 1.3. Rent Arrears

Current rent arrears outstanding as at 31 March 2023 amounted to £5.411m. This represented 3.91% of rents paid during the year (the comparative figures for the 2021/22 year were £5.656m and 4.26% respectively).

#### 1.4. Impairment of Financial Assets

The expected credit losses at 31 March 2023 amounted to £7.636m (£6.992m as at 31 March 2022).

#### 1.5. Void Rents

The level of income lost from unlet Council Dwellings during 2022/23 amounted to £1.255m (2021/22 £1.343m).

## Annual Accounts 2022/23

### Council Tax Income Statement

The Council Tax Income Statement 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.

|  | 2021/22        | 2022/23        |
|--|----------------|----------------|
|  | £000           | £000           |
| Gross Council Tax levied and contributions in lieu                                 | 177,994        | 184,958        |
| Adjustments for prior years Council Tax  | (2,071)        | (2,518)        |
| Adjusted for:  |                |                |
| Council Tax Benefits (Net of Government Grants)                                    | -              | -              |
| Council Tax Reduction Scheme   | (23,989)       | (24,383)       |
| Other discounts and reductions   | (21,410)       | (22,242)       |
| Provision for Non-collection   | (5,324)        | (5,548)        |
| <b>Net Council Tax Income per the Comprehensive Income and Expenditure Account</b> | <b>125,200</b> | <b>130,267</b> |

#### 1. Nature of the Council Tax Charge

The charge for each household is based upon the valuation banding to which the dwelling is allocated by the Assessor. Each dwelling in the Council area is placed into one of 8 valuation bands (A to H). The charge per Council Tax Band is calculated as a proportion of Band D, with lower valued properties paying less, and higher valued properties paying more. These proportions are determined by the Local Government Finance Act 1992.

The Council Tax bill is reduced by 25% where a dwelling has only one occupant or by 10% for long-term empty properties and second homes, and under certain circumstances a 50% reduction can be awarded. Properties that have been empty for one year and over may be subject to a 100% levy. The property bandings are adjusted where the property is occupied by disabled persons and total exemptions are available for certain categories of occupants. No prompt payment discounts are offered on any properties.

Charges in respect of water and waste water are the responsibility of Scottish Water. The Council collects total monies and makes a precept payment to the Water Authority.

#### 2. The Calculation of the Council Tax Base

The Valuation Bands for the Council Tax can be analysed as follows:

|        | No. of Dwellings | No. of Exemptions | Disabled Relief | Discounts 25%                       | Discounts 50% | Total Dwellings | Ratio to Band D | Band D Equivalent |
|--------|------------------|-------------------|-----------------|-------------------------------------|---------------|-----------------|-----------------|-------------------|
| Band A | 53,030           | 3,232             | (40)            | 6,975                               | 382           | 42,481          | 0.6666          | <b>28,318</b>     |
| Band B | 38,013           | 971               | 4               | 4,160                               | 315           | 32,564          | 0.7777          | <b>25,325</b>     |
| Band C | 20,194           | 431               | 16              | 1,997                               | 150           | 17,599          | 0.8888          | <b>15,642</b>     |
| Band D | 17,993           | 237               | (58)            | 1,327                               | 91            | 16,397          | 1.0000          | <b>16,397</b>     |
| Band E | 17,369           | 145               | 47              | 818                                 | 86            | 16,273          | 1.3139          | <b>21,381</b>     |
| Band F | 10,279           | 44                | 88              | 324                                 | 31            | 9,792           | 1.6250          | <b>15,912</b>     |
| Band G | 3,106            | 20                | 46              | 91                                  | 11            | 2,937           | 1.9583          | <b>5,753</b>      |
| Band H | 166              | 4                 | 1               | 5                                   | 0             | 156             | 2.4500          | <b>382</b>        |
|        |                  |                   |                 | <b>Total</b>                        |               |                 |                 | <b>129,110</b>    |
|        |                  |                   |                 | <b>Provision for non-collection</b> |               |                 |                 | <b>4,196</b>      |
|        |                  |                   |                 | <b>Council Tax Base</b>             |               |                 |                 | <b>124,914</b>    |

#### 3. The Council Tax Charge

The charge for each band for 2022/23 was as follows:

|        | £ per Dwelling |
|--------|----------------|
| Band A | 838.59         |
| Band B | 978.36         |
| Band C | 1,118.12       |
| Band D | 1,257.89       |
| Band E | 1,652.73       |
| Band F | 2,044.07       |
| Band G | 2,463.37       |
| Band H | 3,081.83       |



## Annual Accounts 2022/23

### Non Domestic Rates Income Statement

The Non-Domestic Rates Income Statement 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, where it is pooled nationally, and re-distributed back to local authorities.

|  | 2021/22       | 2022/23        |
|--|---------------|----------------|
|  | £000          | £000           |
| Gross rates levied and contributions in lieu                                 | 144,880       | 146,982        |
| Less:  |               |                |
| Reliefs and other deductions   | (46,536)      | (26,385)       |
| Payments of interest   | -             | -              |
| Provision of bad and doubtful debts  | (2,950)       | (3,618)        |
| <b>Net Non Domestic Rate Income</b>  | <b>95,394</b> | <b>116,979</b> |
| Adjustment to previous years' NNDR   | (2,761)       | (6,009)        |
| <b>Contribution to Non Domestic Rates</b>                                    | <b>92,633</b> | <b>110,970</b> |
| Distribution from Non Domestic Rate Pool                                     | 84,339        | 111,737        |
| Adjustment for the years prior to the introduction of the pool               | -             | -              |
| <b>Income credited to the Comprehensive Income and Expenditure Statement</b> | <b>84,339</b> | <b>111,737</b> |

#### 1. Net Rateable Value Calculation

National Non Domestic Rates is a property based tax. It is based on the rateable value of a non-domestic (business) property, multiplied by a poundage set nationally by Scottish Ministers, less any relief to which a ratepayer may be eligible.

The poundage rate for 2022/23 is 49.8p for properties with a rateable value not greater than £51,000. The Intermediate Property Rate of 51.1p (1.3p supplement on the poundage) applies for properties with a rateable value between £51,001 and £95,000, and the Higher Property Rate of 52.4p (2.6p supplement on the poundage) is payable on properties with a rateable value greater than £95,000. There are numerous relief packages available aimed at supporting the commercial property market to recover from the COVID-19 pandemic along with the need to promote green recovery and net zero emissions. These include Fresh Start Relief, Business Growth Accelerator, 100% Day Nursery Relief for standalone nurseries, as well as maintaining prior initiatives such as Small Business Bonus Scheme, Empty Property Relief, Disabled Rates Relief. In addition, 50% relief for retail, hospitality, and leisure (RHL) and aviation sectors is made available subject to eligibility and capped at £110,000 per business.

#### Analysis of Rateable Values as at 1 April 2022.

|   | Number of Subjects | Rateable Value |
|---|--------------------|----------------|
|   |                    | £000           |
| Industrial and Freight                    | 3,094              | 98,889         |
| Commercial Subjects                       |                    |                |
| Shops (inc. Restaurants)                  | 2,570              | 63,699         |
| Offices                                   | 2,221              | 35,277         |
| Hotels, Boarding Houses etc.              | 33                 | 3,113          |
| Others                                    | 1,185              | 24,907         |
| Miscellaneous and Formula Valued Subjects | 1,255              | 60,764         |
| <b>Total</b>                              | <b>10,358</b>      | <b>286,649</b> |

## Annual Accounts 2022/23

### Sundry Accounts Statement

The Council administers 31 Educational and 24 Sundry Trusts and Endowments as trustees. These trust funds do not represent assets available to the Council and as such have been excluded from the Balance Sheet of the Council. The summary of the balances held on these Trusts is detailed below.

There is one Charitable Trust remaining, which the Council aims to transfer to an Office of the Scottish Charity Regulator (OSCR) agreed beneficiary charity. The timescale for transfer is dependent on identifying a suitable beneficiary and subsequent approval by OSCR.

The principal Funds are the Lanarkshire Education Trust at £0.172m and the Marshall (Education) Trust at £0.557m, which were established under the Education Endowments (Scotland) Acts 1928 to 1935 to provide opportunities for educational advancement. These Funds are administered by a joint committee with South Lanarkshire Council and the individual funds are subject to separate audit arrangements. However, they have been considered in overall terms in the context of those materiality levels which apply to the Council's Financial Statements.

The market value of all of the Educational Trusts Investments as at 31 March 2023 was £0.979m (£1.077m at 31 March 2022) and is shown at book value on the balance sheet £0.032m (£0.032m 2021/22).

#### Summary Income and Expenditure Account

|   | 2021/22    | 2022/23   |
|---|------------|-----------|
|   | £000       | £000      |
| <b>Education Trust Funds:</b>           |            |           |
| <b>Income</b>                           |            |           |
| Interest on Investments, etc.           | 18         | 43        |
| <b>Expenditure</b>                      |            |           |
| Grants, Prizes, Awards, etc.            | (19)       | (29)      |
| <b>Surplus / (Deficit) for the year</b> | <b>(1)</b> | <b>14</b> |
| <b>Other Sundry Trust Funds:</b>        |            |           |
| <b>Income</b>                           |            |           |
| Interest on Investments                 | -          | -         |
| <b>Expenditure</b>                      |            |           |
| Grants, Prizes, Awards, etc.            | -          | -         |
| <b>Surplus / (Deficit) for the year</b> | <b>-</b>   | <b>-</b>  |

#### Balance Sheet at 31 March 2023

| 2021/22    |                                | 2022/23 | 2022/23    |
|------------|--------------------------------|---------|------------|
| £000       |                                | £000    | £000       |
| 32         | Investments                    | 32      |            |
| 1          | Education Trust Funds          | 1       |            |
|            | Sundry Trust Funds             |         |            |
| <b>33</b>  |                                |         | <b>33</b>  |
| 730        | Advances to Council Loans Fund |         | 740        |
| 74         | Current Assets                 |         | 79         |
| <b>837</b> | <b>Net Assets</b>              |         | <b>852</b> |
| 32         | Education Trust Funds          |         |            |
|            | Capital                        | 32      |            |
| 731        | Revenue                        | 745     |            |
| <b>763</b> |                                |         | <b>777</b> |
| 1          | Sundry Trust Funds             |         |            |
|            | Capital                        | 1       |            |
| 73         | Revenue                        | 74      |            |
| <b>74</b>  |                                |         | <b>75</b>  |
| <b>837</b> | <b>Total Reserves</b>          |         | <b>852</b> |

## Annual Accounts 2022/23

### Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing Council and subsidiary services and its share of the results of associates and joint ventures in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

| Gross Expenditure<br>£000 | 2021/22<br>Restated  | Net Expenditure<br>£000 |   | 2022/23                   |                      | Net Expenditure<br>£000 |
|---------------------------|----------------------|-------------------------|---|---------------------------|----------------------|-------------------------|
|                           | Gross Income<br>£000 |                         |   | Gross Expenditure<br>£000 | Gross Income<br>£000 |                         |
| 504,131                   | (75,706)             | 428,425                 | Education & Families  | 611,712                   | (104,535)            | 507,178                 |
| 285,692                   | (64,589)             | 221,103                 | Enterprise & Communities  | 221,344                   | (56,402)             | 164,942                 |
| 2,614                     | (2,614)              | -                       | Trading Operations  | 2,914                     | (2,914)              | -                       |
| 158,219                   | (92,224)             | 65,995                  | Chief Executives & Other Corporate Services   | 168,047                   | (85,851)             | 82,196                  |
| 167,499                   | -                    | 167,499                 | Adult Health & Social Care (Non-Integrated)   | 188,616                   | -                    | 188,616                 |
| 227,804                   | (213,395)            | 14,409                  | Adult Health & Social Care (Integrated)   | 252,648                   | (239,203)            | 13,445                  |
| 120,588                   | (130,171)            | (9,583)                 | Housing Revenue Account   | 112,401                   | (142,639)            | (30,238)                |
| (2,198)                   | (11,938)             | (14,136)                | Non Service-Specific Costs  | (558)                     | (633)                | (1,191)                 |
| (5,520)                   | (5,118)              | (10,638)                | Subsidiaries  | 1,790                     | (4,933)              | (3,143)                 |
| <b>1,458,829</b>          | <b>(595,755)</b>     | <b>863,074</b>          | <b>Net Cost of Services</b>   | <b>1,558,914</b>          | <b>(637,110)</b>     | <b>921,805</b>          |
| -                         | (767)                | (767)                   | Other Operating Expenditure   | -                         | 7,672                | 7,672                   |
| 100,627                   | (51,389)             | 49,239                  | Financing and Investment Income and Expenditure   | 131,757                   | (80,231)             | 51,526                  |
| 131                       | (891,091)            | (890,960)               | Taxation and Non-specific Grant Income  | -                         | (945,408)            | (945,408)               |
|                           |                      | <b>20,586</b>           | <b>(Surplus) or Deficit on the Provision of Services</b>  |                           |                      | <b>35,595</b>           |
|                           |                      | (34,171)                | Associates and Joint Ventures accounted for on an Equity Basis                                      |                           |                      | 8,484                   |
|                           |                      | <b>(13,585)</b>         | <b>Group (Surplus) or Deficit</b>   |                           |                      | <b>44,079</b>           |
|                           |                      |                         | <b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</b> |                           |                      |                         |
|                           |                      | (107,752)               | (Surplus) or deficit on the revaluation of non current assets                                       |                           |                      | 171,560                 |
|                           |                      | (352,655)               | Re-measurement of the net defined Liability   |                           |                      | (155,907)               |
|                           |                      | (7,283)                 | Share of Other Comprehensive Income and Expenditure of Associates and Joint Ventures                |                           |                      | 2,781                   |
|                           |                      | <b>(467,690)</b>        | <b>Other Comprehensive Income and Expenditure</b>   |                           |                      | <b>18,434</b>           |
|                           |                      | <b>(481,275)</b>        | <b>Total Comprehensive Income and Expenditure</b>   |                           |                      | <b>62,513</b>           |

## Annual Accounts 2022/23 Group Balance Sheet

The Balance Sheet is a snapshot of the value at the reporting date of the assets and liabilities recognised by the Council, its subsidiaries and its share of the net assets or liabilities of its associates and joint ventures. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council and its subsidiaries. The net investment in associates and joint ventures is matched by its share of the reserves of the associates (i.e. Group Reserves).

| 31 March 2022<br>Restated<br>£000 |  | 31 March 2023<br>£000 |                  |
|-----------------------------------|--|-----------------------|------------------|
|                                   |  | £000                  | £000             |
| 1,291,802                         | Property, Plant and Equipment                |                       |                  |
|                                   | Council Dwellings                            | 1,257,571             |                  |
| 1,433,609                         | Other Land and Buildings                     | 1,341,924             |                  |
| 46,689                            | Vehicles, Plant and Equipment                | 41,559                |                  |
| 262,561                           | Infrastructure Assets                        | 265,123               |                  |
| 15,854                            | Community Assets                             | 15,809                |                  |
| 22,184                            | Surplus Assets                               | 17,685                |                  |
| 70,780                            | Assets Under Construction                    | 140,049               | 3,079,721        |
|                                   | Intangible Assets                            |                       |                  |
| 99                                | Software Licences                            | 74                    |                  |
| 2,981                             | Software/Solution Development                | 10,781                |                  |
| 9,038                             | Intangibles Under Development                | 8,035                 | 18,890           |
| 69,796                            | Investment Property                          |                       | 70,399           |
| 135,581                           | Investments in Associates and Joint Ventures |                       | 124,314          |
| 2,160                             | Long-Term Investments                        |                       | 2,188            |
| 1,423                             | Long-Term Debtors                            |                       | 1,328            |
| -                                 | Other Long-Term Assets (Pensions)            |                       | 53,178           |
| <b>3,364,557</b>                  | <b>Long-Term Assets</b>                      |                       | <b>3,350,018</b> |
| 89                                | Short-Term Investments                       | 92                    |                  |
| 5,413                             | Inventories                                  | 4,558                 |                  |
| 85,668                            | Short-Term Debtors (net of impairment)       | 118,209               |                  |
| 125,920                           | Cash and Cash Equivalents                    | 87,433                |                  |
| <b>217,090</b>                    | <b>Current Assets</b>                        |                       | <b>210,292</b>   |
| (250,098)                         | Short-Term Borrowing                         | (282,320)             |                  |
| (194,623)                         | Short-Term Creditors                         | (213,032)             |                  |
| (12,665)                          | Short-Term Provisions                        | (12,380)              |                  |
| (7,013)                           | Short-Term Finance Lease Liabilities         | (7,304)               |                  |
| (1,403)                           | Revenue Grant Receipts in Advance            | -                     |                  |
| <b>(465,802)</b>                  | <b>Current Liabilities</b>                   |                       | <b>(515,036)</b> |
| (473,619)                         | Long-Term Borrowing                          | (508,721)             |                  |
| (55)                              | Liabilities in Associates and Joint Ventures | -                     |                  |
| (166,944)                         | Other Long-Term Liabilities (Finance Leases) | (159,606)             |                  |
| (156,091)                         | Other Long-Term Liabilities (Pensions)       | (119,504)             |                  |
| <b>(796,709)</b>                  | <b>Long-Term Liabilities</b>                 |                       | <b>(787,831)</b> |
| <b>2,319,136</b>                  | <b>Net Assets</b>                            |                       | <b>2,257,443</b> |
|                                   | Usable Reserves                              |                       |                  |
| 236,264                           | General Fund Reserve                         | 249,872               |                  |
| 19,496                            | Housing Revenue Account Balance              | 26,318                |                  |
| 396                               | Capital Fund                                 | 2,608                 |                  |
| 7,124                             | Capital Grants Unapplied Accounts            | 16,466                |                  |
| 13,000                            | Insurance Fund                               | 13,000                |                  |
| 13,755                            | Repairs and Renewals Fund                    | 17,109                |                  |
| <b>290,035</b>                    | <b>Total Usable Reserves</b>                 |                       | <b>325,373</b>   |
| <b>1,844,849</b>                  | <b>Unusable Reserves</b>                     |                       | <b>1,756,689</b> |
| <b>184,252</b>                    | <b>Group Reserves</b>                        |                       | <b>175,380</b>   |
| <b>2,319,136</b>                  | <b>Total Reserves</b>                        |                       | <b>2,257,443</b> |

The unaudited accounts were issued on 29 June 2023 and the audited accounts were authorised for issue on the 25 October 2023.

*Elaine Kemp*

**Elaine Kemp, CPFA**  
**Chief Officer (Finance)**

30 October 2023

## Annual Accounts 2022/23

### Movement in Group Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council and its subsidiaries plus its share of the reserves of associates and joint ventures. The Council's reserves are analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Council's share of the reserves of associates and joint ventures is an unusable reserve and cannot be used to fund expenditure or reduce taxation.

| Year Ended 31 March 2023   | Usable Reserves |                         |                          | Unusable Reserves | Total Reserves of the Council | Council Subsidiaries | Council's Share of Reserves of Associates and Joint Ventures | Total Reserves   |
|--|-----------------|-------------------------|--------------------------|-------------------|-------------------------------|----------------------|--|------------------|
|  | General Fund    | Housing Revenue Account | Other Statutory Reserves |                   |                               |                      |  |                  |
|  | £000            | £000                    | £000                     | £000              | £000                          | £000                 | £000   | £000             |
| <b>Balance at 31 March 2022</b>  | <b>236,264</b>  | <b>19,496</b>           | <b>34,275</b>            | <b>1,844,848</b>  | <b>2,134,883</b>              | <b>48,672</b>        | <b>135,580</b>   | <b>2,319,135</b> |
| Adjustments to opening balances to reflect audited accounts                  | -               | -                       | -                        | -                 | -                             | 820                  | (2)  | 818              |
| <b>Revised Balance at 31 March 2022</b>                                      | <b>236,264</b>  | <b>19,496</b>           | <b>34,275</b>            | <b>1,844,848</b>  | <b>2,134,883</b>              | <b>49,492</b>        | <b>135,578</b>   | <b>2,319,953</b> |
| <b>Movement in Reserves during 2022/23</b>                                   |                 |                         |                          |                   |                               |                      |  |                  |
| Surplus / (Deficit) on Provision of Services                                 | (74,563)        | 37,395                  | -                        | -                 | (37,168)                      | 1,575                | (8,484)  | (44,077)         |
| Other Comprehensive Income and Expenditure                                   | -               | -                       | -                        | (15,653)          | (15,653)                      | -                    | (2,781)  | (18,434)         |
| <b>Total Comprehensive Income and Expenditure</b>                            | <b>(74,563)</b> | <b>37,395</b>           | <b>-</b>                 | <b>(15,653)</b>   | <b>52,822</b>                 | <b>1,575</b>         | <b>(11,265)</b>  | <b>(62,511)</b>  |
| Adjustment to usable reserves permitted by Accounting Standards              | (36,262)        | 172                     | -                        | 36,090            | -                             | -                    | -  | -                |
| Adjustments between Accounting Basis and Funding Basis under Regulations     | 117,538         | (20,496)                | 11,554                   | (108,596)         | -                             | -                    | -  | -                |
| <b>Net Increase or Decrease before Transfers to Other Statutory Reserves</b> | <b>6,713</b>    | <b>17,071</b>           | <b>11,554</b>            | <b>(88,160)</b>   | <b>52,822</b>                 | <b>1,575</b>         | <b>(11,265)</b>  | <b>(62,511)</b>  |
| Transfers to and from Other Statutory Reserves                               | 6,895           | (10,249)                | 3,354                    | -                 | -                             | -                    | -  | -                |
| <b>Increase or Decrease in the Year</b>                                      | <b>13,608</b>   | <b>6,822</b>            | <b>14,908</b>            | <b>(88,160)</b>   | <b>52,822</b>                 | <b>1,575</b>         | <b>(11,265)</b>  | <b>(62,511)</b>  |
| <b>Balance at 31 March 2023 Carried Forward</b>                              | <b>249,872</b>  | <b>26,318</b>           | <b>49,183</b>            | <b>1,756,689</b>  | <b>2,082,062</b>              | <b>51,067</b>        | <b>124,313</b>   | <b>2,257,443</b> |

**Annual Accounts 2022/23**  
**Movement in Group Reserves Statement**

| Year Ended 31 March 2022<br>Restated   | Usable Reserves |                         |                          | Unusable Reserves | Total Reserves of the Council | Council Subsidiaries | Council's Share of Reserves of Associates and Joint Ventures | Total Reserves   |
|--|-----------------|-------------------------|--------------------------|-------------------|-------------------------------|----------------------|--|------------------|
|  | General Fund    | Housing Revenue Account | Other Statutory Reserves |                   |                               |                      |  |                  |
|  | £000            | £000                    | £000                     | £000              | £000                          | £000                 | £000   | £000             |
| <b>Balance at 31 March 2021</b>  | <b>162,181</b>  | <b>27,453</b>           | <b>41,542</b>            | <b>1,478,823</b>  | <b>1,709,999</b>              | <b>39,197</b>        | <b>94,127</b>  | <b>1,843,323</b> |
| Transfer in of CLNL opening balance  | 10,741          | -                       | -                        | (14,752)          | (4,011)                       | -                    | -  | (4,011)          |
| Revised Balance at 31 March 2021   | <b>172,922</b>  | <b>27,453</b>           | <b>41,542</b>            | <b>1,464,071</b>  | <b>1,705,988</b>              | <b>39,197</b>        | <b>94,127</b>  | <b>1,839,312</b> |
| <b>Movement in Reserves during 2021/22</b>                                   |                 |                         |                          |                   |                               |                      |  |                  |
| Surplus / (Deficit) on Provision of Services                                 | (43,837)        | 14,409                  | -                        | -                 | (29,428)                      | 8,843                | 34,171   | <b>13,586</b>    |
| Other Comprehensive Income and Expenditure                                   | -               | -                       | -                        | 459,774           | 459,774                       | 632                  | 7,282  | <b>467,688</b>   |
| <b>Total Comprehensive Income and Expenditure</b>                            | <b>(43,837)</b> | <b>14,409</b>           | <b>-</b>                 | <b>459,774</b>    | <b>430,346</b>                | <b>9,475</b>         | <b>41,453</b>  | <b>481,274</b>   |
| Adjustment to useable reserves permitted by Accounting Standards             | (37)            | (203)                   |                          | 240               | -                             | -                    | -  | -                |
| Adjustments between Accounting Basis and Funding Basis under Regulations     | 104,850         | (22,163)                | (4,901)                  | (79,237)          | (1,451)                       | -                    | -  | <b>(1,451)</b>   |
| <b>Net Increase or Decrease before Transfers to Other Statutory Reserves</b> | <b>60,976</b>   | <b>(7,957)</b>          | <b>(4,901)</b>           | <b>380,777</b>    | <b>428,895</b>                | <b>9,475</b>         | <b>41,453</b>  | <b>479,823</b>   |
| Transfers to and from Other Statutory Reserves                               | 2,366           | -                       | (2,366)                  | -                 | -                             | -                    | -  | -                |
| <b>Increase or Decrease in the Year</b>                                      | <b>63,342</b>   | <b>(7,957)</b>          | <b>(7,267)</b>           | <b>380,777</b>    | <b>428,895</b>                | <b>9,475</b>         | <b>41,453</b>  | <b>479,823</b>   |
| <b>Balance at 31 March 2022 Carried Forward</b>                              | <b>236,264</b>  | <b>19,496</b>           | <b>34,275</b>            | <b>1,844,848</b>  | <b>2,134,883</b>              | <b>48,672</b>        | <b>135,580</b>   | <b>2,319,135</b> |

## Annual Accounts 2022/23 Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Council and its subsidiaries during the reporting period.

| 2021/22<br>Restated |   | 2022/23   | 2022/23          |
|---------------------|---|-----------|------------------|
| £000                |   | £000      | £000             |
| <b>163,444</b>      | <b>Net Cash Inflow / (Outflow) from Operating Activities</b>  |           | <b>61,260</b>    |
|                     | <b>INVESTING ACTIVITIES</b>                                   |           |                  |
|                     | <b>Cash Inflows:</b>  |           |                  |
| 2,638               | Sale of non-current assets                                    | 3,765     |                  |
| 50,385              | Capital grants received                                       | 74,324    |                  |
| 5,847               | Other capital receipts  | 8,277     |                  |
| 17                  | Investments redeemed  | 18        |                  |
| 58,887              |   |           | 86,384           |
|                     | <b>Cash Outflows:</b>   |           |                  |
| (175,059)           | Purchase of non-current assets                                |           | (244,768)        |
| -                   | Long-term investment  |           | -                |
| -                   | Investment in subsidiary                                      |           | -                |
| <b>(116,172)</b>    | <b>Net Cash Inflow / (Outflow) from Investing Activities</b>  |           | <b>(158,384)</b> |
|                     | <b>FINANCING ACTIVITIES</b>                                   |           |                  |
|                     | <b>Cash Inflows:</b>  |           |                  |
| 176,000             | New loans raised  | 345,499   |                  |
| 15,423              | Net Agency Grants   | -         |                  |
| 191,423             |   |           | 345,499          |
|                     | <b>Cash Outflows:</b>   |           |                  |
| (239,287)           | Repayments of amounts borrowed                                | (279,930) |                  |
| (53)                | Donation  | -         |                  |
| (7,275)             | Capital payments of finance leases                            | (7,049)   |                  |
| -                   | Net Agency Grants   | -         |                  |
| (246,615)           |   |           | (286,979)        |
| <b>(55,192)</b>     | <b>Net Cash Inflow / (Outflow) from Financing Activities</b>  |           | <b>58,520</b>    |
| <b>(7,921)</b>      | <b>Net Increase / (Decrease) in cash and cash equivalents</b> |           | <b>(38,604)</b>  |
| <b>133,806</b>      | <b>Cash and Cash Equivalents at the beginning of the year</b> |           | <b>125,920</b>   |
| <b>(7,921)</b>      | <b>Net Increase / (Decrease) in cash and cash equivalents</b> |           | <b>(38,604)</b>  |
| 35                  | Increase / (Decrease) Non-cash in cash equivalents            |           | 117              |
| <b>125,920</b>      | <b>Cash and Cash Equivalents at the end of the year</b>       |           | <b>87,433</b>    |

### Group Comprehensive Income and Expenditure Statement to Cash Flow Operating Activities

The following table reconciles the surplus/(deficit) on provision of services in the Group Comprehensive Income and Expenditure Statement to the Net Outflow from Operative Activities in the Group Cash Flow Statement above.

|   | £000     | £000          |
|---|----------|---------------|
| <b>Surplus/(Deficit) on the Provision of Services</b> |          | <b>35,595</b> |
| <b>Non-Cash Transactions</b>                          |          |               |
| Items Relating to Loans Fund                          | 1,639    |               |
| Adjustment relating to Provisions                     | (1,883)  |               |
| Adjustment relating to Capital items                  | (34,797) |               |
| Adjustment relating to National Non-Domestic Rates    | 5        |               |
| Adjustment relating to Pension Reserve                | 66,077   | 31,041        |
| <b>Items on an Accruals Basis</b>                     |          |               |
| Increase in Inventories                               | 855      |               |
| Decrease in Debtors                                   | (25,243) |               |
| Increase in Creditors                                 | 19,012   | (5,376)       |
| <b>Net Cash Inflow from Operating Activities</b>      |          | <b>61,260</b> |

## Annual Accounts 2022/23

### Notes to the Group Accounts

#### 1. Disclosure of Interest in Other Entities

The Code of Practice on Local Authority Accounting requires local authorities to consider their interests in all types of entities including private companies and joint ventures. The Group Accounts are the financial statements of the Council and its subsidiaries, plus the investments in associates and interests in joint ventures presented as a single economic entity.

The Council has adopted a materiality threshold of £250,000 in considering the basis of incorporation of these entities within the Group Accounting Statements.

#### 2. Group Structure

The Council has interests in subsidiaries, associates and joint ventures. The table below explains the relationship each class of entity has with the Council:

##### Relationship with the Council

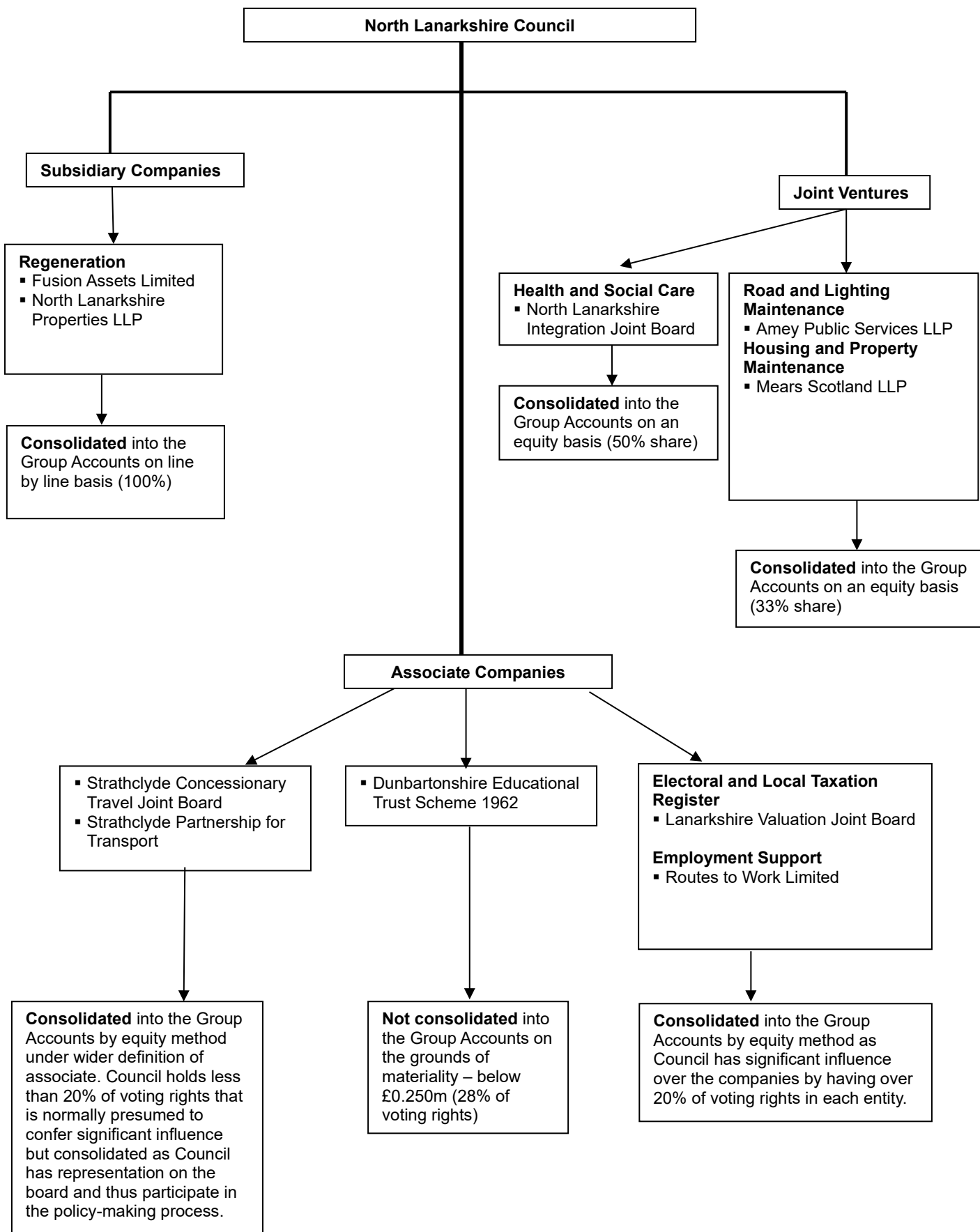
**Subsidiary Companies:** Entity controlled by the Council. Council has 100% interest in its subsidiaries.

**Associate Companies:** Entity over which the Council has significant influence. North Lanarkshire Council has significant influence over the financial and operating policies of its associates but has no shares or ownership of any of these organisations which are entirely independent of the Council under law and taxation.

**Joint Ventures:** Joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. North Lanarkshire Council owns a share in each of its joint venture companies.

The diagram overleaf illustrates the Council's group structure:





## Annual Accounts 2022/23

### Notes to the Group Accounts

#### 3. Combining Entities

As detailed in the diagram above, the Council has an interest in a number of subsidiary and associate companies along with joint ventures. The accounting period for most entities is 31 March 2023 with the only exceptions being in respect of Amey Public Services LLP and Mears Scotland LLP which report to 31 December 2022. The reason for this variation in reporting period is due to these companies aligning their own accounting periods with the annual contractual period with the Council.

#### 4. Changes to Group Structure

There were no changes to the group structure during 2022-23.

#### 5. Principal Place of Business

The principal place of business for each group entity is detailed in the table below. The United Kingdom is the country of incorporation for all entities.

|   |   |
|---|---|
| Fusion Assets Ltd                                   | Chapel Street, Airdrie, ML6 6GX                                   |
| North Lanarkshire Properties LLP                    | Civic Centre, Windmillhill Street, Motherwell, ML1 1AB            |
| Amey Public Services LLP                            | The Sherard Building, Edmund Hally Road, Oxford, OX4 4DQ          |
| Mears Scotland LLP                                  | Ellismuir Way, Tannochside Business Park, Uddingston, G71 5PW     |
| Strathclyde Concessionary Travel Scheme Joint Board | 131 St Vincent Street, Glasgow, G2 5JF                            |
| Strathclyde Partnership for Transport               | 131 St Vincent Street, Glasgow, G2 5JF                            |
| Lanarkshire Valuation Joint Board                   | North Stand, Cadzow Avenue, Hamilton, ML3 0LU                     |
| Routes to Work Limited                              | 168/170 Main Street, Bellshill, Lanarkshire, ML4 1AE              |
| North Lanarkshire Integration Joint Board           | Kirklands Hospital, Fallside Road, Bothwell, Lanarkshire, G71 8BB |

**Annual Accounts 2022/23**  
**Notes to the Group Accounts**

**6. Reconciliation Statements**

The following statements reconcile the Council's Comprehensive Income and Expenditure Statement and Balance Sheet to the Group Comprehensive Income and Expenditure Statement and Balance Sheet.

**6.1 Council Comprehensive Income and Expenditure Statement to Group Comprehensive Income and Expenditure Statement**

| 2021/22<br>Restated |   | 2022/23       |
|---------------------|---|---------------|
| £000                |   | £000          |
| <b>(430,347)</b>    | <b>Total Comprehensive Income and Expenditure on the Council's Comprehensive Income and Expenditure Statement</b> | <b>52,822</b> |
| (8,843)             | (Surplus)/Deficit arising from other entities included in the Group Accounts                                      | (1,575)       |
| (1,078)             | Subsidiaries  | (1,087)       |
| (33,093)            | Associates  | 9,571         |
|                     | Joint Ventures  |               |
|                     | <b>Other Comprehensive (Income) and Expenditure</b>   |               |
| (632)               | Subsidiaries  | -             |
| (7,283)             | Associates  | 2,781         |
| <b>(481,275)</b>    | <b>Group total Comprehensive Income and Expenditure for the year</b>  | <b>62,513</b> |

**6.2 Council Balance Sheet to Group Balance Sheet**

| 31 March<br>2022<br>Restated |   | 31 March<br>2023 |
|------------------------------|---|------------------|
| £000                         |   | £000             |
| <b>2,134,883</b>             | <b>Net Assets on Council Balance Sheet</b>      | <b>2,082,062</b> |
|                              | <b>Long Term Assets in Group Balance Sheet</b>  |                  |
| 75,929                       | Investments in Associates                       | 74,159           |
| 59,652                       | Investments in Joint Ventures                   | 50,155           |
| 70,692                       | Subsidiary Non Current Assets                   | 71,439           |
|                              | <b>Current Assets</b>                           |                  |
| 13,753                       | Subsidiaries                                    | 15,196           |
|                              | <b>Current Liabilities</b>                      |                  |
| (2,151)                      | Subsidiaries                                    | (2,978)          |
|                              | <b>Long Term Liabilities</b>                    |                  |
| -                            | Associates                                      | -                |
| (33,621)                     | Subsidiaries                                    | (32,591)         |
| <b>2,319,136</b>             | <b>Net Assets on Group Balance Sheet</b>        | <b>2,257,443</b> |
|                              | <b>Total Reserves on Council Balance Sheet</b>  | <b>2,082,062</b> |
|                              | Group Income and Expenditure and Other Reserves |                  |
| 59,652                       | Joint Ventures                                  | 50,155           |
| 75,929                       | Associates                                      | 74,159           |
| 48,671                       | Subsidiaries                                    | 51,066           |
| <b>2,319,136</b>             | <b>Total Reserves on Group Balance Sheet</b>    | <b>2,257,443</b> |

# Annual Accounts 2022/23

## Notes to the Group Accounts

### 7. Further Details on Consolidation

Further information in respect of Companies consolidated within the Group Accounts above can be summarised as follows:-

#### 7.1 Subsidiaries

The following table has a more detailed breakdown of the figures included for Subsidiary Companies in the Group Comprehensive Income and Expenditure. The figures below also include the adjustments made to the Council's Balance Sheet on consolidating the Council's subsidiaries into the Group Accounts.

|   | 2021/22<br>Restated     |                                    |                                | 2022/23              |                                 |                             |
|---|-------------------------|------------------------------------|--------------------------------|----------------------|---------------------------------|-----------------------------|
|   | Fusion<br>Assets<br>Ltd | North L'shire<br>Properties<br>LLP | Culture &<br>Leisure NL<br>Ltd | Fusion<br>Assets Ltd | North L'shire<br>Properties LLP | Culture &<br>Leisure NL Ltd |
|   | £'000                   | £000                               | £000                           | £'000                | £000                            | £000                        |
| <b>Comprehensive Income and Expenditure Statement</b> |                         |                                    |                                |                      |                                 |                             |
| Surplus/ (Deficit) on Provision of Service            | 611                     | 667                                | 7,565                          | (99)                 | 1,674                           | -                           |
| Other Comprehensive Income and Expenditure            | -                       | 632                                | -                              | -                    | -                               | -                           |
| <b>Balance Sheet</b>                                  |                         |                                    |                                |                      |                                 |                             |
| <b>Non-Current Assets</b>                             | 2,986                   | 67,706                             | -                              | 3,035                | 68,404                          | -                           |
| <b>Current Assets</b>                                 |                         |                                    |                                |                      |                                 |                             |
| Inventories   | 2,884                   | -                                  | -                              | 2,884                | -                               | -                           |
| Short-Term Debtors                                    | 721                     | (1,516)                            | -                              | 648                  | (218)                           | -                           |
| Cash and Cash Equivalents                             | 2,563                   | 9,101                              | -                              | 2,716                | 9,166                           | -                           |
| <b>Current Liabilities</b>                            |                         |                                    |                                |                      |                                 |                             |
| Short-Term Creditors                                  | 347                     | (2,498)                            | -                              | (159)                | (1,724)                         | -                           |
| Short-Term Borrowing                                  | -                       | -                                  | -                              | -                    | (1,095)                         | -                           |
| <b>Long Term Liabilities</b>                          |                         |                                    |                                |                      |                                 |                             |
| Long Term Borrowing                                   | -                       | (33,686)                           | -                              | -                    | (32,591)                        | -                           |
| Deferred Income                                       | -                       | -                                  | -                              | -                    | -                               | -                           |
| Capital Grants Received in Advance                    | -                       | -                                  | -                              | -                    | -                               | -                           |
| Pensions  | -                       | 65                                 | -                              | -                    | -                               | -                           |
| <b>Reserves</b>                                       |                         |                                    |                                |                      |                                 |                             |
| Income and Expenditure                                | (7,952)                 | -                                  | -                              | (7,636)              | (18,487)                        | -                           |
| General Fund  | -                       | -                                  | -                              | -                    | -                               | -                           |
| Pension   | -                       | -                                  | -                              | -                    | (207)                           | -                           |
| Revaluation Reserve                                   | (400)                   | (23,355)                           | -                              | (394)                | (23,248)                        | -                           |
| Other   | (1,148)                 | (15,816)                           | -                              | (1,094)              | -                               | -                           |

## Annual Accounts 2022/23

### Notes to the Group Accounts

#### 7.2 Joint Ventures

The table below illustrates the Council's payments to its Joint Ventures.

|                            | 2022/23                    |                               |
|----------------------------|----------------------------|-------------------------------|
|                            | Council Payments to Entity | % of Entity's Annual Turnover |
|                            | £000                       | %                             |
| Amey Public Services LLP   | 18,807                     | 89.32                         |
| Mears Scotland LLP         | 59,163                     | 100                           |
| NL Integration Joint Board | 185,759                    | 25.96                         |

The following disclosures are required for Amey Public Services LLP, Mears Scotland LLP and NL Integration Joint Board because the Council holds more than 20% of the voting rights in each entity.

|   | 2021/22 restated         |                    |                            | 2022/23                  |                    |                            |
|---|--------------------------|--------------------|----------------------------|--------------------------|--------------------|----------------------------|
|   | Amey Public Services LLP | Mears Scotland LLP | NL Integration Joint Board | Amey Public Services LLP | Mears Scotland LLP | NL Integration Joint Board |
|   | £000                     | £000               | £000                       | £000                     | £000               | £000                       |
| <b>Comprehensive Income and Expenditure Statement</b> |                          |                    |                            |                          |                    |                            |
| Gross Income  | 20,217                   | 48,856             | 751,531                    | 21,056                   | 59,163             | 715,467                    |
| Net Profit/ (Loss) before Taxation                    | 562                      | 1,181              | 66,334                     | 393                      | 3,309              | (21,506)                   |
| Taxation  | -                        | -                  | -                          | -                        | -                  | -                          |
| Net Profit/ (Loss) after Taxation                     | 562                      | 1,811              | 66,334                     | 393                      | 3,309              | (21,056)                   |
| <b>Balance Sheet</b>                                  |                          |                    |                            |                          |                    |                            |
| Non-Current Assets                                    | 89                       | 78                 | -                          | 342                      | 24                 | -                          |
| Current Assets  | 3,325                    | 10,419             | 119,452                    | 3,307                    | 17,877             | 97,946                     |
| Liabilities due within one year                       | (3,287)                  | (8,191)            | -                          | (3,049)                  | (13,321)           | -                          |
| Liabilities due after more than one year              | -                        | (1,663)            | -                          | (152)                    | (687)              | -                          |
| Net Pension Asset                                     | -                        | -                  | -                          | -                        | -                  | -                          |
| Provision for Liabilities                             | -                        | -                  | -                          | -                        | -                  | -                          |
| Capital and Revenue Reserves                          | (127)                    | (642)              | (119,452)                  | (448)                    | (3,893)            | (97,946)                   |

IAS 28 Investments in Associates and Joint Ventures requires that where NLC's share of an associate or joint venture's liabilities exceed it's share in their assets, the body is excluded from the group statements. In 2021/22, Amey's position was excluded on this basis, however the company are now reporting profits which are more than equal to the share of losses not recognised previously, allowing the Council to again recognise a share of those profits.

**Annual Accounts 2022/23**  
**Notes to the Group Accounts**

**7.3 Associates**

The table below illustrates the Council's contribution to its Associates and debtor/creditor balances relating to Associates included in the Council's Balance Sheet.

|   | 2022/23                    |                               |  |
|---|----------------------------|-------------------------------|--|
|   | Council Payments to Entity | % of Entity's Annual Turnover | Council Share of Net Assets/ (Liabilities) |
|   | £000                       | %                             | £000                                       |
| Strathclyde Concessionary Travel Scheme Joint Board | 572                        | 13.74                         | 708  |
| Strathclyde Partnership for Transport               | 5,425                      | 6.59                          | 72,228                                     |
| Lanarkshire Valuation Joint Board                   | 2,103                      | 49.63                         | 1,036                                      |
| Routes to Work Limited                              | 3,569                      | 81.71                         | 188  |

The following disclosures are required for Lanarkshire Valuation Board and Routes to Work Limited because the Council holds 20% or more of the voting rights in the entity.

|   | 2021/22 Restated    |                                   | 2022/23             |                                   |
|---|---------------------|-----------------------------------|---------------------|-----------------------------------|
|   | Routes to Work Ltd. | Lanarkshire Valuation Joint Board | Routes to Work Ltd. | Lanarkshire Valuation Joint Board |
|   | £000                | £000                              | £000                | £000                              |
| <b>Comprehensive Income and Expenditure Statement</b> |                     |                                   |                     |                                   |
| Gross Income  | 4,452               | 4,386                             | 4,368               | 4,237                             |
| Net Surplus / (Deficit)                               | 45                  | (363)                             | 107                 | (266)                             |
| <b>Balance Sheet</b>                                  |                     |                                   |                     |                                   |
| Non-Current Assets                                    | 5                   | 156                               | 1                   | 424                               |
| Current Assets  | 1,420               | 1,614                             | 1,178               | 1,914                             |
| Liabilities due within one year                       | (332)               | (225)                             | (256)               | (267)                             |
| Long-Term Liabilities                                 | -                   | (1,273)                           | 16                  | -                                 |
| Retirement Benefit Asset / (Liabilities)              | -                   | -                                 | -                   | -                                 |
| Accumulating Compensated Absences                     | -                   | 90                                | -                   | 74                                |
| Capital, Revenue & Pension Reserves                   | (1,093)             | (362)                             | (939)               | (2,145)                           |

## Annual Accounts 2022/23

### Notes to the Group Accounts

#### 7.4 Annual Accounts

The Annual Accounts of the Council's Associates are subject to independent audit and are available from the addresses below.

|   |  |
|---|--|
| Strathclyde Concessionary Travel Scheme Joint Board | Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow, G2 1HN |
| Strathclyde Partnership for Transport               | Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow, G2 1HN  |
| Lanarkshire Valuation Joint Board                   | Treasurer to Lanarkshire Valuation Joint Board, Council Offices, Almada Street, Hamilton, ML3 0AB  |
| Routes to Work Limited                              | 168/170 Main Street, Bellshill, Lanarkshire, ML4 1AE   |

#### 8. Interests in Other Entities

There are 10 related companies that have been identified as being relevant for group purposes as illustrated by the flowchart on page 89. Of these only one is considered out with the scope of the group:

**Dunbartonshire Educational Trust Scheme 1962** is a charitable trust which provides grants for further/higher education for those who live in the old county area of Dumbarton. The Council has 28% voting rights on the Board however on the grounds of materiality it has not been consolidated as part of the group.

## **Annual Accounts 2022/23 Remuneration Report**

### **Introduction**

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require disclosures about the remuneration and pension benefits of Senior Councillors, Senior Employees and Senior Employees of Council subsidiary bodies whose remuneration is £150,000 or more.

### **Arrangements for Remuneration**

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended most recently by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2022 (SSI 2022/18). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Provost, Senior Councillors or Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for Councillors, the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC was established under the provisions of the Local Governance (Scotland) Act 2004 to advise Scottish Ministers on the remuneration (including pensions), allowances and expenses incurred by local authority Councillors in accordance with criteria specified by Scottish Ministers.

The maximum salary that can be paid to the Leader of the Council is set out in the Regulations as £45,669. For 2022/23 the salary for the Leader of North Lanarkshire Council was £42,424. The Regulations permit the Council to remunerate one Provost with a maximum salary of £34,253. For 2022/23 the salary for the Provost of North Lanarkshire Council was £31,257.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The maximum yearly amount the Council could remunerate all of its Senior Councillors for 2022/23 was £511,328. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The total remuneration paid to Senior Councillors (excluding the Leader of the Council and Provost) was £468,743 in 2022/23.

The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme.

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

The salary levels of Senior Employees are set by reference to national arrangements as well as local decisions on management structures and their associated remuneration levels. The Scottish Joint Negotiating Committee for Local Authorities Services (Chief Officials) sets the salary levels for the Chief Executives of Scottish Local Authorities and also sets out the spinal column salary points for Chief Officers which local authorities can utilise in setting the salary levels for posts within their authority.

There are no other benefits included in the remuneration package for Senior Employees. With the exception of Trade Unions Facility Time, all information disclosed in the following tables in this Remuneration Report are subject to audit. The other sections of the Remuneration Report are subject to review by external audit to ensure that they are consistent with the financial statements.



## Annual Accounts 2022/23 Remuneration Report

### 1. Trade Unions (Facility Time Publication Requirements) Regulations 2017

In addition to the regulations governing Senior Employees and Councillors, the Trade Union (Facility Time Publication Requirements) Regulations 2017, which apply from 1 April 2017, require public sector employers to collect and publish a range of information on trade union facility time in respect of their employees who are Trade Union Representatives. The following information has been taken from the payroll reporting system provided by the Employee Service Centre.

|  |                     |
|--|---------------------|
| Number of employees who were relevant union officials during the relevant period | FTE employee number |
| 67   | 63.23               |

Percentage of time spent on facility time – the number of employees who were relevant trade union officials during the year as a percentage of their working hours spent on facility time.

| Percentage of time | Number of representatives |
|--------------------|---------------------------|
| 0%                 | 37                        |
| 1-50%              | 28                        |
| 51-99%             | 0                         |
| 100%               | 2                         |

Percentage of the total pay bill spent on facility time

|   |             |
|---|-------------|
| Total cost of facility time (£)                         | 131,541     |
| Total pay bill (£)                                      | 628,182,870 |
| Percentage of the total pay bill spent on facility time | 0.02%       |
| Hours used on Facility Time                             | 3,685       |

## Annual Accounts 2022/23 Remuneration Report

### 2. General Disclosure by Pay Band

The following table is for actual remuneration paid to the employee, which includes salary and compensation for loss of employment made in the year. Any starters or leavers in the year are recorded in the remuneration band which matches their actual remuneration for the year.

| Remuneration Bands (£) | 2021/22    |            |            | 2022/23    |            |              |
|------------------------|------------|------------|------------|------------|------------|--------------|
|                        | Officers   | Teachers   | Total      | Officers   | Teachers   | Total        |
| 50,000 - 54,999        | 143        | 260        | 403        | 194        | 203        | 397          |
| 55,000 - 59,999        | 104        | 184        | 288        | 85         | 228        | 313          |
| 60,000 - 64,999        | 30         | 106        | 136        | 45         | 151        | 196          |
| 65,000 - 69,999        | 25         | 52         | 77         | 25         | 111        | 136          |
| 70,000 - 74,999        | 25         | 10         | 35         | 20         | 58         | 78           |
| 75,000 - 79,999        | 6          | 6          | 12         | 1          | 16         | 17           |
| 80,000 - 84,999        | -          | 3          | 3          | 1          | 8          | 9            |
| 85,000 - 89,999        | 1          | 5          | 6          | 2          | 3          | 5            |
| 90,000 - 94,999        | -          | 2          | 2          | 1          | 7          | 8            |
| 95,000 - 99,999        | 7          | 3          | 10         | 3          | 1          | 4            |
| 100,000- 104,999       | 12         | -          | 12         | 1          | 2          | 3            |
| 105,000 - 109,999      | -          | -          | -          | 14         | -          | 14           |
| 110,000 - 115,999      | 2          | -          | 2          | 1          | -          | 1            |
| 130,000 - 134,999      | 1          | -          | 1          | -          | -          | -            |
| 140,000 – 144,999      | -          | -          | -          | 1          | -          | 1            |
| 145,000 - 149,999      | 2          | -          | 2          | -          | -          | -            |
| 150,000 – 154,999      | 1          | -          | 1          | -          | -          | -            |
| 160,000 – 164,999      | 1          | -          | 1          | -          | -          | -            |
| 180,000 – 184,999      | -          | -          | -          | 1          | -          | 1            |
| 190,000 – 194,999      | 2          | -          | 2          | -          | -          | -            |
| 220,000 – 224,999      | 1          | -          | 1          | -          | -          | -            |
|                        | <b>363</b> | <b>631</b> | <b>994</b> | <b>395</b> | <b>788</b> | <b>1,183</b> |

## Annual Accounts 2022/23 Remuneration Report

### 3. Remuneration

The following tables provide details of the remuneration paid to the Council's Senior Councillors and Senior Employees. The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for the loss of employment. It excludes pension contributions made by the Council. Pension contributions made to the person's pension are disclosed as part of the pension benefits disclosure.

#### a. Remuneration of Senior Councillors

| Councillor Name  | Responsibility   | 2021/22<br>Total<br>Remuneration | 2022/23<br>Total<br>Remuneration |
|------------------|--|----------------------------------|----------------------------------|
|                  |  | £                                | £                                |
| James Logue      | Leader of the Council (until 5th May & from 25th August 22)  | 43,207                           | 38,123                           |
| Jordan Linden    | Leader of Labour Group (from 6th May to 25th August 22)<br>Leader of SNP Group (until 8th June 22)   | 26,426                           | 13,175                           |
| Paul Kelly       | Depute Leader of the Council (until 5th May & from 25th August 22)   | 32,406                           | 24,950                           |
| Tracy Carragher  | Depute Leader of Council (from 8th June until 25th August)<br>Leader of the SNP Group (from 15th August 22)                                    | -                                | 24,674                           |
| Jean Jones       | Provost (until 5th May 22)   | 32,406                           | 4,980                            |
| Agnes Magowan    | Provost (from 8th June until 9th August 22)  | -                                | 7,620                            |
| Kenneth Duffy    | Convener of Transformation & Digitalisation (until 5th May 22)<br>Provost (from 25th August 22)  | 26,302                           | 22,699                           |
| Tom Castles      | Depute Provost (until 5th May 22)  | 26,302                           | 4,042                            |
| Anne Thomas      | Depute Provost (from 8th June to 25th August)  | -                                | 8,331                            |
| Bob Burgess      | Depute Provost (from 25th August 22)   | -                                | 16,917                           |
| Robert Burrows   | Convener of Finance & Resources Committee (until 5th May 22)   | 32,406                           | 4,980                            |
| Jim Hume         | Convener of Finance & Resources Committee (from 8th June until 25th August 22)   | -                                | 7,226                            |
| Tom Fisher       | Convener of Adult and Social Care Committee (until 5th May 22)<br>Convener of Finance & Resources Committee (from 25th August 22)              | 21,687                           | 21,488                           |
| Gerry Brennan    | Convener of Adult Social Work, Care and Wellbeing Committee (from 9th June until 25th August 22)   | -                                | 6,027                            |
| Martin McCulloch | Convener of Adult Care and Social Work Committee (from 25th August 22)   | -                                | 15,717                           |
| Harry Curran     | Convener of Planning Committee (until 5th May 22)  | 26,302                           | 4,042                            |
| David Robb       | Convener of the Planning Committee (from 8th June until 25th August 22)  | -                                | 6,027                            |
| Nicky Shevlin    | Convener of Regulatory Committee (until 5th May 22)<br>Convener of Planning Committee (from 25th August 22)                                    | 26,302                           | 19,758                           |
| Margaret Hughes  | Convener of Regulatory Committee (from 8th June until 25th August 22)  | -                                | 6,027                            |
| John McLaren     | Chair of Licensing Board (until 5th May 22)<br>Convener of Regulatory Committee (from 25th August 22)  | 26,302                           | 19,758                           |
| Sophia Coyle     | Chair of the Licensing Board (from 8th June 22)  | -                                | 19,552                           |
| William Shields  | Convener of Local Review Body (until 5th May 22)   | 26,302                           | 4,042                            |
| Cameron McManus  | Convener of Local Review Body (from 8th June until 25th August 22)   | -                                | 6,027                            |
| Kevin Docherty   | Convener of Local Review Body (from 25th August 22)  | -                                | 15,717                           |
| Frank McNally    | Convener of Education & Families (until 5th May 22)  | 32,406                           | 4,980                            |
| Kirsten Larson   | Convener of Education, Children and Families Committee (from 8th June until 25th August 22)  | -                                | 7,226                            |
| Angela Campbell  | Convener of Community Empowerment Committee (until 5th May 22)<br>Convener of Education, Children and Families Committee (from 25th August 22) | 26,302                           | 21,488                           |
| Allan Graham     | Convener of Enterprise & Growth Committee (until 5th May 22)   | 26,302                           | 4,042                            |
| Paul Di Mascio   | Convener of Enterprise, Growth and Fair Work Committee (from 8th June until 25th August 22)  | -                                | 6,027                            |
| Ayeshah Khan     | Convener of Enterprise and Fair Work Committee (from 25th August 22)   | -                                | 15,717                           |

## Annual Accounts 2022/23 Remuneration Report

|                       |  |                |                |
|-----------------------|--|----------------|----------------|
| Michael McPake        | Convener of Environment & Place Committee (until 5th May 22)   | 26,302         | 4,042          |
| Alan Masterton        | Convener of the Environment and Place Committee (from 8th June until 25th August 22)                         | -              | 7,226          |
| Helen Loughran        | Convener of Environment and Climate Change Committee (from 25th August 22)                                   | -              | 15,717         |
| Heather Brannan-McVey | Convener of Housing & Regeneration Committee (until 5th May & from 25th August 22)                           | 32,406         | 22,426         |
| Allan Stubbs          | Convener of Housing Committee (from 8th June until 25th August 22)   | -              | 7,226          |
| Alexander Watson      | Convener of Audit & Scrutiny Panel (until 5th May & from 25th August 22)                                     | 23,996         | 20,535         |
| Denis Johnston        | Convener of Audit & Scrutiny Panel (from 8th June until 25th August 22)                                      | -              | 6,476          |
| Lesley Jarvie         | Convener of Joint Consultative Committee for local government employees (from 5th June until 25th August 22) | -              | 4,528          |
| Danish Ashraf         | Convener of People and Communities Committee (from 9th June until 25th August 22)                            | -              | 6,027          |
| Kenneth Stevenson     | Convener of the Communities Committee (from 25th August 22)  | -              | 17,447         |
| Geraldine Woods       | Convener of Wellbeing and Tackling Poverty Committee (from 25th August 22)                                   | -              | 15,717         |
| Louise Roarty         | Business Manager (until 5th May & from 25th August 22)   | 32,406         | 22,426         |
| Claire Barclay        | Business Manager (from 9th June until 25th August 22)  | -              | 6,546          |
| Alex McVey            | Convener of Lanarkshire Joint Valuation Board (until 5th May 22)   | 4,458          | 349            |
| James Reddin          | Depute Convener of Lanarkshire Joint Valuation Board (from 27th June 22)                                     | -              | 4,363          |
| <b>Total</b>          |  | <b>550,928</b> | <b>542,430</b> |

### Note

- Senior Councillor means a Leader of the Council, a Civic Head or a Senior Councillor, all as defined by regulation of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007(3).
- The remuneration disclosed in the table above reflects actual amounts paid for service as Senior Councillors and does not include any remuneration which relates to previous or subsequent appointment with the Council.
- The full time equivalent Salaries for 2022/23 were as follows: Leader £45,669, Depute Leader and Provost £34,254, Depute Provost £31,028, Business Manager and Convener of Finance and Resources, Housing and Regeneration and Education and Families Committees £32,000, Convener of Audit and Scrutiny Panel £28,827, all other senior councillors £28,827 (£43,412, £32,560, £26,427, £32,560, £32,560 and £26,427 for 21/22 respectively)
- No Councillor received any remuneration from a subsidiary as a representative of the Council. The Council does not have any influence on remunerations awarded by subsidiaries.
- The Joint Boards have an arrangement to reimburse the Council for the additional costs arising from a Councillor being a Convener, Vice-Convener or Depute Convener of the Board. The disclosures made in this report are limited to the amounts paid to the Council by the Board for remuneration and does not reflect the full value of the remuneration that may be paid to the Councillor. The following Councillors served on Joint Boards during 2022/23:
  - Councillor A McVey was the Convener of the Lanarkshire Joint Valuation Board until 5th May 22 and the Council was reimbursed £349 for 2022/23 (£4,458 for 2021/22).
  - Councillor J Reddin was the Depute Convener of the Lanarkshire Joint Valuation Board from 27th June 22 and the Council was reimbursed £4,363 for 2022/23.

### b. Remuneration of Councillors

The Council paid the following Remuneration to all Councillors (including the Senior Councillors above) during the year.

| Type of Remuneration | 2021/22          | 2022/23          |
|----------------------|------------------|------------------|
|                      | £                | £                |
| Salaries             | 1,632,919        | 1,703,414        |
| Expenses             | 11,311           | 26,939           |
| <b>Total</b>         | <b>1,644,230</b> | <b>1,730,353</b> |

## **Annual Accounts 2022/23 Remuneration Report**

Note: The annual return of Councillors' Remuneration for 2022/23 is available for any member of the public to view on the Council's website at [www.northlanarkshire.gov.uk](http://www.northlanarkshire.gov.uk). Please follow the link on the Council's website as follows: [Councillor Remuneration 2022/23](#)

## Annual Accounts 2022/23 Remuneration Report

### c. Remuneration of Council Senior Employees

| Name            | Post Title   | 2021/22            | 2022/23                       |                                 |                    |
|-----------------|--|--------------------|-------------------------------|---------------------------------|--------------------|
|                 |  | Total remuneration | Salaries, fees and allowances | Compensation for loss of office | Total remuneration |
| Desmond Murray  | Chief Executive  | £ 178,814          | £ 183,634                     | £ -                             | £ 183,634          |
| Derek Brown     | Depute Chief Executive   | 137,063            | 141,984                       | -                               | 141,984            |
| Elaine Kemp     | Chief Officer (Finance) (Section 95 Officer)                                   | 94,089             | 104,485                       | -                               | 104,485            |
| Katrina Hassell | Chief Officer (Business & Digital)   | 94,218             | 104,420                       | -                               | 104,420            |
| Fiona Whittaker | Chief Officer (People Resources)   | 93,143             | 104,085                       | -                               | 104,085            |
| Stephen Penman  | Chief Officer (Strategic Communication & Engagement)                           | 99,208             | 107,785                       | -                               | 107,785            |
| Ross McGuffie   | Chief Officer (Health and Social Care).  | 102,730            | 112,098                       | -                               | 112,098            |
| Alison Gordon   | Chief Social Work Officer (Education Families Justice and Integrated Practice) | 93,132             | 104,074                       | -                               | 104,074            |
| Archie Aitken   | Chief Officer (Legal and Democratic)   | 99,208             | 107,785                       | -                               | 107,785            |
| Ken Adamson     | Chief Officer (Audit & Risk)   | 69,494             | 92,067                        | -                               | 92,067             |
| <b>Total</b>    |  | <b>1,061,099</b>   | <b>1,162,417</b>              | <b>-</b>                        | <b>1,162,417</b>   |

- Total remuneration disclosed relates to salary, fees and allowances and compensation for loss of employment.
- The 2022/23 remuneration in the table above includes election payments; Desmond Murray £6,893 (2021/22 £8,099) Elaine Kemp £400 (2021/22 £980), Katrina Hassell £400 (2021/22 £1,200), Stephen Penman £3,700 (2021/22 £6,065), Archie Aitken £3,700 (2021/22 £6,065) and Ken Adamson £200 (2021/22 £1,300).

### d. Remuneration of Council's Subsidiary Bodies Senior Employees

| Name             | Post Title  | 2021/22            | 2022/23                       |                                 |                    |
|------------------|---|--------------------|-------------------------------|---------------------------------|--------------------|
|                  |   | Total remuneration | Salaries, fees and allowances | Compensation for loss of office | Total Remuneration |
| Kenneth McDonald | Surveying and Technical Manager, North Lanarkshire Properties | £ 44,922           | £ 47,051                      | £ -                             | £ 47,051           |
| Murray Collins   | Managing Director, Fusion Assets                              | 73,766             | 76,245                        | -                               | 76,245             |
| <b>Total</b>     |   | <b>118,688</b>     | <b>123,296</b>                | <b>-</b>                        | <b>123,296</b>     |

- Total remuneration disclosed relates to salary, fees and allowances and compensation for loss of employment.
- The Council has no influence over the remuneration provided by subsidiaries.

## Annual Accounts 2022/23 Remuneration Report

### 4. Pension Benefits

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.

All Senior Councillors and Senior Employees shown in tables a) and b) below are entitled to join the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2014.

For most people, for service up to 31 March 2009, the annual pension is calculated by dividing their final pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. Pensions payable are increased annually in line with changes in the Consumer Price Index (CPI). The lump sum, which is automatically paid when the person retires for service up to 31 March 2009, is three times their annual pension and is tax-free. There is no automatic lump sum for service after 31 March 2009.

From 1 April 2015, the LGPS moved to a career average pension scheme at a rate of 1/49th of the amount of pensionable pay received in the scheme that year.

A member's contribution depends on their full-time equivalent pay and is payable in the financial year ended 31 March 2023 at the rate on the following bands of pay:

| Band | Range                                       | Contribution Rate |
|------|---|-------------------|
| 1    | On earnings up to and including £22,000     | 5.50%             |
| 2    | On earnings above £22,001 and up to £27,100 | 7.25%             |
| 3    | On earnings above £27,701 and up to £37,200 | 8.50%             |
| 4    | On earnings above £37,201 and up to £49,600 | 9.50%             |
| 5    | On earnings above £49,601                   | 12.00%            |

The pension entitlements for Senior Councillors, Senior Employees of the Council and Subsidiary Bodies for the year to 31 March 2023 are shown in the tables below, together with the contribution made by the Council or the Subsidiary Body during the year.

#### a. Pension Benefits of Senior Councillors

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total local government service and not just their current appointment.

| Councillor Name | In-year pension contributions   |                                 | Accrued pension benefits  |                     |                           |
|-----------------|---------------------------------|---------------------------------|---------------------------|---------------------|---------------------------|
|                 | For year to<br>31 March<br>2022 | For year to<br>31 March<br>2023 | As at<br>31 March<br>2022 | Movement<br>In Year | As at<br>31 March<br>2023 |
|                 | £                               | £                               | £000                      | £000                | £000                      |
| James Logue     | 8,992                           | 7,732                           | Pension 11                | 1                   | 12                        |
|                 |                                 |                                 | Lump Sum 3                | -                   | 3                         |
| Jordan Linden   | -                               | -                               | Pension -                 | -                   | -                         |
|                 |                                 |                                 | Lump Sum -                | -                   | -                         |
| Paul Kelly      | 6,745                           | 5,836                           | Pension 8                 | 1                   | 9                         |
|                 |                                 |                                 | Lump Sum 2                | -                   | 2                         |
| Tracy Carragher | -                               | 5,592                           | Pension 2                 | -                   | 2                         |
|                 |                                 |                                 | Lump Sum -                | -                   | -                         |
| Jean Jones      | -                               | -                               | Pension -                 | -                   | -                         |
|                 |                                 |                                 | Lump Sum -                | -                   | -                         |
| Agnes Magowan   | -                               | 4,389                           | Pension 2                 | -                   | 2                         |
|                 |                                 |                                 | Lump Sum -                | -                   | -                         |
| Kenneth Duffy   | 5,474                           | 5,639                           | Pension 2                 | 1                   | 3                         |
|                 |                                 |                                 | Lump Sum -                | -                   | -                         |
| Tom Castles     | -                               | -                               | Pension -                 | -                   | -                         |
|                 |                                 |                                 | Lump Sum -                | -                   | -                         |
| Anne Thomas     | -                               | 2,484                           | Pension -                 | -                   | -                         |
|                 |                                 |                                 | Lump Sum -                | -                   | -                         |
| Bob Burgess     | -                               | -                               | Pension 2                 | -                   | 2                         |
|                 |                                 |                                 | Lump Sum -                | -                   | -                         |
| Robert Burrows  | 6,745                           | -                               | Pension -                 | -                   | -                         |
|                 |                                 |                                 | Lump Sum -                | -                   | -                         |
| Jim Hume        | -                               | 4,365                           | Pension 5                 | -                   | 5                         |
|                 |                                 |                                 | Lump Sum -                | -                   | -                         |

**Annual Accounts 2022/23  
Remuneration Report**

|                       |               |                |          |            |           |            |
|-----------------------|---------------|----------------|----------|------------|-----------|------------|
| Tom Fisher            | 5,403         | 5,372          | Pension  | 2          | 1         | 3          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Gerry Brennan         | -             | 3,864          | Pension  | -          | -         | -          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Martin McCulloch      | -             | 4,878          | Pension  | 2          | -         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Harry Curran          | 5,474         | -              | Pension  | -          | -         | -          |
|                       |               |                | Lump Sum | -          | -         | -          |
| David Robb            | -             | -              | Pension  | -          | -         | -          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Nicky Shevlin         | 5,474         | 4,991          | Pension  | 7          | 1         | 8          |
|                       |               |                | Lump Sum | 2          | -         | 2          |
| Margaret Hughes       | -             | 3,864          | Pension  | -          | -         | -          |
|                       |               |                | Lump Sum | -          | -         | -          |
| John McLaren          | 5,474         | 4,991          | Pension  | 5          | -         | 5          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Sophia Coyle          | -             | 5,111          | Pension  | 5          | 1         | 6          |
|                       |               |                | Lump Sum | 2          | -         | 2          |
| William Shields       | 5,474         | 3,880          | Pension  | 6          | 1         | 7          |
|                       |               |                | Lump Sum | 1          | -         | 1          |
| Cameron McManus       | -             | 4,133          | Pension  | 2          | -         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Kevin Docherty        | -             | 4,878          | Pension  | 4          | -         | 4          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Frank McNally         | 6,745         | 3,969          | Pension  | 6          | -         | 6          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Kirsten Larson        | -             | 4,365          | Pension  | 2          | -         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Angela Campbell       | 5,474         | 5,372          | Pension  | 2          | 1         | 3          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Allan Graham          | 5,474         | -              | Pension  | -          | -         | -          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Paul Di Mascio        | -             | 4,133          | Pension  | 2          | -         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Ayeshah Khan          | -             | 4,609          | Pension  | -          | 1         | 1          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Michael McPake        | 5,474         | 3,880          | Pension  | 5          | 1         | 6          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Alan Masterton        | -             | 4,365          | Pension  | 4          | -         | 4          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Helen Loughran        | -             | 4,878          | Pension  | -          | 1         | 1          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Heather Brannan-McVey | 6,745         | 5,461          | Pension  | 6          | -         | 6          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Allan Stubbs          | -             | 4,365          | Pension  | 2          | -         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Alexander Watson      | 6,049         | 5,080          | Pension  | 2          | 1         | 3          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Denis Johnston        | -             | 3,864          | Pension  | 2          | -         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Lesley Jarvie         | -             | 3,575          | Pension  | -          | -         | -          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Danish Ashraf         | -             | 4,133          | Pension  | 2          | -         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Kenneth Stevenson     | -             | 5,259          | Pension  | 2          | -         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Geraldine Woods       | -             | 4,878          | Pension  | 1          | 1         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Louise Roarty         | -             | -              | Pension  | -          | -         | -          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Claire Barclay        | -             | 4,233          | Pension  | 2          | -         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| Alex McVey            | 4,817         | 3,834          | Pension  | 2          | 1         | 3          |
|                       |               |                | Lump Sum | -          | -         | -          |
| James Reddin          | -             | 4,335          | Pension  | 2          | -         | 2          |
|                       |               |                | Lump Sum | -          | -         | -          |
| <b>Total</b>          | <b>96,033</b> | <b>166,587</b> |          | <b>119</b> | <b>14</b> | <b>133</b> |



## Annual Accounts 2022/23 Remuneration Report

### b. Pension Benefits of Council Senior Employees

| Name            | In-year pension contributions   |                              | Accrued pension benefits  |                     |                           |
|-----------------|---------------------------------|------------------------------|---------------------------|---------------------|---------------------------|
|                 | For year to<br>31 March<br>2022 | For year<br>31 March<br>2023 | As at<br>31 March<br>2022 | Movement<br>in Year | As at<br>31 March<br>2023 |
|                 | £                               | £                            | £000                      | £000                | £000                      |
| Desmond Murray  | 37,472                          | 35,343                       | Pension 58                | 6                   | 64                        |
|                 |                                 |                              | Lump Sum 62               | 3                   | 65                        |
| Derek Brown     | 28,375                          | 27,731                       | Pension 18                | 4                   | 22                        |
|                 |                                 |                              | Lump Sum -                | -                   | -                         |
| Elaine Kemp     | 19,288                          | 20,346                       | Pension 36                | 6                   | 42                        |
|                 |                                 |                              | Lump Sum 49               | 7                   | 56                        |
| Katrina Hassell | 19,270                          | 20,344                       | Pension 45                | 7                   | 52                        |
|                 |                                 |                              | Lump Sum 75               | 10                  | 85                        |
| Fiona Whittaker | 19,306                          | 20,346                       | Pension 9                 | 2                   | 11                        |
|                 |                                 |                              | Lump Sum -                | -                   | -                         |
| Stephen Penman  | 19,306                          | 20,344                       | Pension 22                | 4                   | 26                        |
|                 |                                 |                              | Lump Sum -                | -                   | -                         |
| Ross McGuffie   | 21,291                          | 21,903                       | Pension 10                | 2                   | 12                        |
|                 |                                 |                              | Lump Sum -                | -                   | -                         |
| Alison Gordon   | 19,303                          | 19,429                       | Pension 31                | 5                   | 36                        |
|                 |                                 |                              | Lump Sum 25               | 4                   | 29                        |
| Archie Aitken   | 19,306                          | 20,346                       | Pension 43                | 6                   | 49                        |
|                 |                                 |                              | Lump Sum 61               | 8                   | 69                        |
| Ken Adamson     | 14,152                          | 18,007                       | Pension 32                | 10                  | 42                        |
|                 |                                 |                              | Lump Sum 46               | 18                  | 64                        |
| <b>Total</b>    | <b>217,069</b>                  | <b>224,139</b>               | <b>622</b>                | <b>102</b>          | <b>724</b>                |

1. Prior year pension contributions are included for all Senior Officers which include prior appointments.
2. The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement.

### c. Pension Benefits of Council's Subsidiary Bodies Senior Employees

| Name             | In-year pension contributions   |                              | Accrued pension benefits  |                     |                           |
|------------------|---------------------------------|------------------------------|---------------------------|---------------------|---------------------------|
|                  | For year to<br>31 March<br>2022 | For year<br>31 March<br>2023 | As at<br>31 March<br>2022 | Movement<br>in Year | As at<br>31 March<br>2023 |
|                  | £                               | £                            | £000                      | £000                | £000                      |
| Kenneth McDonald | 9,573                           | 9,067                        | Pension 2                 | 1                   | 3                         |
|                  |                                 |                              | Lump Sum -                | -                   | -                         |
| Murray Collins   | 24,328                          | 25,081                       | Pension -                 | -                   | -                         |
|                  |                                 |                              | Lump Sum -                | -                   | -                         |
| <b>Total</b>     | <b>33,901</b>                   | <b>34,148</b>                | <b>2</b>                  | <b>1</b>            | <b>3</b>                  |

## 5. Exit Packages

North Lanarkshire Council terminated the contracts of a number of employees in 2021/22 and 2022/23 as part of a series of workforce change exercises which gave rise to voluntary severance agreements.

Exit package costs in the tables below have been allocated across the following four areas:

- Redundancy Lump Sums, representing the amount that North Lanarkshire Council pays to the individual in a one-off lump sum in accordance with the Council's severance policy and Payments In-lieu of Notice, representing the amount that North Lanarkshire Council pays to an individual for a period of notice that the individual is not required to work.
- Compensated Added Years (CAY) Lump Sum, representing the amount that North Lanarkshire Council pays to the individual in a one-off lump sum, according to the CAY awarded.
- Strain Costs, representing the amount which North Lanarkshire Council is required to pay to the pension fund because the employee has retired before the assumed retirement age which would result in a shortfall in contributions up to the assumed retirement age.

## Annual Accounts 2022/23 Remuneration Report

- An estimate of the total exit package costs that may potentially be incurred by North Lanarkshire Council up until the age at which the relevant employees are assumed to cease being members of the pension scheme as required by the Local Authority Accounts (Scotland) Regulations 2014:

### Exit Packages 2022/23

| Banding           | Employees | Redundancy Lump Sums | CAY Lump Sums | Strain Costs | Estimated CAY Liabilities | Total Exit Package Costs |
|-------------------|-----------|----------------------|---------------|--------------|---------------------------|--------------------------|
|                   | No.       | £000                 | £000          | £000         | £000                      | £000                     |
| £0-£20,000        | 6         | 56                   | 6             | -            | -                         | 62                       |
| £20,001-£40,000   | 6         | 171                  | 2             | 9            | 18                        | 200                      |
| £40,001-£60,000   | 2         | 28                   | 4             | 41           | 31                        | 104                      |
| £60,001-£80,000   | 6         | 250                  | 1             | 166          | -                         | 417                      |
| £80,001-£100,000  | 3         | 42                   | 14            | 238          | -                         | 294                      |
| £100,001-£150,000 | 3         | 46                   | 17            | 169          | 116                       | 348                      |
| £150,001-£200,000 | 2         | 60                   | 10            | 209          | 73                        | 352                      |
| £200,001-£250,000 | -         | -                    | -             | -            | -                         | -                        |
| £250,001-£300,000 | -         | -                    | -             | -            | -                         | -                        |
| £550,001-£600,000 | -         | -                    | -             | -            | -                         | -                        |
|                   | <b>28</b> | <b>653</b>           | <b>54</b>     | <b>832</b>   | <b>238</b>                | <b>1,777</b>             |

### Comparative Exit Packages 2021/22

| Banding           | Employees | Redundancy Lump Sums | CAY Lump Sums | Strain Costs | Estimated CAY Liabilities | Total Exit Package Costs |
|-------------------|-----------|----------------------|---------------|--------------|---------------------------|--------------------------|
|                   | No.       | £000                 | £000          | £000         | £000                      | £000                     |
| £0-£20,000        | 6         | 24                   | -             | -            | -                         | 24                       |
| £20,001-£40,000   | 5         | 135                  | -             | 5            | -                         | 140                      |
| £40,001-£60,000   | 6         | 258                  | -             | 70           | -                         | 328                      |
| £60,001-£80,000   | 3         | 186                  | -             | 32           | -                         | 218                      |
| £80,001-£100,000  | 2         | 138                  | -             | 31           | -                         | 169                      |
| £100,001-£150,000 | 9         | 427                  | 20            | 420          | 239                       | 1,106                    |
| £150,001-£200,000 | 2         | 76                   | 11            | 210          | 87                        | 384                      |
| £200,001-£250,000 | 1         | 23                   | 7             | 131          | 76                        | 237                      |
| £250,001-£300,000 | 1         | 19                   | -             | 114          | 139                       | 272                      |
| £550,001-£600,000 | 1         | 74                   | 27            | 259          | 210                       | 569                      |
|                   | <b>36</b> | <b>1,360</b>         | <b>65</b>     | <b>1,271</b> | <b>751</b>                | <b>3,447</b>             |

*Des Murray*

**Des Murray**  
Chief Executive

30 October 2023

*James Logue*

**Councillor James Logue**  
Council Leader

30 October 2023

## **Annual Accounts 2022/23 Statement of Responsibilities**

### **The Authority's Responsibilities**

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Chief Officer (Finance) has been designated as that officer within North Lanarkshire Council
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and the Coronavirus (Scotland) Act, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003)
- approve the Annual Accounts for signature

Signed on behalf of North Lanarkshire Council



**Councillor James Logue**

**Council Leader**

30 October 2023

### **The Chief Officer (Finance) Responsibilities**

The Chief Officer (Finance) is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts the Chief Officer (Finance) has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with legislation
- complied with the Code of Practice on Local Authority Accounting in the United Kingdom (in so far as it is compatible with legislation)

The Chief Officer (Finance) has also:

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

### **Statement of Accounts**

The Statement of Accounts presents a true and fair view of the financial position of the Council and its Group as at 31 March 2023, and its income and expenditure for the year ended 31 March 2023.



**Elaine Kemp, CPFA**

**Chief Officer (Finance)**

30 October 2023

## Annual Accounts 2022/23

### Annual Governance Statement

#### 1. Scope of responsibility

- 1.1 North Lanarkshire Council is committed to ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.
- 1.2 The council also has a duty under the Local Government in Scotland Act 2003 to demonstrate Best Value by securing continuous improvement in performance. Good governance is central to meeting Best Value obligations as effective governance and accountability arrangements, with openness and transparency in decision-making, schemes of delegation, and effective reporting of performance are essential for taking informed decisions and ensuring effective scrutiny of performance and stewardship of resources.
- 1.3 To maintain compliance in terms of ensuring good governance and delivering continuous improvement, the council has adopted the principles and requirements of the *Delivering Good Governance in Local Government: Framework (2016)* and accompanying *Guidance Notes for Scottish Local Authorities (2016)* published by *Chartered Institute of Public Finance and Accountancy (CIPFA)* in association with Society of Local Authority Chief Executives (SOLACE).
- 1.4 To ensure its good governance arrangements are sound and the highest standards are met, the council has set out its commitment to the national principles of good governance by determining its own governance structure (local code) underpinned by these principles. This local code is set out in the Strategic Governance Framework.
- 1.5 In discharging these duties Chief Officers and Elected Members are responsible for determining and implementing the council's governance arrangements and ensuring the local code, the Strategic Governance Framework, is assessed on an annual basis to ensure ongoing effectiveness and compliance.
- 1.6 To support the discharge of these duties, the council has arrangements in place through the senior management team structure which includes a four weekly Business Management Team meeting which is responsible for monitoring the efficient and effective operation of the council and ensuring that pursuit of the long-term vision set out in The Plan for North Lanarkshire is underpinned with the relevant assurances and corporate governance controls. Standing agenda items for finance, governance, risk, performance, and human resources further demonstrates the ongoing commitment to ensuring corporate governance arrangements are in place and remain effective. The ongoing commitment of the Corporate Management Team is demonstrated through their evaluation role in the annual review of the Strategic Governance Framework.
- 1.7 Independent and objective assurances are provided by Internal Audit whose function is designed to add value and improve the council's operations. This in turn helps the council accomplish its strategic ambitions by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the council's risk management, internal control, and governance processes. The council's internal audit arrangements are consistent with the CIPFA Statement on *the role of the Head of Internal Audit in public service organisations (2019)*.
- 1.8 Internal Audit activity is planned to enable an independent opinion to be given by the Chief Officer (Audit and Risk) on the adequacy and effectiveness of internal controls within the council, including the systems designed to achieve the strategic ambitions of the council and those that manage the material risks faced by the council. It is noted, however, that the presence of an effective internal audit function contributes towards, but is not a substitute for, effective control. It is primarily the responsibility of line management to establish internal controls so that council activities are conducted in an efficient and well-ordered manner, to ensure that management policies and directives are adhered to and that assets and records are safeguarded.
- 1.9 The purpose of the Audit and Scrutiny Panel, whose activities and functions comply with the standards set out in CIPFA's *Position Statement: Audit Committees in Local Authorities (2018)*, is to provide independent assurance to the council and those charged with governance on the adequacy of the council's risk management framework and internal control environment. In this respect, the Panel is responsible for providing an independent review of the council's

## Annual Accounts 2022/23

### Annual Governance Statement

governance, risk management, performance, and control frameworks, and overseeing the financial reporting and annual governance processes. It oversees the council's internal and external audit arrangements, helping to ensure efficient and effective assurance arrangements are in place. It also undertakes the scrutiny function within the council's governance framework and undertakes in-depth examination of particular areas of policy and/or service delivery with a view to making recommendations for improvement.

1.10 This statement also covers the organisations consolidated in the council's Group Accounts.

## 2. Strategic Governance Framework

- 2.1 Aligned to the national *Delivering Good Governance in Local Government: Framework*, the council's local code of governance is set out in the Strategic Governance Framework which was initially approved by the Audit and Scrutiny Panel in February 2020 and has been subject to a review and refresh process annually thereafter. The Strategic Governance Framework sets out the *elements and mechanisms* which form the council's local code of governance and demonstrates North Lanarkshire Council's commitment to the principles of good governance.
- 2.2 The Strategic Governance Framework is one of six inter-related strategic frameworks that aim to maintain a corporate one council approach across the organisation. They are key to assessing the success of The Plan for North Lanarkshire and monitoring delivery of the Programme of Work, while ensuring each stage of delivery towards achieving the overall vision is appropriately planned, guided, implemented, and governed.
- 2.3 The council recognises that a crucial aspect in delivering good governance is the way that it is applied. The ethos of good governance cannot be achieved by structures, rules, and procedures alone. Effectively, good governance needs to be embedded within the council and its culture and the need for, and value of, good governance must be explicit. As such, any references that require to be made to any one of the frameworks supporting The Plan for North Lanarkshire references them all together for completeness and to raise awareness of the role of good governance in delivering the strategic ambition. The role of, and need for, good governance is also reiterated in the Guidance accompanying the Report Template which requires to be used for all council internal reporting purposes. More importantly, the Strategic Governance Framework review and refresh process carried out by the Corporate Management Team annually ensures that good governance is supported from the top of the organisation.
- 2.4 The Strategic Governance Framework outlines the *elements and mechanisms* in place to ensure appropriate oversight and governance of The Plan for North Lanarkshire and supporting Programme of Work and enable the council to monitor the delivery of its ambitions while ensuring arrangements for corporate governance, risk management, and internal financial controls are sound. This is based on the following:

- Identifying and setting out the council's long-term strategic ambition and priorities in The Plan for North Lanarkshire and ensuring the vision for *inclusive growth and prosperity for all* is embedded throughout all other policy statements agreed by the council, as well as all strategic management, service delivery, and corporate governance approaches.
- Establishing the six inter-related strategic frameworks (Policy, Governance, Performance, Self-Evaluation, Project Management, and Demonstrating Improved Outcomes for Communities) that aim to maintain a corporate one council approach across the organisation, and ensuring these frameworks remain aligned to The Plan for North Lanarkshire and Programme of Work through a regular review and refresh programme.
- Establishing a strategic planning process through the Programme of Work which is framed within the context of the local demographic, social, and economic profile that shaped The Plan for North Lanarkshire. This approach enables a recurring, dynamic, and cohesive approach to developing the programmes, projects, and activities required to realise the vision for *inclusive growth and prosperity for all*, with corresponding arrangements in place (through the Strategic Policy Framework) to ensure a consistent approach to establishing the strategies, policies, and plans required to achieve the intended outcomes.
- Standing Orders that allow the council to delegate decision making to committees, sub-committees, or officers and sets out the rules which apply to the running and operation of council and committee meetings.

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- A Scheme of Administration which clearly sets out functions, terms of reference, and powers of the council and its committees and sub-committees and which is aligned to the organisational structure to facilitate decision making in line with the council's strategy.
- A Scheme of Delegation to Officers which sets out the functions delegated to the Chief Officers of the council.
- Financial Regulations and a Scheme of Financial Delegation which, as an integral part of the council's framework of internal financial controls, are designed to ensure effective stewardship of council funds. Compliance with these regulations ensures that public money is safeguarded and properly accounted for, and all financial transactions are undertaken in a manner which demonstrates openness, transparency, and integrity. The Financial Regulations form a key part of the overarching Financial Strategy and the corporate governance arrangements of the council.
- The Financial Strategy which is the overarching framework that establishes the financial strategies and policies to ensure effective financial governance, planning, and management and, as such, sets out the responsibility for safeguarding public funds within the council. It also sets out the role and responsibilities of the Chief Financial Officer, in line with the corresponding *CIPFA Statement (2016)*. The strategies and policies covered by the Financial Strategy include the Capital Strategy, Treasury Management Strategy, Revenue Budget Strategy, the Medium-Term Financial Plan, and the Financial Regulations and Scheme of Financial Delegation.
- A Risk Management Strategy which sets out a clear direction for how the council will identify, assess, and manage the risks faced in providing high quality public services and delivering The Plan for North Lanarkshire. The strategy is intended to ensure that the council is *risk aware* rather than *risk averse* and that the management of risk is embedded in the council's policies, procedures, culture, and practices. It is designed to ensure that key decisions are taken with an understanding of risks and their effective control.
- Risk management arrangements which form an important element of good corporate governance and are designed to ensure that the council operates systematic and logical processes for managing risks within a comprehensive framework, ensuring that identified risks are managed consistently, effectively, efficiently, and coherently across the organisation. These arrangements include regular oversight of the council's risk management arrangements and management of key corporate risks by the Audit and Scrutiny Panel.
- Codes of Conduct for Elected Members, Chief Officers, and Employees which provide frameworks within which individuals are expected to undertake their duties in a manner which meets the required standards for good governance. This includes ensuring declarations of interests, and declarations for conflicts of interest and gifts and hospitality, are appropriately (and regularly) made and published.
- Ensuring legislative obligations are fulfilled through the statutory officer roles, i.e. the posts of head of paid service, monitoring officer, chief financial officer (section 95 officer), and the chief social work officer.
- An Anti-Fraud Policy and Fraud Response Plan which sets out the council's expectations (that extends to all individuals and organisations with whom it deals) in terms of acting honestly and with integrity and in safeguarding public resources.
- A Whistleblowing Procedure which provides a mechanism for employees of the council, and other workers within the council, to report a concern about serious wrongdoing within the council and to do so with security and in confidence.
- A senior management team structure which comprises a Business Management Team (to monitor the efficient and effective operation of the council and ensure pursuit of the long-term vision set out in The Plan for North Lanarkshire is underpinned with the relevant assurances and controls in terms of corporate governance, risk management, and financial management), and a Corporate Management Team (to ensure strategic oversight, direction, and a one council approach in terms of delivery of the vision through the Programme of Work. This is supported by a meetings structure comprising service Senior Management Teams focussing on the operational delivery of service remits, and an Operational Management Team to cascade the context, deliverables, and accountabilities and ensure consistency of message in terms of the long-term vision and day to day delivery through the Programme of Work. All Chief Officers are members of the Corporate Management Team; this includes those Chief Officers who hold a statutory officer role.
- An Audit and Scrutiny Panel whose activities and functions comply with the standards set out in CIPFA's *Position Statement: Audit Committees in Local Authorities (2018)*, and whose purpose is to provide independent assurance to the council and those charged with governance on the adequacy of the council's risk management framework and internal control environment.
- A Strategic Performance Framework which sets out performance measurement at three levels in order to collectively provide an overview of performance (over time and compared to targets) to help understand the impact of council activities on improving services and

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outcomes for the people and communities of North Lanarkshire. These measures also allow for day to day activities, and progress towards achieving the long-term vision set out in The Plan for North Lanarkshire, to be regularly monitored, reported, assessed, and scrutinised.

- Formal reporting arrangements through an annual Performance Reporting Schedule that comprises Chief Officer reviews at service committees, corporate reporting, and service specific reporting to meet both business and statutory obligations and which is underpinned by five non-negotiable standards that support regular performance assurance reviews.
- Comprehensive revenue budget and capital expenditure guidelines, with well-established processes and systems to ensure regular monitoring and reporting, as well as oversight and scrutiny through the senior management team structure of meetings and Elected Members.
- A range of programme and project Boards and working groups aligned to the delivery and governance requirements for specific Programme of Work items, e.g. Strategic Capital Delivery Group, DigitalNL, Hub Delivery Programme Board, and Data Governance Board.
- An Information Governance Policy Framework, comprising policies in terms of records and information management, data protection, information handling and classification, information risk, information security, and payment card industry data security to ensure proper recording of information, appropriate access to that information including by the public, and compliance with legislation.
- An Information Security Policy which includes cyber security and aims to protect the council's information systems and physical assets including supporting processes, networks, and equipment. This is essential to ensure the council can continue to operate and successfully deliver its functions, while finding the right balance between the benefits and risks to the processing of information.
- Publicly available complaints and freedom of information procedures with management, monitoring, and performance reporting arrangements.
- A range of employment and other policies, and associated guidance documents and forms, which promote and support ethical behaviour and standards of conduct by employees. An employee Performance Review and Development (PRD) process and access to a range of training and development programmes and opportunities through LearnNL for both employees and Elected Members.
- Workforce plans that include an analysis of the risks and issues facing the current workforce and identify the gaps in terms of fulfilling service provision and delivering on priorities and the long-term vision in the future.
- Independent and objective assurances provided by Internal Audit whose function is designed to add value and improve the council's operations. The Internal Audit function operates within the Public Sector Internal Audit Standards (PSIAS) and the council's Internal Audit Charter. The service undertakes an annual programme of work approved by the Audit and Scrutiny Panel which is based on the Internal Audit Annual Plan. This plan is risk based and is periodically updated to reflect evolving issues and changes.
- Independent and objective assurances provided by the external auditors through the Annual Audit Report (AAR) process and other audit, inspection, and regulatory bodies.

### 3. Review of effectiveness of governance arrangements

3.1 The Annual Governance Statement has been prepared with evidence gathered from various different sources to ensure that it properly reflects the effectiveness of the council's arrangements during 2022/23. The information gathered to inform the evidence base is summarised in paragraphs 3.1.1 to 3.1.6 below.

3.1.1 Chief Officers have reviewed the effectiveness of governance arrangements within their area of responsibility by completing a Certificate of Assurance and updating a 78 point Checklist (covering: the control environment, risk management, business planning / information / reporting, financial control processes, project management, monitoring and corrective action, human resources, arm's length bodies, and assessing whether key controls have been applied during 2022/23) to support the preparation of the council's statements on corporate governance and internal financial control for the year ending 31 March 2023.

- Through this process Chief Officers have confirmed corporate governance arrangements and financial controls in their area of responsibility have been, and are, working well and there are (in their opinion) no significant matters arising which would require to be raised specifically in the Annual Governance Statement.

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3.1.2 The council's five arm's length external organisations (ALEOs) have also reviewed the effectiveness of governance arrangements within their organisation by completing a Certificate of Assurance and updating a 61 point Checklist to support the preparation of the council's statements on corporate governance and internal financial control for the year ending 31 March 2023.

- In this respect, the Chief Executive or Senior Representative for each of the ALEOs has confirmed corporate governance arrangements and financial controls in their organisation have been, and are, working well and there are (in their opinion) no significant matters arising which would require to be raised specifically in the council's Annual Governance Statement.

3.1.3 Compliance with four specific CIPFA statements.

(1) **The CIPFA Statement on the role of the Head of Internal Audit in public service organisations (2019).**

To enable the Chief Officer (Audit and Risk) to fulfil his role in this respect, the Corporate Management Team are required to ensure they "*set out how the framework of assurance supports the Annual Governance Statement and identify internal audit's role within it*". This assurance is provided through the Strategic Governance Framework which has undergone an annual review and refresh process in order to identify how the effectiveness of the council's governance arrangements has been monitored and evaluated in the year, and which was endorsed by the Corporate Management Team at its meeting in June 2023.

In line with the Public Sector Internal Audit Standards (PSIAS), and the council's Internal Audit Charter, the Chief Officer (Audit and Risk) has provided an annual opinion on the "*overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control*". Both the Business Management Team and Corporate Management Team considered and noted the Internal Audit annual report 2022/23 and annual opinion from the Chief Officer (Audit and Risk) on 8<sup>th</sup> and 16<sup>th</sup> June 2023 respectively. This report states that the annual Internal Audit opinion is unqualified and offers a generally positive view of the council's governance and internal control arrangements.

More specifically the Internal Audit annual report 2022/23 states that it is the opinion of the Chief Officer (Audit and Risk) that "*reasonable assurance can be placed on the adequacy and effectiveness of the council's framework of governance, risk management, and internal control for the year ended 31<sup>st</sup> March 2023*".

(2) **CIPFAs Position Statement: Audit Committees in Local Authorities (2018).**

In this respect the activities and functions of the council's Audit and Scrutiny Panel are required to reflect the standards set out in the CIPFA Statement.

The Strategic Governance Framework sets out the evidence in this respect and confirms that during 2022/23 the purpose of the Audit and Scrutiny Panel was to "*provide independent assurance to the council and those charged with governance on the adequacy of the council's risk management framework and internal control environment*" and its activities included providing an "*independent review of the council's governance, risk management, performance, and control frameworks and oversees the financial reporting and annual governance processes*" - as set out in the Scheme of Administration (October 2022).

The Panel's specific duties are also reflected in the Scheme of Administration, in that it is the Panel's remit to "*review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking in to account Internal Audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.*"



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- (3) **The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014).** This statement looks for compliance in terms of developing a strategy and identifying the risks. In this respect the council has a number of policies and procedures in place as noted below:

- Corporate Anti-Fraud Policy and Response Plan - last updated in June 2017. Findings reported to the Audit and Scrutiny Panel in May 2023, from an Internal Audit corporate governance review, show an update is underway and expected to be completed by October 2023.
- Whistleblowing Procedure - last update approved in March 2023.
- Gifts and Hospitality and Conflicts of Interest procedures for employees - guidance in this respect was incorporated into the Employee Code of Conduct in 2018. Chief Officers are required to maintain corresponding registers for their services that are submitted for review and assurance purposes annually. The 2022/23 review of Registers found no significant trends or issues of concern that required to be reported to the Corporate Management Team.
- Employee Code of Conduct - last update approved in March 2021. Findings reported in May 2023 from an Internal Audit corporate governance review show an update is underway and due to be completed by September 2023.
- Code of Conduct for Chief Officers - last update approved in June 2023.
- Information Security Policy - last update approved in June 2023.
- Cyber Security - a review and assessment was undertaken in February 2023 using a structured format (using templates and guidance created by the National Audit Office, National Cyber Security Centre (NCSC), and the Scottish Government). This assessment - categorised as *reasonable assurance* - determined the council has robust and effective information governance arrangements, duly recognises the risks associated with cyber security threats, and operates practices commensurate with the good practice recommended by bodies such as the National Audit Office.

The identification of risks is carried out in line with the council's Risk Management Strategy and through the risk for *serious organised crime, fraud, and corruption* which sits within the Corporate Risk Register. The Chief Officer (Legal and Democratic) - the council's Monitoring Officer - is the identified lead for this risk.

The CIPFA statement also requires responsibility to be acknowledged. In this respect the Internal Audit annual report 2022/23 from the Chief Officer (Audit and Risk) specifies that Internal Audit *"has responsibility for investigating, as appropriate, alleged frauds and irregularities brought to our attention in accordance with the council's anti-fraud policy. Where detailed work is carried out, the findings are reported to the Chief Executive and/or the relevant Chief Officer with recommendations made which are designed to address any weaknesses identified. Such work is reported to the Audit and Scrutiny Panel, as appropriate, in line with the approved Internal Audit reporting protocol which forms part of the Internal Audit Charter."*

The Internal Audit annual report 2022/23 from the Chief Officer (Audit and Risk) has confirmed that *"All audit investigations of suspected fraud and/or irregularities are reported to the Panel in line with the agreed Internal Audit reporting protocol. I am also pleased to be able to report that there were no material frauds or irregularities identified in 2022-23 that I require to bring to your attention"*.

- (4) **The CIPFA Statement on the role of the Chief Financial Officer in Local Government (2016).** It is specified in this CIPFA Statement that the Annual Governance Statement is required to *"address the authority's arrangements for financial and internal control and for managing risk"*. This is addressed through the annual audit opinion provided by the Chief Officer (Audit and Risk), referenced above.

The extent of the council's compliance in this respect (and the role of the Chief Financial Officer therein) is further demonstrated through the biennial self-evaluation exercise (undertaken in 2022) which concluded that the council's financial management practices comply with all aspects of the CIPFA Financial Management Code. The self-evaluation also

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confirmed that the council's Chief Financial Officer operates in a way that is consistent with the CIPFA Statement.

3.1.4 Various self-evaluation exercises have been undertaken as part of the council's governance, performance management, and continuous improvement arrangements. This has been undertaken in line with the Strategic Self-Evaluation Framework and rolling review programme which was approved by the Audit and Scrutiny Panel as at November 2022. During 2022/23 two self-evaluation exercises were completed in terms of:

- **Project management.** This self-evaluation supported the review and refresh of the corporate project management model to ensure the council's arrangements remain fit for purpose and able to effectively support delivery of The Plan for North Lanarkshire. This followed recommendations arising from Internal Audit reports on managing strategic change and the governance of capital projects. The review was also considered necessary in light of the changes in the council's operating environment since the implementation of the model in 2018. These changes had led to a rapid evolution of programmes and projects across the council, as well as increasing complexities in the delivery of many of these, and a growing need for good governance and good project management to set up and deliver a wider range of projects at pace and scale (particularly during the pandemic), and ensure these are well-directed, delivered to time, cost, and quality targets, and provide the expected benefits and improved local outcomes. To support the review, a group was established comprising officers from across council services with practical on the ground experience of project management in both construction and non-construction projects. Following work to collate and analyse the information collected through the review, five themes on areas for improvement consistently emerged. Three of the areas for improvement related to the development of the refreshed Project Management Framework which was completed and published across the council in December 2022. One area for improvement related to ongoing training, staff learning and development, and awareness raising in line with the refreshed Framework for which a programme was launched council wide in March 2023. A series of full day training courses (aimed at employees with no project management experience, new to the council, or for those who required a refresher) and half day training courses (aimed at employees with some project management experience, or for those who are currently responsible for delivering on council projects) is now in place for the remainder of 2023. The remaining area for improvement relates to enhancing opportunities for more collaboration, sharing, and learning for which a Yammer site has been established for further development and roll out later in 2023.
- **Risk governance arrangements in respect of DigitalNL.** This self-evaluation supported the annual review of the existing risk management arrangements and risks for both the DigitalNL programme and Business and Digital. In light of the fast evolving environment and many moving parts within which the service's wide range of programmes and projects operate - programmes and projects which often call upon the same resources - it was considered essential that the Business and Digital risk profile be considered as a composite in order to continue to facilitate good governance and proactively support delivery of the actions that will enable achievement of the digital ambition. The findings from the self-evaluation exercise were reported to the Business and Digital Delivery Board in December 2022. Three areas for improvement were identified for the improvement plan (ensuring a central approach to capturing / updating / reviewing / discussing / managing all risks together, deploying the one approach across the whole of Business and Digital, and ensuring ongoing learning, development, and action). Implementation of these areas for improvement will be monitored by the Business and Digital Delivery Board to ensure they have oversight of all inter-related risks and issues and the supporting risk management arrangements.

3.1.5 The evidence has also included an annual review and refresh of the council's Strategic Governance Framework. In this respect:

- An annual review process is in place to fulfil the requirements of the national *Delivering Good Governance in Local Government: Framework*. This process also sets out the role of the Chief Officers and Elected Members who are responsible for determining and implementing the council's governance arrangements and ensuring the local code is assessed on an

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annual basis to ensure ongoing effectiveness and compliance.

- The annual review and update of the Strategic Governance Framework was endorsed by the Corporate Management Team at their meeting in June 2023 in line with their role to identify any improvement actions and/or future planned developments in relation to key governance arrangements and continuous improvement activity.
- In line with the annual review process, each of the *elements and mechanisms* within the Strategic Governance Framework have been reviewed with updates made as required to the relevant documentation and hyperlinks, as well as the review timeframe, date of next update, and assessment of the current position (which includes the corresponding RAG status). This process ensures all *elements and mechanisms* are as up to date as they require to be, while providing a method by which to identify and prioritise items requiring to be reviewed and updated further.
- The annual assessment process in place through the Strategic Governance Framework and its accompanying review programme has been recognised as an area of good practice in the latest two annual Internal Audits on *Corporate Governance*. In May 2023 it was cited that there are “*formal and generally robust arrangements in place to ensure that such reviews are undertaken on an annual basis*”.
- The Internal Audit on *Corporate Governance* also reported in May 2023 on the assessment of the council’s local code against the *Delivering Good Governance in Local Government: Framework* and found that this process was “*generally robust*”. The findings also noted that the assessment had indicated a “*high level of compliance with the Corporate Governance framework, which was broadly consistent with Internal Audit’s assessment of Principles C and D*”.

3.1.6 Where appropriate, comments made by the external auditors and other audit and inspection bodies, feedback from Elected Members and committees in their scrutiny role, and issues considered by the Audit and Scrutiny Panel (in line with their audit, governance, and scrutiny roles) have also been considered in the development of the Annual Governance Statement.

#### 4. Continuous improvement

4.1 The Plan for North Lanarkshire sets the long-term strategic direction for the council, partners, and other stakeholders and, most importantly, for each unique local community and the people who *Live, Learn, Work, Invest, and Visit* within North Lanarkshire. It’s a Plan with a shared ambition of *inclusive growth and prosperity for all* and a fairer distribution of wealth across all local communities. The Plan provides a very clear and compelling narrative for the shared ambition which the council (and partners) are working towards; a narrative that has become well embedded throughout the strategic management, service delivery, and corporate governance approaches across the council.

4.2 The vision was shaped by the area’s demographic, social, and economic profile which at the time showed a positive picture in terms of economic growth, inward investment, employment, and educational attainment, but still unacceptably high levels of deprivation and child poverty and clear areas of inequity and inequality. This meant that not all North Lanarkshire’s people were sharing equally in the improving picture, and there was an element of social exclusion across some towns and communities. A suite of 28 high level health check indicators was therefore identified to collectively provide the context for North Lanarkshire as a place. Since The Plan for North Lanarkshire was established in 2019, these indicators have continued to provide a robust, consistent, and independent way of assessing progress - the most recent results were reported to the Policy and Strategy Committee in March 2023. The suite of indicators has also played an important role in terms of informing the council’s strategic planning process through the Programme of Work.

4.3 As the delivery vehicle for the shared ambition, the Programme of Work provides a roadmap for work across council services and with partners. An annual strategic planning process enables a recurring and dynamic approach to realising the shared ambition. It enables delivery of the long-term vision to be informed by a strategic planning process that is framed within the context of the local demographic, social, and economic profile that shaped The Plan for North Lanarkshire, as well as the latest national policy changes and developments. This process also ensures a more

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targeted and cohesive approach to establishing the programmes, projects, and activities required to achieve the intended outcomes.

- 4.4 Achievements to date (reported to the Policy and Strategy Committee in March 2023) highlight developments that are key to creating the economic, social, and community conditions that will enable local people and communities (and the place that is North Lanarkshire) to thrive. These focus on the investment made to establish the solid foundations required to support the place based ambition. This includes the provision of high quality housing, hubs at the heart of local communities, transformations to town centres, and enhancements to active green spaces to bring physical and mental benefits. This is supported by growing transport links, an enhanced digital infrastructure, and a network of active travel routes, all of which is aimed at boosting the local economy, attracting inward investment, securing improved opportunities and outcomes for employment, education, housing, and leisure, and creating places where people want to *Live, Learn, Work, Invest, and Visit*. The council's commitment made in 2022 - for itself and the area of North Lanarkshire - to achieve net-zero by 2030 through the Action on Climate Together 2030 Plan, aims to further support delivery of the place based ambition.
- 4.5 The fifth iteration of the Programme of Work (to 2028) was approved in March 2023. This longer-term approach reflected the need to reframe the Programme of Work in line with the latest North Lanarkshire context presented through the suite of 28 health check indicators. This evidence base shows positive trends in a number of key economic indicators (such as gross weekly pay, people claiming employment related benefits, and growth in North Lanarkshire's economy), as well as significant improvements in educational attainment for all pupils gaining 5+ awards at level 6 and for pupils living in the 20% most deprived areas, leavers achieving a positive post school destination, and school exclusion rates. These trends were considered particularly significant given the extent of the impact of the pandemic that is evident in certain indicators. However the trends also show that challenges remain, reiterating the need for a new approach to the development of the fifth iteration of the Programme of Work. This was considered crucial to ensure a heightened and more strategic focus on not only sustaining the economic and community aspects, but also on ensuring a more targeted approach to improving social conditions and outcomes.
- 4.6 Sitting alongside the Programme of Work - as a key aspect of the council's strategic planning framework - is the Strategic Policy Framework. This specifies the hierarchy of strategies, policies, and plans which underpin delivery of the long-term vision set out in The Plan for North Lanarkshire and ensures that strategy and policy remain connected to delivery in order to collectively facilitate a co-ordinated approach to identifying the resources and working practices needed to support delivery of the long-term vision. Through a structured approach, the Strategic Policy Framework aims to ensure that strategies, policies, and plans are formulated, developed, implemented, monitored, and reviewed in a consistent and transparent manner across the council. The annual update to the Strategic Policy Framework was approved by the Policy and Strategy Committee in March 2023. The supporting review programme ensures each of the strategies, policies, and plans are up to date, reviewed and updated at an appropriate interval, and reported to the relevant committee. A guidance document accompanies the Strategic Policy Framework to support the development and monitoring processes for strategies, policies, and plans, and ensure ongoing openness and engagement through stakeholder consultation.
- 4.7 Key to assessing the success of The Plan for North Lanarkshire and monitoring delivery of the Programme of Work (while ensuring each stage of delivery towards achieving the overall ambitions is appropriately planned, guided, implemented, and governed) are six inter-related corporate frameworks:
- Strategic Policy Framework
  - Strategic Governance Framework
  - Strategic Performance Framework
  - Strategic Self-Evaluation Framework
  - Project Management Framework
  - Framework for Demonstrating Improved Outcomes for Communities
- 4.8 To ensure these frameworks remain aligned to The Plan for North Lanarkshire and Programme of

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Work, all are on a regular review and refresh programme. This also helps the council to ensure it is proactive in responding to social, economic, and environmental trends and changes in legislation and governance, as well as the broad range of national policy changes and new developments.

- 4.9 The Strategic Governance Framework has been developed taking into account the local environment within which the council operates. It brings the principles of good governance together with legislative requirements and management processes by which the council is directed and controlled and through which it is accountable to, engages with, and leads the local community. This aims to ensure the council is able to effectively pursue the long-term ambition set out in The Plan for North Lanarkshire, while ensuring this is underpinned with control and the management of risk, and:
- Resources are directed in accordance with agreed policies and according to priorities and in line with corporate project management procedures.
  - There is sound and inclusive decision making.
  - There is clear accountability for the use of those resources in achieving defined outcomes for service users and local communities.
- 4.10 The annual review process in place through the Strategic Governance Framework ensures that the council's governance arrangements are regularly assessed for ongoing effectiveness within the context of The Plan for North Lanarkshire.
- 4.11 Aligned to the seven themes in the national Best Value guidance, the council's Strategic Self-Evaluation Framework is framed around three questions (*How well are we doing? How do we know? and How can we do better?*) and supported by a rolling review programme. This approach provides a regular mechanism to assess the council's functions and activities and identify areas for improvement within the context of fulfilling the vision set out in The Plan for North Lanarkshire.
- 4.12 The 2021/22 Annual Governance Statement reported on five self-evaluation exercises undertaken during the year (as noted below) for which the findings were relatively positive:
- Compliance with the CIPFA Financial Management (FM) Code.
  - Adequacy and effectiveness of the revised Corporate Management Team arrangements.
  - Risk governance arrangements in respect of DigitalNL.
  - Whether the arrangements for the Data Governance Board (DGB) adequately contribute to the achievement of the council's vision as detailed in the Roadmap.
  - The effectiveness of current arrangements for the North Lanarkshire health and social care IJB and how well the Board meets its intended outcomes.
- 4.13 These five self-evaluation exercises resulted in 18 areas for improvement being identified and captured in supporting improvement plans. In general these aimed to further strengthen existing arrangements, rather than address any significant issue in terms of effectiveness. 13 actions (on four of the improvement plans) have subsequently been implemented in full during 2022/23. Full implementation of the remaining actions in the fifth improvement plan has been impacted by a significant cross council file migration process which called upon the same resources as the actions in the improvement plan; progress in this respect is being managed through the Data Governance Board to ensure full implementation during 2023/24.
- 4.14 The Strategic Self-Evaluation Framework is reviewed and refreshed annually and the latest update in October 2022 introduced a corporate approach to Options Appraisal. While the use of options appraisal was already widespread across the council, a corporate approach was formalised at this time to ensure that the outcomes from such exercises continue to provide the relevant assurances that service provision is efficient and effective and represents value for money, and that decisions made remain consistent with the strategic direction for the council, as set out in The Plan for North Lanarkshire.
- 4.15 Six monthly reporting during 2022/23 has continued to provide the Audit and Scrutiny Panel with oversight and assurance that governance, financial monitoring, performance reporting, and risk

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management arrangements within the council's Arm's Length External Organisations (ALEOs) are progressing satisfactorily, are suitably robust, and provide assurance that service delivery reflects Best Value. The reports have also highlighted external impacts on company operations (such as any residual after-effects of the pandemic, inflation (particularly in terms of energy costs), and the cost of living crisis) and have identified company responses and safeguards put in place to maintain service delivery and ensure business continuity.

- 4.16 Following publication of the Accounts Commission's Best Value Assurance Report (BVAR) for North Lanarkshire Council in May 2019, updates on implementation of the eight recommendations for improvement were reported to the Policy and Strategy Committee in September 2019 and again in March 2020. The report in March 2020 consolidated the eight improvement actions within the Programme of Work to strengthen a corporate and integrated approach to improvement that supports delivery of The Plan for North Lanarkshire. The external auditors Annual Audit Reports (AARs) have provided annual updates in this respect, with the most recent for 2021/22 (reported to the Audit and Scrutiny Panel in December 2022) concluding that two more of the improvement actions were now complete (i.e. six in total). The good progress made in implementing the recommendation in terms of the Strategic Performance Framework and reporting schedule (to support delivery of The Plan for North Lanarkshire and its scrutiny by Elected Members) was noted and this BVAR recommendation was subsequently completed by the end of 2022/23. As part of the external auditor's Best Value work in 2023, it was agreed that the final recommendation in terms of falling satisfaction levels would be closed as the wider landscape and context around this recommendation has changed since the original BVAR in 2019.
- 4.17 While the pandemic continued to impact on the council's delivery of planned day to day activities and achievement of strategic priorities during 2021/22, it is recognised in the annual audit opinion from the Chief Officer (Audit and Risk) that 2022/23 saw a more typical and stable year for council operations. This supported the development of Workforce Plans during 2022/23 that included an analysis of the risks and issues facing the current workforce and identified the gaps in terms of fulfilling service provision and delivering on the priorities and long-term vision in the future.
- 4.18 The more stable operating environment also supported the further delivery of phase one of the Leadership and Operating Model to maximise the use of existing assets to provide shared hub facilities across local areas for the use of the council's workforce. In this respect phase one directly supported the council's future workplace ambitions and proposed hybrid working approach. It also provided the ability to review and refine the model and arrangements at an early stage by discovering what works through dialogue with services, teams, and individuals. The offer of additionality to office space, through the hub facilities, further supported the council's recovery from the pandemic.
- 4.19 As part of the transition towards new town and community hubs, three early adopter hubs were introduced in phase one of the Leadership and Operating Model. The hubs have played a key role in supporting agile employees to access flexible workspaces, rebuild social connections, and reverse the social isolation experienced during the pandemic and improve health and wellbeing. This approach has also enabled communities to have more direct access to the services they need and meant that staff were closer to the communities they work in. This model supports the focus on creating a positive workplace experience for all employees and ensuring the council retains its position as an employer of choice in an increasingly competitive labour market context. In this respect a 12 months extension to the Hybrid Working Scheme (to March 2024) was approved at the Policy and Strategy Committee in March 2023 and a commitment was made to explore opportunities for a permanent scheme during this time, to provide increased flexibility for hybrid staff while ensuring performance, productivity, and employee wellbeing are maintained.
- 4.20 While 2022/23 may have seen a more stable year for council operations compared to recent years, recovery from pandemic changed the landscape within which The Plan for North Lanarkshire requires to be delivered. The impact of inflationary pressures (such as rising contract costs, availability of suppliers and service providers, increasing costs and availability of supply chain materials, and escalating energy prices) had implications on the ability of the council to maintain a seamless approach to delivering services and progressing capital programmes that

## Annual Accounts 2022/23

### Annual Governance Statement

seek to mitigate against the range of different and complex economic, social, and health issues that exist. Locally, inflationary pressures created significant cost of living implications for the people and communities of North Lanarkshire, exacerbating conditions for those in the most vulnerable situations. As such, in November 2022 a range of measures were agreed to be introduced to assist local residents with the cost of living crisis. This included drop in spaces, a helpline, provision of advice, guidance, and signposting through the creation of a website, and a range of media campaigns.

#### 5. Current year issues arising from Internal Audit activity during 2022/23

5.1 In his Internal Audit annual report for 2022/23, presented to the Chief Executive and both the Business Management Team and Corporate Management Team in June 2023, the Chief Officer (Audit and Risk) provided an overview of the activities of the Internal Audit section for the year 2022/23.

5.2 This included highlights of issues arising from Internal Audit activity during the year. In this respect, the comments from the Chief Officer (Audit and Risk) were as follows:

- A small number of audit assignments reported during 2022/23 offered only *limited assurance*; these related to audits in respect of performance management, education - management of supply teaching staff, regularity work - financial systems regarding payroll, and debtors. The findings from these audits were disclosed to the Audit and Scrutiny Panel in full at the time of the relevant audit report and are publicly available on mars, the council's committee administration system. In all cases, management committed to a range of relevant improvement actions, some of which have already been completed. In this respect Internal Audit will continue to monitor progress on these issues during 2023/24 to provide senior management, and the Audit and Scrutiny Panel, with further assurance that relevant key controls are operating effectively.
- In the 2021/22 Internal Audit annual report, the pandemic had meant the council had needed to respond to challenges arising from the public health emergency, often at quite short notice which had created consequential impacts on governance, internal control, and risk management arrangements. In the 2022/23 report, it is noted that 2022/23 saw a more typical and stable year for council operations.
- The results from detailed Internal Audit work examining the council's corporate governance arrangements suggest that compliance with the requirements of the corporate governance framework adopted by the council continued to be positive with no significant weaknesses or areas of concern highlighted.
- Internal Audit work also suggests that despite significant and increasing challenges, key financial controls and financial management arrangements continued to operate to a generally high standard within the council.
- Audit investigations of suspected fraud and/or irregularities are reported to the Audit and Scrutiny Panel in line with the agreed Internal Audit reporting protocol. In this respect, the Chief Officer (Audit and Risk) reported that there were no material frauds or irregularities identified in 2022/23 that required to be brought to the attention of the Audit and Scrutiny Panel.
- While there are no issues that require the Chief Officer (Audit and Risk) to qualify his annual opinion, there are a small number of areas highlighted which will continue to be the focus of future audit coverage:
  - A significant proportion of the council's budget is spent on staff costs. The council's arrangements for paying staff reflect the varied nature of the workforce and the complexity of the council's terms and conditions. In recent years, Internal Audit has identified a number of areas where controls are inadequate or were not operating as intended. While these are not sufficiently material to require the overall audit opinion to be qualified, the assessment of the Chief Officer (Audit and Risk) is that the risks in this area, more generally, appear higher than previously considered and this will be reflected in future audit coverage.
  - Internal Audit has for a number of years been critical of the council's performance reporting arrangements, particularly in relation to reporting on operational performance to Elected Members and other stakeholders. In 2022/23, a report was issued which provided

**Annual Accounts 2022/23**  
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only *limited assurance* and to which management provided a clear commitment to address weaknesses identified. In recent months, as part of wider revised approach to performance reporting, regular reports on performance are now being submitted to council committees. Future audit coverage will assess the adequacy and effectiveness of such reporting.

- Internal Audit has been critical of the council failing to report progress on key projects and programme of work activities in a single place which would better allow stakeholders to exercise more effective monitoring, oversight, and scrutiny and to better hold senior management to account. Originally highlighted in December 2019 and subsequently in a number of other audit reports, progress addressing this recommendation has been slow. Changes in governance associated with the recently revised Programme of Work may provide greater scope for this to be addressed and Internal Audit will continue to monitor activity and update the Audit and Scrutiny Panel as management plans to address this become clearer.
- The council recently approved a refreshed Programme of Work to 2028 and significant new internal governance structures designed to ensure the delivery, co-ordination, direction, and oversight of planned activities are planned. While the details of these new governance arrangements are still taking shape, Internal Audit will monitor future implementation and effectiveness of these arrangements as part of future audit work, once they are finalised and operational.
- Recent work on contract management identified a number of issues requiring to be addressed by management, including ensuring awareness by relevant staff of expected roles and responsibilities and the need to introduce more effective compliance monitoring arrangements. Given the key role effective contract and supplier management plays in ensuring that the council can deliver against its operational and strategic ambitions, Internal Audit will continue to monitor planned management actions in this area to ensure that these are implemented and deliver more consistent compliance with corporate expectations.
- In recent years, Internal Audit work has seen an increasing number of areas where they have identified inadequate management oversight and/or understanding of the extent of compliance with key management arrangements and/or the effectiveness of key controls. In a number of areas, Internal Audit reports provided management with information on failures to comply with expected controls, procedures or guidance that should reasonably have been identifiable at an earlier stage if line management's own arrangements were more robust. Given the irregular and/or cyclical nature of Internal Audit's coverage and consistent with the Three Lines of Defence Model, they will continue to challenge management across the range of their planned audit work about how they themselves routinely gain assurance on compliance and the effectiveness of identified key controls.

5.3 Overall, the Chief Officer (Audit and Risk) reported that he was satisfied that the council's internal control and governance arrangements remained adequate and appropriately robust throughout 2022/23.

**6. Previous year issues - 2021/22**

6.1 The table below outlines issues identified during the Internal Audit programme of work for the previous year, 2021/22. An update providing details of the actions taken to address each issue has also been included.

| Issue raised  | Action taken  |
|---|---|
| Programme of Work reports to committee are considered not to always easily allow elected members to monitor and/or assess progress against plans (timescales and budgets). Similarly, | As reported to the Audit and Scrutiny Panel in May 2023 - through the Internal Audit report which follows up on actions previously agreed by management in response to audit recommendations - the recent changes in the council's governance arrangements will impact on the oversight and reporting of key corporate projects. The Programme of Work to 2028 (approved at the Policy and Strategy Committee in March 2023) now comprises seven overarching themes which require to be integrated and aligned with the existing programmes and |



**Annual Accounts 2022/23**  
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|---|---|
| <p>there is currently no mechanism to easily allow senior management to review progress across the range of Programme of Work activities. Management has previously committed to improving the ability of key stakeholders to monitor the progress of major projects / programme of work activities.</p>                                  | <p>projects and the existing investment from the Strategic Capital Programme in order to prioritise activities and develop supporting delivery plans. The tasks in this process have been clearly defined and were approved by the Corporate Management Team in April 2023. Work to progress this will take place over the next 12 months with interim updates on progress scheduled to be presented to the Corporate Management Team in August 2023 and February 2024 for submission thereafter to the Policy and Strategy Committee. The Strategic Capital Delivery Group has recently agreed a new approach to the reporting of capital projects, which would include senior management team oversight and is currently under development. The Internal Audit comment in respect of this response states <i>“We acknowledge the change in direction of travel with the recently refreshed programme of work and the planned development of governance arrangements associated with this. We have assessed the residual risk as ‘Medium’ as the recommendation has not yet been fully addressed. It is Internal Audit’s view that the original audit recommendation can be addressed as part of actions scheduled during the next 12 months. This will include ensuring that the refreshed governance arrangements incorporate reporting on progress of all key corporate projects (both capital and non-capital) and the consideration of timely remedial action to ensure that projects are delivered successfully and on time.”</i></p>  |
| <p>Implementation of effective, timely, and regular performance reporting on key strategic and operational performance measures to the Corporate Management Team and Service Committees has been significantly impacted over the last two years due to the need to respond to, and prioritise resources as a result of, the pandemic.</p> | <p>As reported to the Audit and Scrutiny Panel in May 2023 - through the Internal Audit report which follows up on actions previously agreed by management in response to audit recommendations - a report submitted to the Corporate Management Team in December 2022 outlined the Performance Reporting Schedule for 2023 to 2024, which will facilitate scrutiny and challenge by the senior management team and Elected Members. This was also reported to the Audit and Scrutiny Panel in February 2023. Indicators within the Strategic Performance Framework are being reviewed and updated in line with the development of Chief Officers’ reporting to committee as per the Performance Reporting Schedule. The review and update of indicators and targets within the Strategic Performance Framework is nearing completion and the updated suite of measures and targets are scheduled to be made available for oversight and challenge by the Business Management Team in 2023 in line with their new governance and assurance role. Final developments to the Strategic Performance Framework will be considered in line with the requirements of the new Programme of Work and its associated delivery plans. The list of Calculating Officers and Verification Officers clearly show the corresponding service for each indicator in the Framework. The Internal Audit comment in respect of this response states <i>“We acknowledge that there has been significant action taken to address the recommendation made and that the requirements of the new Programme of Work and its associated delivery plans will be taken into consideration when finalising the review of performance measures and targets. We consider the revised timescale to be reasonable and have assessed the residual risk for this recommendation as ‘Low’.”</i></p> |
| <p>A range of significant actions in relation the council’s current and future operating model have been set out and linked to a range of</p>   | <p>A report submitted to the Policy and Strategy Committee in March 2023 provided an update on the council’s Leadership and Operating Model, for which a three phased approach to the model over a 10 year period was initially approved in December 2021. The report in March 2023 outlined what had been delivered in phase one and set out a 2-year plan for phase two as an integrated</p>  |

**Annual Accounts 2022/23  
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|  |   |
|--|---|
| <p>planned developments impacting upon workforce, digital transformation, service re-design, assets, and governance. The issue raised relates to how these actions are managed and progressed and the extent to which these contribute towards the achievement of the council's ambitions.</p> | <p>provision that depends on strategic alignment between projects and programmes delivering against The Plan for North Lanarkshire. The report stressed the importance of an iterative phased and structured approach to engaging and involving partners, stakeholders, the community, and the voluntary sector with the new ways of working together that are required. At this time approval was granted on the 2-year plan in order to grasp the challenges and opportunities ahead and move towards the longer term operating model.</p> <p>As reported to the Audit and Scrutiny Panel in May 2023 through the quarterly risk management update, the risk on the Corporate Risk Register for the Target Operating Model - ensuring resources (workforce, digital and assets) and service delivery are fully aligned to support the successful implementation of the council's future operating model - is currently under development.</p> |
|--|---|

**7. Certification**

- 7.1 In compliance with the *Delivering Good Governance in Local Government: Framework (2016)* the council has systems in place to review and improve the governance and internal control environment throughout the year. Issues for action have been identified and implementation will be monitored and reported as part of the next annual review.
- 7.2 It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of North Lanarkshire Council and its Group systems of governance. The annual review process has demonstrated sufficient evidence that the council's corporate governance arrangements have operated effectively, and the council and its group companies comply with the relevant corporate governance principles in all significant respects.
- 7.3 Having considered all the principles, we are satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks, and commits to maintain its vigilance to tackle fraud.

*Des Murray*

**Chief Executive**

30 October 2023

*R. Logan*

**Leader of the Council**

30 October 2023

# Independent auditor's report to the members of North Lanarkshire Council and the Accounts Commission

## Reporting on the audit of the financial statements

### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of North Lanarkshire 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-only Housing revenue Account, Council Tax Income Statement, the Non-Domestic Rate Income Statement, the Sundry Accounts Statement, 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 my opinion the accompanying 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 opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the Council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern basis of accounting**

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of 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, I 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**

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

## **Responsibilities of the Chief Officer (Finance) and Audit and Scrutiny Panel for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Officer (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 Chief Officer (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 Chief Officer (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 Audit and Scrutiny Panel is responsible for overseeing the financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to

detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the Council and its group;
- inquiring of the Chief Officer (Finance) 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 Officer (Finance) concerning the policies and procedures of the Council and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on other requirements

### Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

### Other information

The Chief Officer (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.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

### Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

### **Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



John Boyd  
Audit Director  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

30 October 2023

## **Annual Accounts 2022/23**

### **Glossary of Terms**

Whilst much of the terminology used in this report is intended to be self-explanatory, the following additional definitions and interpretation of terms may be of assistance.

#### **Accruals**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

#### **Actuarial Gains and Losses (Pensions)**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

#### **Asset Ceiling Adjustment (Pensions)**

This limits the Pension Surplus recognised in the Annual Accounts to comply with relevant Accounting Standards

#### **Associates**

These are entities (other than a subsidiary or a joint venture) in which the Council has a participating interest or over whose operating and financial policies the Council is able to exercise significant influence.

#### **Capital Adjustment Account**

The Capital Adjustment Account represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

#### **Capital Expenditure**

Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.

#### **Capital Financing**

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, capital receipts and grants, and revenue funding.

#### **Capital Receipt**

The proceeds from the disposal of land or other non-current assets.

#### **Capital Receipts Reserve**

The Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years after setting aside the statutory amounts for the repayment of external loans.

#### **Community Assets**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are municipal parks.

#### **Contingent Liability**

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

#### **Corporate and Democratic Core**

The Corporate and Democratic Core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service.

#### **Defined Benefit Pension Scheme**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

#### **Depreciation**



## **Annual Accounts 2022/23**

### **Glossary of Terms**

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

#### **Exceptional Items**

Material items which arise from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

#### **Extinguishment**

Extinguishment relates to financial liabilities and occurs when the Council's legal obligations end, either through the cancellation or expiry of the obligations or through payment being made to settle the amount owed by the Council.

#### **Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less where applicable, any grants receivable towards the purchase or use of the asset.

#### **Finance Lease**

A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

#### **Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and lending. This account is a technical accounting presentation and is not available for distribution.

#### **Heritage Asset**

A tangible or intangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

#### **Impairment**

A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

#### **Infrastructure Assets**

Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

#### **Intangible Asset**

Non-current asset belonging to the Council which lacks physical substance. Examples include computer software, licensing agreements, patents and copyrights.

#### **Inventories**

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion

#### **Joint Venture**

An entity in which the Council has an interest on a long-term basis and is jointly controlled by the Council and one or more entities under a contractual or other binding agreement.

#### **Liability**

A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

#### **Non Distributed Costs**

These are overheads for which no user now benefits and as such are not apportioned to services.

#### **National Non Domestic Rates Pool**

All non domestic rates collected by local authorities are remitted to the national pool and thereafter distributed to Councils by the Scottish Government.

#### **Operating Lease**

A lease where the ownership of the non-current asset remains with the lessor.

## **Annual Accounts 2022/23**

### **Glossary of Terms**

#### **Past Service Cost (Pensions)**

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

#### **Pension Reserve**

This represents the difference between accounting for pension costs in line with UK Accounting Standards and the funding of pension costs from taxation in line with statutory requirements and is equal to the change in the pension liability, i.e. the commitment to provide retirement benefits.

#### **Provision**

An amount put aside in the accounts for future liabilities or losses which are certain to very likely to occur but the amounts or dates of when they will arise are uncertain.

#### **Public Works Loan Board (PWLB)**

A Central Government Agency, which provides loans for one year and above to Councils at interest rates only marginally higher than those at which the Government can borrow itself.

#### **Rateable Value**

The annual assumed rental of a hereditament, which is used for national non-domestic rates purposes.

#### **Remuneration**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

#### **Reserves**

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Capital Adjustment Account and Revaluation Reserve cannot be used to meet current expenditure.

#### **Subsidiary**

An entity which the Council wholly or partly controls.

#### **Trust Funds**

Funds administered by the Council for such purposes as prizes, charities and specific projects.



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To make a request, please contact Corporate Communications at:  
corporatecommunications@northlan.gov.uk

'S urrainn dhuinn an sgrìobhaidh seo a chur ann an diofar chànanan agus chruthan, a' gabhail a-steach clò mòr, braille, cruth claisneachd agus cruthan dealanach agus ruigsinneach.

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corporatecommunications@northlan.gov.uk

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**NORTH LANARKSHIRE COUNCIL**

Chief Executive's Office

Civic Centre

Windmillhill Road

Motherwell ML1 1AB

e. annualaccounts@northlan.gov.uk

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